FIRST QUARTER
31 MARCH 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 May 2026, is prepared for the first quarter ended 31 March 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 first 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 continued to face headwinds in the first quarter of 2026. Lingering trade frictions, elevated geopolitical uncertainty, and slower population growth weighed on overall activity. Following weak momentum at the end of 2025, early estimates suggest that real GDP growth was moderate in Q1.

Consumer spending continued to grow slowly, restrained by soft labour market conditions and ongoing affordability pressures, despite some easing in interest rates in past quarters. Government spending was a steady contributor to economic growth. Business sentiment was subdued but remained above the lows measured in early 2025 at the onset of the trade conflict. Export activity was held back by trade policy uncertainty and soft external demand. A quicker recovery in imports resulted in a muted contribution of net trade to overall growth.

Labour market conditions remained soft in Q1. Total employment levels declined by 0.2% relative to Q4 2025. In contrast, the unemployment rate edged down to 6.7% in Q1 2026, from 6.8% in Q4 2025, mainly due to a significant 0.4% drop in the labour force, rather than stronger job creation. This decline in labour force participation is consistent with slower population growth and weaker labour demand.

Inflation has generally remained within the Bank of Canada's target range for more than two years, even as global energy prices rose amid the US-Iran conflict. Balancing heightened geopolitical risks against weaker domestic demand, the Bank of Canada held its policy rate at 2.25% during the quarter. Borrowing costs were generally unchanged throughout the quarter.

Against this economic backdrop, housing market conditions remained soft in Q1. MLS® home prices averaged $660,000, down 1% year-over-year. MLS® sales averaged 429,000 SAAR (seasonally adjusted annualized rate) units, down 8% year-over-year. Housing starts averaged 241,000 SAAR units, up 8% from a relatively weak Q1 last year.

These economic conditions, including the geopolitical uncertainty, continue to have an impact on our financial results. The market uncertainty led to an increase in interest rates resulting in unrealized losses on our investments and remeasurement losses on our defined benefit plans in the first quarter of 2026. Despite the uncertainty, the economy and households have continued to show resilience, the unemployment rate improved slightly, 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 have remained stable and are adequately managed in 2026. Mortgage Insurance arrears, claims, and defaults continue to remain below historical norms. Credit, market, and liquidity risks remain low and within tolerance levels.

Recent management actions have strengthened our capital position. The new regulatory requirements under the Mortgage Insurer Capital Adequacy Test (MICAT) increase the level of capital CMHC is required to hold for its Multi-unit (MU) business. The volume of MU business is difficult to forecast, which can lead to considerable changes to projected capital required over a quarter. We revise our capital forecasts at least quarterly, and we will take the required management actions, as necessary, to ensure we have sufficient capital to mitigate our risks. We continue to monitor uncertain and evolving macroeconomic and geopolitical conditions that could impact our business, specifically for potential inflationary pressures, employment impacts, credit conditions, and general volatility that could impact arrears, defaults, construction costs, and market valuations.

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

2025 Federal Budget

Update since 2025Q4

The following updates occurred in Q1 2026:

Impacts to the Securitization Activity

The annual limit for Canada Mortgage Bonds (CMB) was increased from $60 billion to $80 billion in Budget 2025 and in the first quarter of 2026, we are executing on this mandate. The increase to the annual issuance limit will increase our guarantees in force, securities guaranteed and guarantees fees received in future periods for the CMB program.

Impacts to the Housing Program Activity

The Comprehensive Expenditure Review (CER) will have the following impacts:

- Affordable Housing Innovation Fund (AHIF): Originally planned to sunset in 2028, AHIF will now sunset by March 2027.
- Seed Funding has ended as of February 2, 2026.

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

2026 Spring Economic Update

On 28 April 2026, the Prime Minister of Canada and Minister of Finance released the Spring Economic Update 2026: Canada Strong for All, specific announcements that impact CMHC are noted below.

Impacts to the Mortgage Insurance Activity

The Government of Canada announced the intention 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 Government of Canada will initiate a 30-day consultation on these measures and announce further details after this consultation.

Impacts to the Housing Program Activity

The Government of Canada proposes to:

- Accelerate over $7 billion in low-cost loans under the Apartment Construction Loan Program (ACLP) to speed up the construction of up to 16,500 new rental homes; and
- Realign previous investments to better support Indigenous housing providers by reallocating $2.8 billion over five years, starting in 2026-27, to Build Canada Homes, Crown-Indigenous Relations and Northern Affairs Canada, Indigenous Services Canada and Housing, Infrastructure and Communities Canada.

The Government of Canada also plans to consult on possible additional financing measures to support the continued supply of more owner-occupied homes in advance of Budget 2026.

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

Other updates

Climate Related Financial Disclosures

In the first quarter of 2026, we advanced emissions target setting, progressed on cross industry metrics reporting and are on track to meet climate reporting guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI).

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 Q4 2025 OFSI Consultations and Guidelines

The following consultations by OSFI were completed in Q1 2026, which affect CMHC:

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 new multi-unit MICAT framework is largely consistent with the current CAR as it pertains to multi-unit exposures.

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 quarter, while business that originated prior to December 31, 2025, will be transitioned to the new capital framework over a five-year period. At March 31, 2026 business that originated up to December 31, 2019 transitioned to the new MICAT framework requiring an additional $1.2 billion in capital and having a 20% impact on our MICAT ratio. To support the transition to the new capital framework, the Government of Canada injected $3.1 billion of capital into our Mortgage Insurance Activity, the injection was recognized as contributed capital and increased the consolidated Equity of Canada in the period. The proceeds from the capital injection were invested in Government of Canada fixed income securities, refer to Note 10 to the consolidated financial statements.

Future Changes to Accounting Standards

Information relating to all standards issued by the International Accounting Standards Board (IASB) that may affect us can be found in Note 3 of these unaudited quarterly consolidated financial statements. The only accounting standard that will impact us in future period is stated below.

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

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in the Financial Statements, which will replace IAS 1 Presentation of Financial Statements, effective 1 January 2027. IFRS 18 will not affect how our financial performance is measured but will affect the presentation of 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).

