

# 2024

## Report to Shareholders

December 31, 2024



**ATRIUM**

MORTGAGE INVESTMENT  
CORPORATION

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## About Atrium Mortgage Investment Corporation

### Safety | Consistency | Yield

Atrium lends in major urban centres and where the stability and liquidity of real estate is high. As a mortgage lender, we fill the lending gap that results from the limited number of financial institutions operating in Canada. Our loan portfolio is high quality but we are able to charge higher rates than the banks because we offer flexibility, creativity and excellent service. Our mortgages are secured by all types of residential, multi-residential and commercial real estate property located in Canada, and must all be in strict compliance with our investment policies.

Atrium has a 23-year track record of success and consistency in achieving our strategic objectives: to grow in a controlled manner by focusing on real estate sectors with the lowest risk profiles.

Since commencing operations in 2001, our investment objectives have been to preserve our shareholders' equity and provide our shareholders with stable and secure dividends from our investments in mortgage loans within the criteria permitted for a Mortgage Investment Corporation (MIC). Working within conservative risk parameters, we endeavour to maximize income and dividends through careful underwriting and efficient management of our mortgage investments.

We were listed on the Toronto Stock Exchange in 2012. Our regular dividend is paid monthly, currently at a rate of \$0.0775 per share per month. Our dividends since 2020 are as follows:

Year	Regular Dividend	Special Dividend	Total Dividends Paid	Earnings Per Share (basic)
2020	\$0.90	\$0.02	\$0.92	\$0.93
2021	\$0.90	\$0.07	\$0.97	\$0.98
2022	\$0.90	\$0.23	\$1.13	\$1.08
2023	\$0.90	\$0.29	\$1.19	\$1.18
2024	\$0.90	\$0.16	\$1.06	\$1.06
2025	\$0.93	To be determined		





**FOR IMMEDIATE RELEASE**

**ATRIUM MORTGAGE INVESTMENT CORPORATION  
ANNOUNCES A STRONG FINISH TO A VERY SUCCESSFUL YEAR  
AND \$0.16 SPECIAL DIVIDEND FOR 2024**

TORONTO: March 6, 2025 – Atrium Mortgage Investment Corporation (TSX: AI, AI.DB.D, AI.DB.E, AI.DB.F, AI.DB.G) today released its financial results for the year ended December 31, 2024.

**Highlights**

- **Annual basic and diluted earnings per share of \$1.06 and \$1.05, respectively, compared to \$1.18 and \$1.14 basic and diluted earnings per share, respectively in 2023**
- **Annual net income of \$47.9 million, compared to \$51.5 million in the prior year**
- **\$0.16 per share special dividend to shareholders of record on December 31, 2024 to be paid on March 19, 2025**
- **High quality mortgage portfolio**
  - **96.7% of portfolio in first mortgages**
  - **95.7% of portfolio is less than 75% loan-to-value**
  - **average loan-to-value is 61.9%**

“Atrium’s results for calendar 2024 were very strong. Our earnings per share of \$1.06 was the third best result in our history as a public company. This performance has produced a sizeable special dividend of \$0.16 which is above the five-year average of \$0.13. I am very proud that the last three years have been the best three years since Atrium went public in 2012. Some of the credit for our results has been due to higher interest rates, but we also underwrote more conservatively than other non-bank lenders and therefore had fewer problem loans. For example, our Stage 2 & 3 loans decreased dramatically to \$79 million in Q4 from \$129.7 million in Q3. Over 2024, we shifted loan origination towards lower risk sectors to protect shareholder capital throughout this economic downturn and our mortgage portfolio ended the year with a low loan-to-value of 61.9%. We believe that there may be less competition from non-bank lenders in 2025 so we also took steps to increase our funding capacity to support future growth. The maximum amount on our credit facility was increased by \$25 million to \$340 million by adding Royal Bank to the lending syndicate. We also completed an oversubscribed bought deal equity offering in Q4 that raised gross proceeds of \$28.8 million. Given our superior financial performance, we were pleased to cap off the year with an increase in the monthly dividend from an annualized rate of \$0.90 to \$0.93 beginning in December. We are well positioned in 2025 to navigate an unpredictable year caused by weak real estate market conditions and tariffs imposed by the United States on Canadian goods” said Rob Goodall, CEO of Atrium.

**Conference call**

Interested parties are invited to participate in a conference call with management on Friday, March 7, 2025 at 9:00 a.m. ET to discuss the results. To participate or listen to the conference call live, please call 1-833-491-0507 (call topic: Fourth quarter results). For a replay of the conference call (available until March 21, 2025) please call 1-833-607-0619, passcode 4174703#.