The Corporation is currently assessing the impact of these amendments on its 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, the Corporation adopted IASB's recent amendments to IFRS 9 and IFRS 7. The Corporation 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 31 March 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	33,284	30,858	28,917	25,212	319,265	300,941	2	2	381,468	357,013
Total liabilities	32,444	29,989	11,336	10,912	318,090	299,952	(2)	(2)	361,868	340,851
Total equity of Canada	**840**	**869**	**17,581**	**14,300**	**1,175**	**989**	**4**	**4**	**19,600**	**16,162**

Total equity of Canada has increased by $3,438 million (21%) primarily driven by a $3,100 million capital injection received from the Government of Canada in the Mortgage Insurance Activity, to support the transition to the new multi-unit MICAT framework and comprehensive income of $338 million for the three-month period ended 31 March 2026 described further below.

Total assets increased by $24,455 million (7%) primarily due to:

- An increase in loans at amortized cost of $18,704 million (6%) with new issuances of CMB program loans exceeding maturities. Additionally, the Housing Programs Activity saw an increase of $1,251 million of additional loans under the ACLP, Affordable Housing Fund (AHF) and Canada Greener Homes Loan (CGHL) lending programs.
- An increase in Due from Government of Canada of $1,352 million (701%) driven mainly by significant housing programs expenses at the end of the government fiscal year.
- An increase in investment in securities at fair value through other comprehensive income of $3,870 million (15%) driven by the $3.1 billion capital injection from the Government of Canada, cash flows from operations and continued capital retention for multi-unit insurance growth and higher capital requirements under the new multi-unit MICAT framework.
- An increase of $964 million (21%) 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 $739 million (55%) related to CMB program loans primarily driven by higher volumes, higher average interest rates and timing, as larger coupon payments are received in the second and fourth quarters of the year.
- The above increases were offset by maturities of $1,022 (61%) in securities purchased under resale agreements as that were used to fund advances in loans at amortized costs in ACLP, AHF and CGHL, as noted above.

Total liabilities increased by $21,077 million (6%) mainly driven by $19,029 million (6%) of higher borrowings at amortized cost of CMB and increased borrowings from the Government of Canada to fund housing program loans as noted above. In addition, accounts payable and other liabilities increased $873 million (105%) mainly attributed to higher accruals at the end of the government fiscal year, and accrued interest payable increased by $701 million (66%) due to higher volumes, average interest rates and timing as explained above.

Condensed consolidated statements of income and comprehensive income

Three months ended 31 March

	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Government funding	2,925	2,658	-	-	-	-	-	-	2,925	2,658
Housing programs expenses	(2,867)	(2,561)	-	-	-	-	-	-	(2,867)	(2,561)
Premiums and fees earned	-	-	12	10	246	239	-	-	258	249
Insurance service result	-	-	342	281	-	-	-	-	342	281
Operating expenses	(74)	(83)	(54)	(46)	(20)	(17)	-	-	(148)	(146)
All other income[1]	(8)	(8)	114	68	35	40	-	-	141	100
Income (loss) before income taxes	**(24)**	**6**	**414**	**313**	**261**	**262**	**-**	**-**	**651**	**581**
Income taxes	5	(4)	(104)	(77)	(65)	(66)	-	-	(164)	(147)
Net income (loss)	**(19)**	**2**	**310**	**236**	**196**	**196**	**-**	**-**	**487**	**434**
Other comprehensive income (loss)	(10)	1	(129)	114	(10)	37	-	(5)	(149)	147
Comprehensive income (loss)	**(29)**	**3**	**181**	**350**	**186**	**233**	**-**	**(5)**	**338**	**581**

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

Government funding and housing programs expenses have increased compared to the same quarter last year, mainly driven by an increase of $109 million in the Co-operative Housing Development Program (CHDP) as it ramped up operations following its 2025 initial funding phase. Other key drivers included a $79 million increase in the Canada Housing Benefit (CHB) and $46 million in Canada Community Housing Initiative (CCHI) due to higher year-end claims. Additionally, the Shelters program saw a $60 million increase as a higher volume of proponents met eligibility criteria, alongside a $44 million rise in the Affordable Housing Fund (AHF). Due to the nature of these programs, funding patterns may vary significantly year-over-year.

Total income before income taxes increased by $70 million (12%) from the same quarter last year mainly due to:

- An increase in insurance service result of $61 million (22%) driven by a $54 million increase in insurance revenue in our transactional homeowner insurance product and $38 million in our multi-unit insurance product, as we continue to see strong new business growth in our Mortgage Insurance Activity. In addition, favorable updates to the repeat-sales price index and other related economic assumptions increased the speed of profit recognition patterns, increasing the release of the contractual service margin (CSM). This was offset by an increase in insurance service expenses of $31 million (182%), in the same quarter last year, expenses were significantly lower due to a $22 million reversal of insurance service expense triggered by a 29% decrease in multi-unit loans in arrears.

- An increase of $9 million (4%) 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 in the quarter compared to the same quarter of last year.
- All other income within the Housing Program Activity remained unchanged when compared to the same quarter last year. However, during the quarter, an investment property was sold at a loss of $55 million to support affordable housing, which was offset by favorable variances in net gains (losses) on financial instruments and net interest income.

Other comprehensive income (OCI), net of tax, decreased by $296 million (201%) from the same quarter last year mainly due to higher interest rates in the first quarter of 2026, which led to a decrease in unrealized gains on investments of $316 million (182%), a decrease in net remeasurement gains on the defined benefit plans of $22 million (1,100%) and a decrease in insurance finance income for contracts issued of $42 million (150%).

Financial Metrics and Ratios

Mortgage Insurance

	Insurance-in-force ($B)		Contractual Service Margin (CSM)	
(in millions, unless otherwise indicated)	**As at 31 March 2026**	**As at 31 December 2025**	**As at 31 March 2026**	**As at 31 December 2025**
Transactional homeowner	158	159	2,553	2,535
Portfolio	54	55	56	56
Multi-unit residential	274	257	4,468	4,197
Total	**486**	**471**	**7,077**	**6,788**

CMHC's total insurance-in-force is $486 billion which is compliant with the legislated limit of $800 billion set by the Government of Canada. This year, insurance-in-force increased by $15 billion due to new volumes insured exceeding the run-off of existing policies-in-force. New loans insured were $23 billion, while estimated loan amortization and pay-downs were $8 billion.

CSM increased by $289 million (4%) as our new business continues to outpace the recognition of earned profit, primarily due to continued high demand for our multi-unit products.

Three months ended 31 March

	Insured volumes (units)		Insured volumes ($)		Premiums and fees received[1]		Claims paid[2]	
(in millions, unless otherwise indicated)	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Transactional homeowner	10,459	10,030	4,222	3,843	153	135	19	7
Portfolio	7,109	747	2,135	192	7	1	-	1
Multi-unit residential	71,733	55,383	15,943	14,171	643	421	-	-
Total	**89,301**	**66,160**	**22,300**	**18,206**	**803**	**557**	**19**	**8**

[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.

Transactional homeowner unit volumes increased slightly, mainly due to increased housing market activity in Quebec, Alberta and Ontario. Portfolio unit volumes primarily due to the issuance of one significant large pool, with enhanced business solicitation efforts with lenders. The increase in multi-unit residential unit volumes is largely due to more units being refinanced, particularly under the Standard Rental Housing product. This increase is mainly concentrated in Quebec, Ontario and British Columbia.

Total insured dollars increased, with higher unit volumes in all categories and a higher average loan amount per unit for Homeowner and Portfolio. In addition, for Multi-unit specifically, the increase was partially offset by a lower average loan amount per unit, reflecting elevated refinancing activity, which typically carries a lower loan amount per unit.

The increase in total premiums and fees received of $246 million is primarily attributed to a higher average premium rate for properties insured under the MLI Select product, reflecting both price increases of 2023 and 2025. In addition, we have a higher average loan-to-value ratio on new construction loans and a higher proportion of loans insured under our Standard Rental Housing product, both contributing to a higher average premium rate. Premiums and fees for transactional homeowner and portfolio also increased, due to higher volumes as explained 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 31 March	
(in percentages)	**2026**	**2025**
Insurance service expense ratio[1]	12.3	5.7
Operating expense ratio	13.8	15.4
Combined ratio	26.1	21.1
Initial contractual service margin ratio	65.3	62.0
Severity ratio[2]	23.4	26.2
Return on equity	7.8	8.2
Return on required equity	9.8	9.4

[1] Insurance service expense ratio on transactional homeowner and portfolio products, excluding multi-unit residential, was 13.0% for the three months ended 31 March 2026 (13.2% for the three months ended 31 March 2025).

[2] In Q3 2025, the calculation methodology for the severity ratio was revised. We have restated the prior year figure to align to the new methodology.

The insurance service expense and combined ratios decreased primarily due to a reversal of a portion of the liability for incurred claims provision in the prior year that lowered the insurance service expense.

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 the transactional homeowner product line due to more favorable repeat price index projections.

The severity ratio decreased due to stronger sales proceeds compared to last year.

The return on equity ratio decreased due to higher average equity from the Q4 2025 transfer of $1.75 billion of excess capital from the Securitization Activity to the Mortgage Insurance Activity, Q1 2026 receipt of $3.1 billion capital injection from the Government of Canada, 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 31 March 2026		As at 31 December 2025	
	No. of delinquent loans	Arrears rate	No. of delinquent loans	Arrears rate
Transactional homeowner	2,959	0.42%	2,914	0.41%
Portfolio	757	0.18%	771	0.18%
Multi-unit residential	162	0.36%	143	0.33%
Total	3,878	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 remain below historical norms.

Securitization

	Total guarantees-in-force ($B) As at	
	31 March 2026	31 December 2025
National Housing Act Mortgage-Backed Securities (NHA MBS)	267	277
CMB	313	296
Total	**580**	**573**

Total guarantees-in-force represents the maximum principal obligation related to our timely payment guarantee. Guarantees-in-force (GIF) have increased by $7 billion (1%) since 2025, as new guarantees exceeded maturities, principal run-off and prepayments. CMB's 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 fill the increase in CMB, resulting in lower GIF for NHA MBS compared to last year. Overall, total guarantees-in-force remain within the $800 billion limit set by the Government of Canada.

Three months ended 31 March

	New securities guaranteed ($B)		Guarantee and application fees received[1]	
(in millions, unless otherwise indicated)	2026	2025	2026	2025
NHA MBS	42	38	191	170
CMB	21	16	81	64
Total	**63**	**54**	**272**	**234**

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

New securities guaranteed and fees received increased compared to last year due to the updated annual guarantee limits announced in the 2025 Federal Budget. The NHA MBS annual limit is $190 billion (increase from $170 billion), while CMB annual limit is $80 billion (increase from $60 billion).

	Three months ended 31 March	
(in percentages)	2026	2025
Operating expense ratio	6.2	5.4
Return on equity	72.5	38.2

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.

Three months ended 31 March

(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)
2025-25 (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 A1,5	-	-
Supplementary estimates B1,3	-	101
Supplementary estimates C1,4	-	-
Total fiscal year government funding	**6,128**	**6,469**
Less: portion to be recognized in subsequent quarters	(5,779)	(5,414)
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)	**-**	**-**
Total government funding – Three months ended 31 March	**2,994**	**2,687**

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

2 Approved 2024-25 supplementary estimates A for Urban, Rural and Northern Indigenous Housing Strategy (URN) and transfer to 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 CHDP, Shelters and transition houses for Indigenous women, children and 2SLGBTQQIA+ people, ACLP, CHB, Housing Accelerator Fund (HAF), CGHL. 2024-25 for CCHI, Provincial and Territorial Initiatives, CHB, HAF, 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 31 March 2026	As at 31 December 2025
Mortgage Insurance: Capital available to minimum capital required (MICAT)	223	210
Securitization: Economic capital available to economic capital required[1]	138	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.

As indicated in the Risk Management section above, 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 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 the Consolidated Financial Statements Note 9 – Capital Management for further disclosure on capital management.