## **Results of operations**

For the year ended December 31, 2024, Atrium reported assets of \$864.3 million, down from \$877.9 million at the end of 2023. Revenues were \$97.3 million, a decrease of 1.3% from the prior year. Net income for 2024 was \$47.9 million, a decrease of 7.1% from the prior year. Atrium's allowance for mortgage losses at December 31, 2024 totaled \$29.6 million or 3.33% of the gross mortgage portfolio. Basic and diluted earnings per common share were \$1.06 and \$1.05, respectively, for the year ended December 31, 2024, compared with \$1.18 and \$1.14 basic and diluted earnings per common share in the prior year, a decrease of 10.2% (basic). Basic and diluted earnings per common share were \$0.27 and \$0.26, respectively, for the fourth quarter compared to \$0.27 and \$0.26 basic and diluted in the comparative quarter.

The board of directors declared a special dividend of \$0.16 for 2024, resulting in a total dividend of \$1.0625 per common share paid to shareholders for the year, compared to \$1.19 for the prior year. Mortgages receivable as at December 31, 2024 was \$863.2 million, down from \$876.7 million as at December 31, 2023. This was due to mortgage interest and principal repayments exceeding advances and a higher allowance for mortgage losses. During the year ended December 31, 2024, \$352.2 million of mortgage principal was advanced and \$327.3 million was repaid. The weighted average interest rate on the mortgage portfolio at December 31, 2024 was 9.98%, compared to 11.42% at December 31, 2023.

## **Financial summary**

### **Consolidated Statements of Income and Comprehensive Income**

*(000s, except per share amounts)*

	<b>Year ended December 31 2024</b>	<b>Year ended December 31 2023</b>	<b>Year ended December 31 2022</b>
Revenue	\$ 97,263	\$ 98,574	\$ 78,371
Mortgage servicing and management fees	(8,558)	(8,465)	(8,526)
Other expenses	(1,301)	(1,299)	(1,098)
Impairment loss on investment property held for sale	—	—	(1,832)
Recovery of prior mortgage losses	268	492	1,050
Provision for mortgage losses	(13,839)	(11,894)	(1,914)
Income before financing costs	73,833	77,408	66,051
Financing costs	(25,981)	(25,923)	(19,719)
Net income and comprehensive income	<u>\$ 47,852</u>	<u>\$ 51,485</u>	<u>\$ 46,332</u>
Basic earnings per share	\$ 1.06	\$ 1.18	\$ 1.08
Diluted earnings per share	\$ 1.05	\$ 1.14	\$ 1.06
Dividends declared	\$ 48,171	\$ 52,095	\$ 48,736
Mortgages receivable, end of year	\$ 863,169	\$ 876,733	\$ 860,374
Total assets, end of year	\$ 864,304	\$ 877,877	\$ 874,780
Shareholders' equity, end of year	\$ 516,980	\$ 482,206	\$ 475,564
Book value per share, end of year	\$ 10.96	\$ 10.97	\$ 10.97

## Analysis of mortgage portfolio

<b>Property Type</b>	<b>As at December 31, 2024</b>			<b>As at December 31, 2023</b>		
	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>
(outstanding amounts in 000s)						
High-rise residential	17	\$ 247,202	27.9%	22	\$ 323,340	36.2%
Mid-rise residential	20	139,738	15.8%	25	208,289	23.3%
Low-rise residential	12	152,827	17.2%	14	153,561	17.2%
House and apartment	219	154,713	17.5%	153	117,943	13.2%
Condominium corporation	6	1,279	0.1%	10	1,786	0.2%
Residential portfolio	274	695,759	78.5%	224	804,919	90.1%
Commercial	24	190,939	21.5%	19	88,640	9.9%
Mortgage portfolio	298	\$ 886,698	100.0%	243	\$ 893,559	100.0%

<b>Location of underlying property</b>	<b>As at December 31, 2024</b>				
	<b>Number of mortgages</b>	<b>Outstanding amount</b>	<b>Percentage outstanding</b>	<b>Weighted average loan-to-value</b>	<b>Weighted average interest rate</b>
(outstanding amounts in 000s)					
Greater Toronto Area	211	\$ 791,809	89.3%	60.6%	9.96%
Non-GTA Ontario	73	40,816	4.6%	69.6%	9.15%
British Columbia	14	54,073	6.1%	75.0%	10.96%
	298	\$ 886,698	100.0%	61.9%	9.98%