Historical Quarterly Information

(in millions, unless otherwise indicated)	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Consolidated Results								
Total assets	381,468	357,013	357,522	339,775	336,047	327,355	323,693	311,253
Total liabilities	361,868	340,851	341,768	324,707	321,432	313,321	309,835	298,102
Total equity of Canada	19,600	16,162	15,754	15,068	14,615	14,034	13,858	13,151
Total revenues and government funding	3,666	1,716	1,322	1,331	3,288	1,522	1,533	1,280
Total expenses (including income taxes)	3,179	1,239	829	912	2,854	1,132	1,167	916
Net income	487	477	493	419	434	390	366	364
Housing Programs								
Government funding	2,925	1,009	575	680	2,658	918	980	708
Net income (loss)	(19)	(16)	(6)	2	2	(1)	(1)	(17)
Total equity of Canada	840	869	893	847	820	817	860	863
Mortgage Insurance								
Insurance-in-force ($B)[1]	486	471	462	452	442	440	431	424
Total insured volumes	22,300	22,900	22,254	25,363	18,206	23,643	21,535	23,090
Premiums and fees received	803	760	792	794	557	690	582	616
Insurance revenue	390	402	385	331	298	285	256	262
Claims paid	19	14	8	4	8	15	15	9
Insurance service expense	48	28	59	44	17	47	45	5
Net income	310	294	297	218	236	200	182	216
Arrears rate	0.33%	0.32%	0.32%	0.30%	0.30%	0.30%	0.30%	0.28%
Insurance service expense ratio	12.3%	10.5%	15.3%	13.3%	5.7%	16.5%	17.6%	1.9%
Operating expense ratio	13.8%	15.0%	12.7%	16.6%	15.4%	17.5%	18.8%	19.1%
Combined ratio	26.1%	25.5%	28.0%	29.9%	21.1%	34.0%	36.4%	21.0%
Initial contractual service margin ratio	65.3%	55.8%	49.7%	49.9%	62.0%	63.4%	61.8%	62.5%
Severity ratio[2]	23.4%	24.6%	22.7%	22.4%	26.2%	28.0%	25.2%	27.4%
Return on equity	7.8%	8.2%	9.8%	7.5%	8.2%	7.1%	6.6%	8.2%
Return on required equity	9.8%	9.7%	11.2%	8.6%	9.4%	8.0%	7.4%	9.1%
Capital available to minimum capital required (% MICAT)	223%	210%	191%	195%	193%	188%	191%	186%
% Estimated outstanding Canadian residential mortgages with CMHC insurance coverage ($)	20.2%	19.8%	20.0%	19.9%	19.6%	19.8%	19.5%	19.5%
Securitization								
Guarantees-in-force ($B)[2]	580	573	577	569	561	553	539	528
Securities guaranteed ($B)	63	51	63	58	54	51	60	52
Guarantee and application fees received	272	263	284	262	234	330	273	229
Guarantee and application fees earned	246	245	244	243	239	235	226	222
Net income	196	199	198	198	196	189	185	164
Operating expense ratio	6.2%	5.8%	5.9%	5.9%	5.4%	5.9%	5.9%	6.0%
Return on equity	72.5%	54.1%	32.6%	35.1%	38.2%	41.0%	45.0%	44.7%
Economic capital available to economic capital required[3]	138%	139%	360%	329%	305%	288%	262%	224%
% Estimated outstanding Canadian residential mortgages with CMHC securitization guarantee ($)	24.0%	24.0%	25.0%	25.0%	25.0%	24.9%	24.4%	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 31 March 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 May 2026

Consolidated Balance Sheet

(in millions of Canadian dollars)	Notes	As at 31 March 2026	As at 31 December 2025
Assets			
Cash and cash equivalents		1,418	1,512
Securities purchased under resale agreements		1,575	2,597
Accrued interest receivable		2,087	1,348
Investment securities:			
Fair value through profit or loss	10	49	50
Fair value through other comprehensive income	10,11	30,235	26,365
Amortized cost	10,11	5,666	4,702
Derivatives		2	176
Due from the Government of Canada	6	1,545	193
Loans:	12		
Fair value through profit or loss		455	461
Amortized cost		336,201	317,497
Accounts receivable and other assets		586	539
Investment property		303	379
Defined benefit plans asset		294	324
Deferred income tax assets		1,052	870
		381,468	**357,013**
Liabilities			
Accounts payable and other liabilities		1,701	828
Income taxes payable		18	92
Accrued interest payable		1,976	1,275
Derivatives		236	81
Insurance contract liabilities	7	10,397	10,112
Borrowings:	13		
Fair value through profit or loss		6	21
Amortized cost		344,057	325,028
Defined benefit plans liability		174	176
Unearned premiums and fees		3,303	3,238
		361,868	**340,851**
Commitments and contingent liabilities	20		
Equity of Canada	9		
Contributed capital		3,125	25
Accumulated other comprehensive income (loss)		(50)	79
Reserve fund		129	127
Retained earnings		16,396	15,931
		19,600	**16,162**
		381,468	**357,013**

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

Consolidated Statement of Income and Comprehensive Income

		Three months ended 31 March	
(in millions of Canadian dollars)	Notes	2026	2025
Interest income		2,430	2,079
Interest expense		(2,393)	(2,031)
Net interest income		**37**	**48**
Insurance revenue	7	390	298
Insurance service expense		(48)	(17)
Insurance service result		**342**	**281**
Investment income		260	202
Net losses on financial instruments	14	(7)	(76)
Insurance finance expense for contracts issued		(95)	(80)
Net financial result		**158**	**46**
Government funding	6	2,925	2,658
Housing programs expenses	6	(2,867)	(2,561)
Premiums and fees earned		258	249
Operating expenses		(148)	(146)
Other income (loss)		(54)	6
Income before income taxes		**651**	**581**
Income taxes	18	(164)	(147)
Net income		**487**	**434**
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		(141)	165
Reclassification of losses on debt instruments held at fair value through other comprehensive income on disposal in the year		(2)	8
Insurance finance income (expense) for contracts issued		14	(28)
Total items that may be subsequently reclassified to net income		**(129)**	**145**
Items that will not be subsequently reclassified to net income			
Remeasurement gains on defined benefit plans	17,18	(20)	2
Total other comprehensive income, net of tax		**(149)**	**147**
Comprehensive income		**338**	**581**

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 31 March 2026	2025
Contributed capital			
Balance at the beginning of period		25	25
Contributed capital from the Government of Canada	9	3,100	-
Balance at end of period		**3,125**	**25**
Accumulated other comprehensive income (loss)			
Fair value reserve balance at beginning of period		63	(126)
Other comprehensive income (loss)		(143)	173
Fair value reserve balance at end of period		(80)	47
Opening insurance finance reserve		16	36
Other comprehensive income (loss)		14	(28)
Insurance finance reserve balance at end of period		30	8
Balance at end of period		**(50)**	**55**
Reserve fund			
Balance at the beginning of period		127	172
Net income (loss)		2	(47)
Balance at end of period		**129**	**125**
Retained earnings			
Opening retained earnings		15,931	13,927
Net income		485	481
Other comprehensive income (loss)		(20)	2
Total retained earnings		**16,396**	**14,410**
Equity of Canada	9	**19,600**	**14,615**

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 31 March 2026	2025
Cash flows from (used in) operating activities			
Net income		487	434
Adjustments to determine net cash flows from operating activities			
Amortization of premiums and discounts on financial instruments		(24)	(29)
Net (gains) losses on financial instruments		(317)	196
Capitalized interest	12	(47)	(38)
Deferred income taxes	18	(174)	(8)
Depreciation, amortization and impairment of fixed and intangible assets		8	8
Loss on disposal of investment property		55	-
Changes in operating assets and liabilities			
Derivatives		329	(133)
Accrued interest receivable		(739)	(695)
Due from the Government of Canada		(1,360)	(1,291)
Accounts receivable and other assets		(43)	(12)
Accounts payable and other liabilities		909	846
Income taxes payable/receivable		(31)	(321)
Accrued interest payable		701	687
Insurance contract liabilities		277	175
Defined benefit plans		5	5
Unearned premiums and fees		65	26
Other		(6)	2
Loans	12		
Repayments		3,310	10,424
Disbursements		(21,921)	(16,748)
Borrowings	13		
Repayments		(6,866)	(14,688)
Issuances		25,869	21,422
		487	262
Cash flows from (used in) investing activities			
Investment securities			
Sales and maturities		5,422	3,715
Purchases		(10,283)	(3,933)
Foreign currency forward contract maturities			
Receipts		329	41
Disbursements		(178)	(194)
Investment property			
Additions		-	1
Disposals		21	-
Securities purchased under resale agreements		1,022	490
Property and equipment and intangible asset acquisitions		(14)	(3)
		(3,681)	117
Cash flows from financing activities			
Contributed capital	9	3,100	-
Change in cash and cash equivalents		(94)	379
Cash and cash equivalents			
Beginning of period		1,512	1,655
End of period		1,418	2,034
Represented by			
Cash		72	95
Cash equivalents		1,346	1,939
		1,418	2,034
Supplementary disclosure of cash flows from operating activities			
Amount of interest received during the period		1,926	1,567
Amount of interest paid during the period		1,748	1,410
Amount of income taxes paid during the period		374	476

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 months ended 31 March 2026 and were approved and authorized for issue by our Audit Committee on 14 May 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, the Corporation 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.

The Corporation is currently assessing the impact of these amendments on its 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 31 March 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:

	31 March 2026	31 December 2025
Claim frequency[1]	0.8%	0.8%
Claim severity[2]	49.0%	48.6%
Unemployment rate[3]	6.0%	6.1%
Repeat-sales price index[3]	560	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 31 March 2026, the risk adjustment for our insurance contracts corresponds to a 85% confidence level (85% at December 31 2025) for both the LRC and 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 31 March 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	4.0%	3.8%	4.6%	4.5%	5.1%	5.1%	5.4%	5.3%	5.6%	5.4%	5.5%	5.3%

Mortgage Insurer Capital Adequacy Test (MICAT)

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

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 31 March

	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Interest income	260	214	-	-	2,170	1,865	-	-	2,430	2,079
Interest expense	(227)	(173)	-	-	(2,166)	(1,861)	-	3	(2,393)	(2,031)
Net interest income	**33**	**41**	**-**	**-**	**4**	**4**	**-**	**3**	**37**	**48**
Insurance revenue	-	-	390	298	-	-	-	-	390	298
Insurance service expense	-	-	(48)	(17)	-	-	-	-	(48)	(17)
Insurance service result	**-**	**-**	**342**	**281**	**-**	**-**	**-**	**-**	**342**	**281**
Investment income (losses)	-	-	233	174	27	33	-	(5)	260	202
Net gains (losses) on financial instruments	15	(49)	(22)	(28)	-	(1)	-	2	(7)	(76)
Insurance finance expense for contracts issued	-	-	(95)	(80)	-	-	-	-	(95)	(80)
Net financial result	**15**	**(49)**	**116**	**66**	**27**	**32**	**-**	**(3)**	**158**	**46**
Government funding	2,925	2,658	-	-	-	-	-	-	2,925	2,658
Housing programs expenses	(2,867)	(2,561)	-	-	-	-	-	-	(2,867)	(2,561)
Premiums and fees earned	-	-	12	10	246	239	-	-	258	249
Operating expenses	(74)	(83)	(54)	(46)	(20)	(17)	-	-	(148)	(146)
Other income (loss)	(56)	-	(2)	2	4	4	-	-	(54)	6
Income before income taxes	**(24)**	**6**	**414**	**313**	**261**	**262**	**-**	**-**	**651**	**581**
Income taxes	5	(4)	(104)	(77)	(65)	(66)	-	-	(164)	(147)
Net income (loss)	**(19)**	**2**	**310**	**236**	**196**	**196**	**-**	**-**	**487**	**434**
Other comprehensive income (loss)	(10)	1	(129)	114	(10)	37	-	(5)	(149)	147
Comprehensive income (loss)	**(29)**	**3**	**181**	**350**	**186**	**233**	**-**	**(5)**	**338**	**581**
Total revenues and government funding[1]	2,917	2,650	468	359	281	279	-	-	3,666	3,288
Less Inter-segment income (loss)[2]	-	-	-	3	-	(3)	-	-	-	-
External revenues and government funding	2,917	2,650	468	356	281	282	-	-	3,666	3,288