<b>Location of underlying property</b>	<b>As at December 31, 2023</b>				
	<b>Number of mortgages</b>	<b>Outstanding amount</b>	<b>Percentage outstanding</b>	<b>Weighted average loan-to-value</b>	<b>Weighted average interest rate</b>
(outstanding amounts in 000s)					
Greater Toronto Area	166	\$ 653,401	73.1%	61.4%	11.63%
Non-GTA Ontario	52	40,753	4.6%	64.6%	9.81%
British Columbia	24	191,955	21.5%	60.6%	10.95%
Alberta	1	7,450	0.8%	71.0%	14.00%
	243	\$ 893,559	100.0%	61.4%	11.42%

For further information on the financial results, and further analysis of the company's mortgage portfolio, please refer to Atrium's consolidated financial statements and its management's discussion and analysis for the year ended December 31, 2024, available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and on the company's website at [www.atriummic.com](http://www.atriummic.com).

## Restatement of Comparative Consolidated Statement of Cash Flows

In response to commentary received from an issue oriented review of Atrium Mortgage Investment Corporation's continuous disclosure record by the Ontario Securities Commission (the "OSC"), management determined that cash flows from cash advances of mortgages receivable and cash repayments of mortgages receivable, previously classified as investing activities, will be reclassified as operating activities in the consolidated statement of cash flows. In addition, interest and fees on convertible debentures paid and interest and other financing charges paid, previously classified as financing activities, will also be reclassified to operating activities on the consolidated statement of cash flows. The consolidated statement of cash flows for the year ended December 31, 2023 was restated for these reclassifications as illustrated in the table below, with no change to the cash balance at year end. This adjustment had no impact on the consolidated statement of financial position, consolidated statement of changes in shareholders' equity, consolidated statement of income and comprehensive income, earnings per share, or mortgages receivable.

**For the year ended December 31, 2023**

	<b>As previously reported</b>	<b>Restatement</b>	<b>Restated</b>
Cash provided by operating activities	\$ 77,316	\$ (42,445)	\$ 34,871
Cash provided by (used in) investing activities	\$ (4,635)	\$ 17,910	\$ 13,275
Cash used in financing activities	\$ (72,681)	\$ 24,535	\$ (48,146)

**About Atrium**

***Canada's Premier Non-Bank Lender™***

Atrium is a non-bank provider of residential and commercial mortgages that lends in major urban centres in Canada where the stability and liquidity of real estate are high. Atrium's objectives are to provide its shareholders with stable and secure dividends and preserve shareholders' equity by lending within conservative risk parameters. Atrium is a Mortgage Investment Corporation (MIC) as defined in the Canada *Income Tax Act*, so is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after December 31 each year. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the company had been made directly by the shareholder. For further information about Atrium, please refer to regulatory filings available at [www.sedarplus.ca](http://www.sedarplus.ca) or investor information on Atrium's website at [www.atriummic.com](http://www.atriummic.com).

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# 2024

## MD&A

### Management's Discussion and Analysis

For the years ended  
December 31, 2024 and 2023



**ATRIUM**

MORTGAGE INVESTMENT  
CORPORATION

## Management's Discussion and Analysis

December 31, 2024

### Our business

Atrium is a mortgage lender filling the lending gap that results from the limited number of financial institutions operating in Canada. We lend in major urban centres and where the stability and liquidity of real estate are high. Our loan portfolio is high quality but we are able to charge higher rates than the banks because we offer flexibility, creativity and excellent service. Our mortgages are secured by all types of residential, multi-residential and commercial real estate located in Canada, and must all be in strict compliance with our investment policies. Atrium has a 23-year track record of success and consistency in achieving our strategic objectives: to grow in a controlled manner by focusing on real estate sectors with the lowest risk profiles.

Our objective is to invest in a diverse portfolio of predominantly first mortgages that are relatively short-term, to provide our shareholders with stable and secure dividends while preserving shareholders' equity, all within the parameters mandated for a Mortgage Investment Corporation (MIC). Working within conservative risk parameters, we endeavour to maximize income and dividends through careful underwriting and efficient management of our mortgage investments.

Information herein is current as of March 6, 2025.

### Highlights

Atrium continued to generate strong financial results for shareholders. For the year ended December 31, 2024, we had revenues of \$97.3 million compared to \$98.6 million in the prior year, a decrease of 1.3%. Net income was \$47.9 million compared with \$51.5 million in the prior year, a decrease of 7.1%. Basic and diluted earnings per share were \$1.06 and \$1.05, respectively, compared with \$1.18 basic and \$1.14 diluted earnings per share in the prior year, a decrease of 10.2% basic and 7.9% diluted. All the figures from the prior year were the highest ever recorded by Atrium, and the calendar 2024 figures represent our third best as a public company.

We declared a regular dividend of \$0.9025 for the year, compared to \$0.90 in the prior year. In addition, we declared a special dividend of \$0.16, for a total dividend of \$1.0625 for 2024, compared to \$1.19 for the previous year. For 2025, our board of directors has set the regular dividend rate at \$0.93 per annum.

Our regular and special dividends for the past five years are as follows:

<i>Year</i>	<i>Regular dividend</i>	<i>Special dividend</i>	<i>Total dividends paid</i>	<i>Earnings per share (basic)</i>
2020	\$0.90	\$0.02	\$0.92	\$0.93
2021	\$0.90	\$0.07	\$0.97	\$0.98
2022	\$0.90	\$0.23	\$1.13 <sup>1</sup>	\$1.08
2023	\$0.90	\$0.29	\$1.19 <sup>1</sup>	\$1.18
2024	\$0.9025	\$0.16	\$1.0625 <sup>1</sup>	\$1.06

1) *The difference between dividends paid and earnings per share is largely due to a timing difference created by an impairment and/or provision for accounting that is excluded from the calculation of taxable income.*

We had \$863.2 million of mortgages receivable as at December 31, 2024, a decrease of 1.6% from December 31, 2023. This was due to mortgage interest and principal repayments exceeding advances and a higher allowance for mortgage losses. During the year, \$352.2 million of mortgage principal was advanced and \$327.3 million was repaid. The portfolio had a weighted average remaining term of 8.6 months.

Our focus continues to be lending in the major metropolitan areas of Ontario and British Columbia.

Fourth quarter net income of \$12.7 million, increase of 7.0% from prior year period

Annual earnings per share \$1.06 basic and \$1.05 diluted

Strong, high quality mortgage portfolio

96.7% first mortgages

95.7% less than 75% loan-to-value

Mortgages receivable \$863.2 million, down 1.6% from prior year

We focus on first mortgages with high liquidity and low loan-to-value ratios

## Investment portfolio

Our mortgage portfolio consisted of 298 mortgage loans and aggregated \$886.7 million as at December 31, 2024, a decrease of 0.8% from December 31, 2023.

<b>Property Type</b>	<b>As at December 31, 2024</b>			<b>As at December 31, 2023</b>		
	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>
(outstanding amounts in 000s)						
High-rise residential <sup>1</sup>	17	\$ 247,202	27.9%	22	\$ 323,340	36.2%
Mid-rise residential <sup>1</sup>	20	139,738	15.8%	25	208,289	23.3%
Low-rise residential <sup>1</sup>	12	152,827	17.2%	14	153,561	17.2%
House and apartment <sup>2</sup>	219	154,713	17.5%	153	117,943	13.2%
Condominium corporation <sup>3</sup>	<u>6</u>	<u>1,279</u>	<u>0.1%</u>	<u>10</u>	<u>1,786</u>	<u>0.2%</u>
Residential portfolio	274	695,759	78.5%	224	804,919	90.1%
Commercial <sup>4</sup>	<u>24</u>	<u>190,939</u>	<u>21.5%</u>	<u>19</u>	<u>88,640</u>	<u>9.9%</u>
Mortgage portfolio	<u>298</u>	<u>886,698</u>	<u>100.0%</u>	<u>243</u>	<u>893,559</u>	<u>100.0%</u>
Accrued interest receivable		6,321			6,049	
Mortgage discount		(47)			(68)	
Unamortized origination fees		(247)			(207)	
Allowance for mortgage losses		<u>(29,556)</u>			<u>(22,600)</u>	
Mortgages receivable		<u>\$ 863,169</u>			<u>\$ 876,733</u>	

- 1) Mortgage loans on properties where the near-term business plan, as vetted by the lender, is to intensify the property into low-rise residential (detached, semi-detached, townhomes and/or multi-unit residential buildings up to 4 storeys), mid-rise residential (multi-unit residential buildings from 5-20 storeys and stacked townhomes) or high-rise residential (multi-unit residential buildings over 20 storeys).
- 2) Mortgage loans on existing single-family or multi-family residential homes and apartment buildings.
- 3) Mortgage loans to residential condominium corporations for guest suites, superintendent suites and green loans.
- 4) Mortgage loans on properties where the existing real estate is currently, or the proposed development project after rezoning will be mixed use, commercial or industrial.

A summary of our mortgages by loan type is presented below.