[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 31 March 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	844	880	573	631	1	1	-	-	1,418	1,512
Securities purchased under resale agreements	1,575	2,597	-	-	-	-	-	-	1,575	2,597
Accrued interest receivable	85	81	210	177	1,792	1,090	-	-	2,087	1,348
Investment securities:										
Fair value through profit or loss	-	-	49	50	-	-	-	-	49	50
Fair value through other comprehensive income	-	-	26,459	22,740	3,776	3,625	-	-	30,235	26,365
Amortized cost	5,666	4,702	-	-	-	-	-	-	5,666	4,702
Derivatives	-	-	2	176	-	-	-	-	2	176
Due from the Government of Canada	1,545	193	-	-	-	-	-	-	1,545	193
Loans:										
Fair value through profit or loss	429	441	26	20	-	-	-	-	455	461
Amortized cost	22,649	21,398	18	19	313,534	296,080	-	-	336,201	317,497
Accounts receivable and other assets	116	119	332	293	138	127	-	-	586	539
Investment property	303	379	-	-	-	-	-	-	303	379
Defined benefit plans asset	127	140	157	173	10	11	-	-	294	324
Deferred income tax assets	(55)	(72)	1,091	933	14	7	2	2	1,052	870
	33,284	**30,858**	**28,917**	**25,212**	**319,265**	**300,941**	**2**	**2**	**381,468**	**357,013**
Liabilities										
Accounts payable and other liabilities	1,549	648	134	134	18	46	-	-	1,701	828
Income taxes payable	7	10	6	62	5	20	-	-	18	92
Accrued interest payable	207	207	-	-	1,769	1,068		-	1,976	1,275
Derivatives	75	77	161	4	-	-	-	-	236	81
Insurance contract liabilities	-	-	10,397	10,112	-	-	-	-	10,397	10,112
Borrowings:										
Fair value through profit or loss	6	21	-	-	-	-	-	-	6	21
Amortized cost	30,525	28,950	-	-	313,534	296,080	(2)	(2)	344,057	325,028
Defined benefit plans liability	75	76	93	94	6	6	-	-	174	176
Unearned premiums and fees	-	-	545	506	2,758	2,732	-	-	3,303	3,238
	32,444	**29,989**	**11,336**	**10,912**	**318,090**	**299,952**	**(2)**	**(2)**	**361,868**	**340,851**
Equity of Canada	**840**	**869**	**17,581**	**14,300**	**1,175**	**989**	**4**	**4**	**19,600**	**16,162**
	33,284	**30,858**	**28,917**	**25,212**	**319,265**	**300,941**	**2**	**2**	**381,468**	**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 31 March	
(in millions)	**2026**	**2025**
Assistance for housing needs	1,462	1,272
Financing for housing	798	619
Housing expertise and capacity development	734	796
Total	**2,994**	**2,687**
Government funding received unrelated to Housing programs expenses	(69)	(29)
Total government funding recognized[1]	**2,925**	**2,658**
Operating expenses recovery	(64)	(75)
Expected credit loss (recovery)	6	(22)
Total housing programs expenses recognized	**2,867**	**2,561**

[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 $54 million for the three months ended 31 March 2026 (three months ended 31 March 2025 – $33 million).

The following table presents the change in the due from (to) the Government of Canada account. The outstanding balance as at 31 March 2026 is mainly composed of Housing Programs expenses incurred but not yet reimbursed.

(in millions)	As at 31 March 2026	As at 31 December 2025
Balance at beginning of the year	193	177
Total government funding	2,994	5,107
Government funding received during the period	(1,683)	(5,093)
Third party remittances from (owing to) the Government of Canada	43	(24)
Balance at end of period before prior/future period adjustments	**1,547**	**167**
Net change in One-time top-up to the Canada Housing Benefit advances	4	-
Net change in prior period adjustments	(6)	26
Balance at end of period	**1,545**	**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 31 March 2026	As at 31 December 2025
Insurance contracts		
Transactional homeowner	3,662	3,693
Portfolio	86	88
Multi-unit residential	6,649	6,331
Total insurance contract liabilities	**10,397**	**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 31 March 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]	(102)	-	(102)
Other contracts	(288)	-	(288)
	(390)	**-**	**(390)**
Insurance service expenses			
Incurred claims and other insurance expenses	-	92	92
Amortization of insurance acquisition cash flows	20	-	20
Changes to the liabilities for incurred claims	-	(64)	(64)
	20	**28**	**48**
Insurance service result	**(370)**	**28**	**(342)**
Total finance expense from insurance contracts	74	2	76
Total changes in the statement of income and comprehensive income before income taxes	**(296)**	**30**	**(266)**
Cash flows			
Premiums received	673	-	673
Claims and other insurance service expense paid	-	(9)	(9)
Insurance acquisition cash flows	(113)	-	(113)
Total cash flows	**560**	**(9)**	**551**
Insurance contract liabilities at end of period	**10,064**	**333**	**10,397**

[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 31 March 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 31 March 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	-	-	(76)	(174)	(250)
Change in the risk adjustment for non-financial risk	-	(25)	-	-	(25)
Experience adjustments	(3)	-	-	-	(3)
Changes that relate to future services					
Contracts initially recognized in the period	(589)	103	-	486	-
Changes in estimates that adjust the CSM	4	5	-	(9)	-
Changes that relate to past services					
Changes to the liabilities for incurred claims	(41)	(23)	-	-	(64)
Insurance service result	**(629)**	**60**	**(76)**	**303**	**(342)**
Total finance expense from insurance contracts	8	6	14	48	76
Total changes in the statement of income and comprehensive income before income taxes	**(621)**	**66**	**(62)**	**351**	**(266)**
Cash flows					
Premiums received	673	-	-	-	673
Claims and other insurance service expense paid	(9)	-	-	-	(9)
Insurance acquisition cash flows	(113)	-	-	-	(113)
Total cash flows	**551**	**-**	**-**	**-**	**551**
Insurance contract liabilities at end of period	**1,768**	**1,552**	**1,948**	**5,129**	**10,397**