<b>Loan type</b>	<b>As at December 31, 2024</b>			<b>As at December 31, 2023</b>		
	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>
(outstanding amounts in 000s)						
Term loans	293	\$ 838,520	94.6%	237	\$ 853,654	95.5%
Construction loans	<u>5</u>	<u>48,178</u>	<u>5.4%</u>	<u>6</u>	<u>39,905</u>	<u>4.5%</u>
	<u>298</u>	<u>\$ 886,698</u>	<u>100.0%</u>	<u>243</u>	<u>\$ 893,559</u>	<u>100.0%</u>

A summary of our mortgages by size is presented below.

<b>Mortgage amount</b>	<b>As at December 31, 2024</b>			<b>As at December 31, 2023</b>		
	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>
(outstanding amounts in 000s)						
\$0 - \$2,500,000	230	\$ 148,761	16.8%	169	\$ 109,873	12.3%
\$2,500,001 - \$5,000,000	16	62,356	7.0%	19	72,477	8.1%
\$5,000,001 - \$7,500,000	18	112,966	12.7%	17	104,924	11.8%
\$7,500,001 - \$10,000,000	5	44,558	5.0%	8	69,035	7.7%
\$10,000,001 +	<u>29</u>	<u>518,057</u>	<u>58.5%</u>	<u>30</u>	<u>537,250</u>	<u>60.1%</u>
	<u>298</u>	<u>\$ 886,698</u>	<u>100.0%</u>	<u>243</u>	<u>\$ 893,559</u>	<u>100.0%</u>

As at December 31, 2024, the average outstanding mortgage balance was \$3.0 million (December 31, 2023 – \$3.7 million), and the median outstanding mortgage balance was \$0.7 million (December 31, 2023 – \$0.7 million).

The tables below show our mortgage portfolio by location of the underlying property and type of mortgage. The weighted average interest rates shown exclude the lender fees paid by the borrower, which reflect the yield to Atrium. As at December 31, 2024, 84.3% of our portfolio was priced at floating rates, the majority with rate floors, down from 89.8% at December 31, 2023.

As at December 31, 2024					
<u>Location of underlying property</u>	<u>Number of mortgages</u>	<u>Outstanding amount</u>	<u>Percentage outstanding</u>	<u>Weighted average loan-to-value</u>	<u>Weighted average interest rate</u>
(outstanding amounts in 000s)					
Greater Toronto Area	211	\$ 791,809	89.3%	60.6%	9.96%
Non-GTA Ontario	73	40,816	4.6%	69.6%	9.15%
British Columbia	14	54,073	6.1%	75.0%	10.96%
	<u>298</u>	<u>\$ 886,698</u>	<u>100.0%</u>	<u>61.9%</u>	<u>9.98%</u>

As at December 31, 2023					
<u>Location of underlying property</u>	<u>Number of mortgages</u>	<u>Outstanding amount</u>	<u>Percentage outstanding</u>	<u>Weighted average loan-to-value</u>	<u>Weighted average interest rate</u>
(outstanding amounts in 000s)					
Greater Toronto Area	166	\$ 653,401	73.1%	61.4%	11.63%
Non-GTA Ontario	52	40,753	4.6%	64.6%	9.81%
British Columbia	24	191,955	21.5%	60.6%	10.95%
Alberta	1	7,450	0.8%	71.0%	14.00%
	<u>243</u>	<u>\$ 893,559</u>	<u>100.0%</u>	<u>61.4%</u>	<u>11.42%</u>

We have an exceptionally high proportion of our portfolio invested in first mortgages (96.7%), which is one of our core strategies.

As at December 31, 2024, the weighted average loan-to-value ratio in our mortgage portfolio was 61.9%, with 95.7% of the portfolio below 75% loan-to-value (At December 31, 2023, the weighted average loan-to-value ratio was 61.4%, and 94.0% of the portfolio was below 75% loan-to-value).

As at December 31, 2024				
<u>Type of mortgage</u>	<u>Number of mortgages</u>	<u>Outstanding amount</u>	<u>Percentage outstanding</u>	<u>Weighted average interest rate</u>
(outstanding amounts in 000s)				
First mortgages				
Conventional	267	\$ 817,867	92.2%	9.91%
Non-Conventional	22	38,520	4.3%	10.63%
Other	6	1,279	0.2%	7.51%
	<u>295</u>	<u>857,666</u>	<u>96.7%</u>	<u>9.94%</u>
Second and third mortgages				
Conventional	3	29,032	3.3%	11.24%
Non-conventional	-	-	-	-
	<u>3</u>	<u>29,032</u>	<u>3.3%</u>	<u>11.24%</u>
	<u>298</u>	<u>\$ 886,698</u>	<u>100.0%</u>	<u>9.98%</u>

As at December 31, 2023				
<u>Type of mortgage</u>	<u>Number of mortgages</u>	<u>Outstanding amount</u>	<u>Percentage outstanding</u>	<u>Weighted average interest rate</u>
(outstanding amounts in 000s)				
First mortgages				
Conventional	209	\$ 801,323	89.7%	11.40%
Non-Conventional	16	42,367	4.7%	11.58%
Other	10	1,786	0.2%	7.43%
	<u>235</u>	<u>845,476</u>	<u>94.6%</u>	<u>11.40%</u>
Second and third mortgages				
Conventional	6	37,008	4.1%	12.11%
Non-conventional	2	11,075	1.3%	10.84%
	<u>8</u>	<u>48,083</u>	<u>5.4%</u>	<u>11.81%</u>
	<u>243</u>	<u>\$ 893,559</u>	<u>100.0%</u>	<u>11.42%</u>

Conventional mortgages are those with a loan-to-value of less than or equal to 75%, which is the industry standard for determining that a mortgage is conventional. Non-conventional mortgages have a loan-to-value in excess of 75%.

The weighted average term remaining for our mortgage portfolio at December 31, 2024 is 8.6 months (December 31, 2023 – 9.2 months).

## Our business

In Canada there is a lending gap due to the limited number of financial institutions operating. Our business is to help fill that gap by focusing on loans that cannot be placed with larger financial institutions but represent an acceptable underwriting risk. Our borrowers benefit from our efficient, thorough and fast underwriting process. We lend in major urban centers where the stability and liquidity of real estate are at the highest levels.

Our policy is that the weighted average loan-to-value ratio of our mortgage portfolio, as a whole, at the time of underwriting each loan in our portfolio, will not exceed 75%. At December 31, 2024, the weighted average loan-to-value ratio of the mortgage portfolio was considerably lower than that, at 61.9%, compared to 61.4% at December 31, 2023.

A typical loan in our portfolio has an interest rate of 8.24% to 13.71% per annum, a one or two-year term and monthly interest-only mortgage payments. Pricing on new loans during the fourth quarter typically ranged between 8.24% to 11.47%.

Our lending parameters are as follows:

- Mortgages on residential and commercial properties up to a maximum of 75% of appraised value.
- Loans on single family residences up to 75% of appraised value.
- Mortgages on income-producing real estate up to a maximum of 85% of appraised value.
- Construction loans up to a maximum of 90% of cost.
- Loans to condominium corporations.

Mortgage loan amounts are generally \$300,000 to \$30 million. The largest single mortgage in our mortgage portfolio as at December 31, 2024 was \$49.9 million, secured by five properties as part of a master facility (December 31, 2023 – \$48.1 million).

Our investment policies, which may be changed by our board of directors (“board”), are as follows:

- We may invest only in residential mortgages, commercial mortgages, commercial mortgage backed securities and certain related investments.
- All investments must be mortgages on the security of real property situated within Canada, loans to condominium corporations, or certain permitted interim investments.
- Commercial mortgages may not constitute more than 50% of our total assets at any time.
- The term of the mortgage may generally be no greater than ten years.
- Mortgages are subject to the following geographic limits at the time of funding: Alberta – maximum 15% of total mortgages; British Columbia – maximum of 45% of total mortgages.
- No single borrower may account for more than 15% of our total assets.
- All mortgages are supported by external appraisals by a qualified appraiser. All mortgages, except mortgages secured by one to six residential units, are also supported by environmental audits.
- The maximum initial loan-to-value ratio of an individual mortgage is 85% including any prior ranking encumbrances, and the weighted average loan-to-value ratio of our mortgage portfolio at the time of underwriting each loan may not exceed 75%.
- Maintain a debt to total assets ratio of not more than 0.55:1.00.
- We do not invest directly in real property, although real property may be acquired by foreclosing on a mortgage.
- A mortgage investment of: (i) \$4,000,000 or more requires approval of the board; (ii) between \$2,000,000 and \$4,000,000 requires approval of three members of the board, including at least two independent directors; and (iii) \$2,000,000 or less requires approval of any one member of the board. For loans previously approved, the approval of one member of the board is required (i) for changes to the loan that do not exceed the approved amount by more than the greater of (a) \$200,000 or (b) 2% of the previously approved loan amount; or (ii) for minor technical amendments that do not change other underwriting considerations, provided in all cases that the loan-to-value ratio increases by less than 5% and the ratio is 75% or less. We may invest in interim investments that are guaranteed by the Government of Canada or of a province or territory of Canada or deposits or certificates of deposits, acceptances and other similar instruments issued, endorsed or guaranteed by a Schedule I Bank in any amount without prior board approval.
- We may not make unsecured loans to, nor invest in securities issued by, our manager or its affiliates, nor make unsecured loans to the directors or officers of the manager.
- We may not make any investment, or incur any indebtedness, that would result in our not qualifying as a MIC.