[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)	Present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under the fair value approach[1]	CSM: 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 31 March 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	191	81	272	791	252	1,043
TPG and application fees earned in the period	(199)	(47)	(246)	(800)	(171)	(971)
Balance at end of period	**1,915**	**843**	**2,758**	**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. The suspension of all dividends to the Government of Canada remains in effect, as we continue to retain capital for multi-unit growth and to support our transition to the new multi-unit MICAT framework which took effect 1 January 2026. To further support the transition to the new multi-unit MICAT framework, 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 31 March 2026	As at 31 December 2025
Contributed capital	3,125	25
Accumulated other comprehensive income	(50)	79
Reserve fund	129	127
Appropriated retained earnings[1]	8,992	9,995
Unappropriated retained earnings[1,2]	7,404	5,936
Total equity of Canada[3]	**19,600**	**16,162**
Less: regulatory deductions	(261)	(268)
Total capital available	**19,339**	**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 31 March 2026	As at 31 December 2025
Contributed capital[1]	4,852	1,752
Accumulated other comprehensive income (loss)	(37)	83
Appropriated retained earnings	8,004	9,174
Appropriated capital[2]	**12,819**	**11,009**
Unappropriated capital	4,762	3,291
Total Mortgage Insurance capital	17,581	14,300
Less: regulatory deductions	(261)	(268)
Total Mortgage Insurance capital available	**17,320**	**14,032**
Internal target	155%	155%
Operating level	165%	165%
Capital available to minimum capital required (% MICAT)	223%	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 for the first time in the current quarter and comparative figures have been revised accordingly. Consequently, the ratio and the appropriated and unappropriated figures for prior periods have been revised based on the 2025 ORSA results. At 31 March 2026, our Equity was $1.2 billion ($0.9 billion at 31 December 2025) and the capital requirement has resulted in a cap of $235 million to our unappropriated capital.

The following table presents the components of the capital available.

(in millions, unless otherwise indicated)	As at 31 March 2026	As at 31 December 2025
Accumulated other comprehensive loss	(48)	(39)
Appropriated retained earnings[1]	988	821
Appropriated capital[1]	940	782
Unappropriated capital[1]	235	207
Total Securitization capital available	**1,175**	**989**
Economic capital available to economic capital required (%)[1]	138%	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 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 31 March 2026	As at 31 December 2025
Reserve fund[1]	132	130
Retained earnings	683	714
Total Lending programs capital available	**815**	**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 31 March 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]	5,666	5,645	(21)	4,702	4,720	18
Loans at amortized cost[3]	336,201	332,703	(3,498)	317,497	316,037	(1,460)
Financial liabilities						
Borrowings at amortized cost[4]	344,057	342,052	(2,005)	325,028	324,351	(677)

[1] Does not include cash and cash equivalents of $873 million (31 December 2025 - $883million) and securities purchased under resale agreements of $1,575 million (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] $2,500 million (31 December 2025 – $1,957 million) fair value categorized as Level 1 and $3,145 million (31 December 2025 - $2,763 million) fair value categorized as Level 2.

[3] $322,466 million (31 December 2025 – $304,990 million) fair value categorized as Level 2, $10,237 million (31 December 2025 – $11,047 million) fair value categorized as Level 3.

[4] $294,808 million (31 December 2025 – $276,550 million) fair value categorized as Level 1, $47,244 million (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 31 March 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	-	6	-	6	-	19	-	19
Federal government issued	-	539	-	539	-	610	-	610
Total cash equivalents	-	545	-	545		629	-	629
Investment securities								
Fair value through profit or loss (FVTPL)								
Debt instruments								
Corporate/other entities	-	18	-	18	-	18	-	18
Equities								
Limited partnership units	-	-	31	31	-	-	32	32
Total at FVTPL	-	18	31	49	-	18	32	50
FVOCI								
Debt instruments								
Corporate/other entities	6,962	6,457	-	13,419	6,239	6,892	-	13,131
Federal government issued	8,695	1,134	-	9,829	4,809	1,616	-	6,425
Provinces/municipalities	6,737	162	-	6,899	6,481	182	-	6,663
Sovereign and related entities	71	17	-	88	121	25	-	146
Total at FVOCI	22,465	7,770	-	30,235	17,650	8,715	-	26,365
Loans designated at FVTPL	-	-	-	-	-	1	-	1
Loans mandatorily at FVTPL	-	10	445	455	-	11	449	460
Derivatives	-	2	-	2	-	176	-	176
Investment property	-	-	303	303	-	-	379	379
Total assets carried at fair value	**22,465**	**8,345**	**779**	**31,589**	**17,650**	**9,550**	**860**	**28,060**
Liabilities								
Borrowings designated at FVTPL	-	(6)	-	(6)	-	(21)	-	(21)
Derivatives	-	(161)	(75)	(236)	-	(4)	(77)	(81)
Total liabilities carried at fair value	**-**	**(167)**	**(75)**	**(242)**	**-**	**(25)**	**(77)**	**(102)**
Net assets at fair value	**22,465**	**8,178**	**704**	**31,347**	**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 31 March 2026, there were $1,207million of transfers from Level 2 to Level 1 and $809 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	-	9	-	-	9
Net gains (losses) in profit or loss[1,2]	(1)	(2)	(55)	2	(56)
Cash receipts on settlements/disposals	-	(11)	(21)	-	(32)
Fair value as at 31 March 2026	**31**	**445**	**303**	**(75)**	**704**
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 31 March 2026, which may change materially in subsequent periods. The techniques and unobservable inputs used in valuing the items classified as Level 3 at 31 March 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 31 March 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	539	239	567	-	-	1,345	618	165	695	-	-	1,478
Investment securities[2]												
FVTPL	18	-	-	-	-	18	18	-	-	-	-	18
FVOCI	11,185	6,643	7,940	4,358	109	30,235	7,835	6,480	7,681	4,255	114	26,365
Amortized cost	1,617	1,928	2,121	-	-	5,666	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 $16 million at 31 March 2026 (31 December 2025 – $17 million) with a corresponding gain of $1 million recognized in net gains (losses) on financial instruments during the three months ended 31 March 2026 (three months ended 31 March 2025 – $13 million loss).

12. Loans

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

Three months ended 31 March 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	(9)	-	(2)	-	-	-	(1)	429
MI Activity loans	20	(3)	9	-	-	-	-	-	26
Total at FVTPL	**461**	**(12)**	**9**	**(2)**	**-**	**-**	**-**	**(1)**	**455**
Amortized cost									
CMB program loans	296,080	(3,052)	20,477	-	29	-	-	-	313,534
Lending programs[2]	21,398	(241)	1,435	(10)	16	3	47	1	22,649
MI Activity loans	19	(5)	-	-	2	2	-	-	18
Total amortized cost	**317,497**	**(3,298)**	**21,912**	**(10)**	**47**	**5**	**47**	**1**	**336,201**
Total	**317,958**	**(3,310)**	**21,921**	**(12)**	**47**	**5**	**47**	**-**	**336,656**

[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.