**Our objective is to invest in a diverse portfolio of predominantly first mortgages that are relatively short-term, to provide our shareholders with stable and secure dividends while preserving shareholders' equity, all within the parameters mandated for a MIC. Working within conservative risk parameters, we endeavour to maximize income and dividends through the sourcing and efficient management of our mortgage investments.**

We are a non-bank lender and invest in mortgages secured by all types of residential, multi-residential and commercial real property located in Canada, subject to compliance with our investment policies. The types of properties that we finance include residential houses, small multi-family residential properties comprised of six or fewer units, residential apartment buildings, commercial properties and store-front retail properties, residential and commercial land development sites. We also finance construction projects and provide short-term bridge financing for real estate developers. Our strategy is to grow in a controlled manner by diversifying geographically, and focusing on real estate sectors with the lowest risk profiles. For larger loan amounts, we generally co-lend with a financial institution or private lender.

We qualify as a MIC and are restricted from any activity that would result in us failing to qualify as a MIC. In order to qualify as a MIC, we must satisfy the requirements in subsection 130.1(6) of the Canada *Income Tax Act* (ITA) throughout the taxation year. Among the requirements are:

- We can only invest or manage funds and cannot manage or develop real property.
- We cannot own debts secured on real property situated outside Canada, debts owing by non-residents unless such debts were secured on real property situated in Canada, shares of the capital stock of corporations not resident in Canada, or real property situated outside of Canada or any leasehold interest in such property.
- No shareholder (together with related persons, as defined in the ITA) may at any time own, directly or indirectly, more than 25% of our common shares.
- The cost for tax purposes of cash on hand, debts secured on specified residential properties, and funds on deposit with a Canada Deposit Insurance Fund or Régie de l'assurance-dépôts du Québec-insured institution or credit union must constitute at least 50% of the cost of all of our property.
- The cost for tax purposes of any interests in real property (including leaseholds but excepting real or immovable property acquired by foreclosure after default by the mortgagor) may not exceed 25% of the cost of all of our property.
- There are certain restrictions as to our maximum debt-to-equity ratio.

We are managed by Canadian Mortgage Capital Corporation (the "manager" or "CMCC"), which is our exclusive manager and arranges and services our mortgage loans and otherwise directs our affairs and manages our business. For explanations as to some of the terms used herein, please refer to our Annual Information Form for the year ended December 31, 2024, which is available at [www.sedarplus.ca](http://www.sedarplus.ca).

## Recent Developments

Atrium generated earnings per share (EPS) of \$1.06 for fiscal 2024 which includes EPS of \$0.27 in the fourth quarter of 2024. This earnings performance represented the third best year in our company's history as a public company and resulted in a sizeable special dividend of \$0.16 for the year. Real estate markets remained challenging but the macroeconomic environment has been stabilizing over the course of the year as interest rates and inflation have been trending downward. The mortgage portfolio remained relatively stable at \$886.7 million at year end compared to \$893.6 million at the beginning of the year despite reaching a record \$926.3 million in the third quarter. Despite challenging market conditions that persisted over the course of the year, principal advances of \$352.2 million were more than offset by principal and interest repayments. The decrease in the mortgage portfolio over the fourth quarter was largely driven by payouts of higher risk loans in Stages 2 and 3 which helps reinforce a stronger mortgage portfolio. The company has significantly reduced the percentage of higher risk Stage 2 and 3 loans in the portfolio from 17.8% at the beginning of the year down to 8.9% at year end. The company was able to source high quality loans due to reduced market competition from non-bank lenders but the market did see more competitive pressure as the year progressed. Earnings remained strong over the course of the year despite higher loan loss reserves to prudently recognize elevated credit risk in the portfolio due to weak market conditions. This consistency in earnings supported an increase in the annual dividend rate from \$0.90 per share to \$0.93 beginning in December 2024.

Over the course of the year, Atrium continued to build a strong balance sheet that remains highly capitalized with shareholder capital representing 59.8% of total funding sources at year end. On June 30, 2024, one convertible debenture of \$25.3 million matured and was repaid in full using the credit facility. Maintaining ample capacity on the credit facility provides optionality in terms of assessing market conditions for the optimal time to issue long-term debt. During the second quarter, the company added Royal Bank of Canada as a lender and increased the maximum balance available on the credit facility by \$25,000 to \$340,000. The lending syndicate supporting the facility now includes four of top six financial institutions in the country which reflects the strength of our business model and mortgage

portfolio. The credit facility also has an accordion feature of \$60 million which can increase the maximum availability to \$400 million to provide further funding capacity and liquidity. In October 2024, Atrium also successfully completed a bought deal offering resulting in the issuance, including the over-allotment option, of 2,512,750 common shares for gross proceeds of \$28.8 million. The proceeds were used to repay existing indebtedness on the credit facility and provides additional capital that can be leveraged for future growth.