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 31 March 2026 were $14,722 million (31 December 2025 – $15,760 million), of which $14,431 million are subject to 12-month ECL (31 December 2025 – $15,451 million).

At 31 March 2026, the ECL on undrawn loan commitments, which we record in accounts payable and other liabilities, was $18 million (31 December 2025 – $21 million) and the ECL on loans was $39 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.

Three months ended 31 March 2026

	Cash flows			Non-cash changes			
(in millions)	Balance at beginning of period	Issuances	Repayments	Fair value changes	Accretion and other	Eliminations	Balance at end of period
Designated at FVTPL							
Borrowings from the Government of Canada – Lending programs	21	-	(15)	-	-	-	6
Amortized cost							
Canada mortgage bonds	296,078	20,477	(3,052)	-	29	-	313,532
Borrowings from the Government of Canada – Lending programs	28,950	5,392	(3,799)	(54)	36	-	30,525
Total amortized cost	**325,028**	**25,869**	**(6,851)**	**(54)**	**65**	**-**	**344,057**
Total	**325,049**	**25,869**	**(6,866)**	**(54)**	**65**	**-**	**344,063**

Twelve months ended 31 December 2025

	Cash flows			Non-cash changes			
(in millions)	Balance at beginning of period	Issuances	Repayments	Fair value changes	Accretion and other	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 three months ended 31 March 2026, we have excluded nil (three months ended 31 March 2025 – nil) of CMB maturities from repayments in the previous table and from investment securities – sales and maturities in the consolidated statement of cash flows. We have also excluded during the three months ended 31 March 2026 nil (three months ended 31 March 2025 – nil) of CMB purchases in the primary market from issuances in the previous table 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 31 March 2026 were $3.0 billion (31 December 2025 – $2.9 billion). Actual long-term borrowings issued in the three months ended 31 March 2026 were $1.8 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 31 March	
(in millions)	**2026**	**2025**
Financial instruments designated at FVTPL		
Borrowings	-	(1)
Total financial instruments designated at FVTPL	**-**	**(1)**
Financial instruments mandatorily at FVTPL		
Equity securities	(1)	1
Derivatives	(178)	(21)
Loans	(2)	2
Total financial instruments mandatorily at FVTPL	**(181)**	**(18)**
Debt instruments held at FVOCI[1]	156	(6)
Loans – amortized cost[2]	(45)	(57)
Borrowings – amortized cost[3]	54	33
Expected credit recoveries on financial assets	9	(27)
Total	**(7)**	**(76)**

[1] Includes a foreign exchange gain of $149 million (three months ended 31 March 2025 – gain $3 million) resulting from translation of U.S. dollar-denominated debt instruments.

[2] Includes losses on loans recognized immediately upon initial advance of $10 million (three months ended 31 March 2025 – $26 million) and the amortization of deferred net losses of $35 million (three months ended 31 March 2025 – $31 million).

[3] Includes gains from the issuance of borrowings of $54 million (three months ended 31 March 2025 – $33 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 31 March	
(in millions)	**2026**	**2025**
Balance at beginning of the year	773	579
Deferred net losses on financial instruments in the period	90	57
Recognized net losses on financial instruments in the period	(35)	(31)
Balance at end of period	**828**	**605**

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 three months ended 31 March 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 $8,163 million in debt instruments denominated in U.S. dollars as at 31 March 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)	**31 March 2026**	**31 December 2025**	**31 March 2026**	**31 December 2025**
Investment securities:				
CAD-denominated securities	162	161	45	46
USD-denominated securities	102	99	-	-
Effect of diversification	(11)	(14)	-	-
Total VaR	**253**	**246**	**45**	**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 31 March 2026 after accounting for derivatives.

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 31 March 2026 is presented in the following table.

	As at 31 March 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]	(1,316)	1,084	(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-month period ended 31 March 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 31 March

	Pension plans		Other post-employment plans	
(in millions)	2026	2025	2026	2025
Current service cost	9	9	-	-
Net interest expense (income)	(3)	(3)	1	2
Expense recognized in net income	**6**	**6**	**1**	**2**
Net actuarial gains (losses) arising from changes in financial assumptions	36	-	1	-
Return on plan assets, excluding amounts included in net interest expense[1]	(60)	2	-	-
Net remeasurements recognized in other comprehensive income (loss)[2]	**(24)**	**2**	**1**	**-**
CMHC's contributions	1	1	1	1
Employee contributions	5	5	-	-
Total contributions	**6**	**6**	**1**	**1**

[1] The return on assets rate used to measure the return on plan assets for the three months ended 31 March 2026 was (1.04)% (31 March 2025 – 0.88%).

[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 31 March 2026 was 5.1% (31 December 2025 – 5.0%).

18. Income Taxes

The following table presents the components of income tax.

	Three months ended 31 March	
(in millions)	**2026**	**2025**
Current income tax expense	338	155
Deferred income tax relating to origination and reversal of temporary differences	(174)	(8)
Total income tax expense included in net income	**164**	**147**
Income tax expense (recovery) on other comprehensive income (loss)		
Net unrealized gains (losses) from FVOCI financial instruments	(47)	55
Reclassification of prior years' net unrealized losses realized in the period in net income	(1)	3
Insurance finance income (expense) for insurance contracts issued	4	(9)
Remeasurement gains on defined benefit plans	(3)	-
Total income tax expense (recovery) included in other comprehensive income (loss)	**(47)**	**49**
Total	**117**	**196**

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. The expense for the three months ended 31 March 2026 was $10 million (three months ended 31 March 2025 – $7 million). In Securitization these fees, which are recorded in operating expenses, amount to $8 million for the three months ended 31 March 2026 (three months ended 31 March 2025 – $8 million). All other material related party transactions and outstanding balances are disclosed in relevant notes.

20. Commitments and Contingent Liabilities

As at 31 March 2026, we have $6,633 million in contractual financial obligations relating to Housing Programs which extend for periods up to 27 years and $204 million in other contractual obligations up to the year 2032 (31 December 2025 - $16,194 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 31 March 2026**	**As at 31 December 2025**
Affordable Housing Fund	296	65
Affordable Rental Housing Innovation Fund	34	22
Apartment Construction Loan Program	263	498
Canada Greener Affordable Housing	3	2
Direct Lending – Economically Hedged	6	19
Total	**602**	**606**

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