The rate on the mortgage portfolio was 9.98% at year end which was down from 10.52% in the third quarter. The decrease was largely driven by two 50 bps Bank of Canada rate cuts announced on October 23, 2024 and December 11, 2024 as 84.3% of the mortgage portfolio is priced off floating rates with the majority having rate floors in place. The business, however, also focused on lower risk profile mortgages over the course of year which are priced at lower rates. After raising the policy interest rate by a total of 475 bps over 2022 and 2023, the Bank of Canada cut rates five times over 2024 for a total of 175 bps. The credit facility is priced off prime and the market rate for Term CORRA loans and has benefited from lower rates. The average cost of borrowing on the credit facility was 6.34% in the fourth quarter of 2024 which is down from 6.96% in the third quarter and 7.55% in the prior year comparative quarter.

The allowance for mortgage losses was \$29.6 million at year end which represented 333 bps of the mortgage portfolio. This is up from \$22.6 million and 253 bps, respectively, from the beginning of the year. These increases were largely driven by a higher assessment of credit risk relating to specific loans in the mortgage portfolio. Numerous factors including elevated interest rates, increased construction costs, and higher financial stress on end consumers put increased pressure on borrowers across the industry. The company, however, made material progress in terms of resolving loans classified as Stages 2 and 3 as the balance decreased steadily from \$158.7 million at the beginning of the year to \$79.0 million at year end. The Stage 1 provision was 0.91% of the mortgage portfolio at year end, a slight drop from 1.04% at the beginning of the year due to some improvements in macroeconomic indicators that still incorporate relatively stagnant growth and high unemployment figures.

The primary focus of the business over the year has been to maintain a resilient mortgage portfolio that can withstand the downturn in the credit cycle. The business was able to generate solid, consistent returns for shareholders over 2024 despite challenging market conditions and maintaining strict risk parameters. In fact, despite weak real estate conditions over the last couple of years, our highest earnings per share in our history as a public company were generated in 2022, 2023 and 2024. The deep experience of our management team across all market cycles has helped maintain our mortgage portfolio in terms of size but more importantly mitigate risk through disciplined underwriting and the focus on lower risk sectors. The mortgage portfolio ended the year with 96.7% of mortgages in first position and a low LTV of 61.9%. The portfolio also remained concentrated in the major urban centers of the GTA and GVA where liquidity is highest. All things being equal, Management remains cautiously optimistic that real estate markets will gradually improve over the course of 2025 and has positioned the business with the resources and capacity to capitalize on any growth opportunities that should arise. Tariffs stemming from recent border and trade disputes with the new US Administration, however, represents a significant risk factor that could prolong the downturn in the real estate cycle. We plan to remain cautious with disciplined underwriting and excess liquidity to navigate through these market uncertainties.

## Results of Operations

*(In this section, dollars are in thousands of Canadian dollars, except per share amounts)*

### Financial summary

	<b>Year ended December 31 2024</b>	<b>Year ended December 31 2023</b>	<b>Year ended December 31 2022</b>
Revenue	\$ 97,263	\$ 98,574	\$ 78,371
Mortgage servicing and management fees	(8,558)	(8,465)	(8,526)
Other expenses	(1,301)	(1,299)	(1,098)
Impairment loss on investment property held for sale	—	—	(1,832)
Recovery of prior mortgage loss	268	492	1,050
Provision for mortgage losses	<u>(13,839)</u>	<u>(11,894)</u>	<u>(1,914)</u>
Income before financing costs	73,833	77,408	66,051
Financing costs	<u>(25,981)</u>	<u>(25,923)</u>	<u>(19,719)</u>
Net income and comprehensive income	<u>\$ 47,852</u>	<u>\$ 51,485</u>	<u>\$ 46,332</u>

	<b>Year ended December 31 2024</b>	<b>Year ended December 31 2023</b>	<b>Year ended December 31 2022</b>
Basic earnings per share	\$ 1.06	\$ 1.18	\$ 1.08
Diluted earnings per share	\$ 1.05	\$ 1.14	\$ 1.06
Dividends declared	\$ 48,171	\$ 52,095	\$ 48,736
Mortgages receivable, end of year	\$ 863,169	\$ 876,733	\$ 860,374
Total assets, end of year	\$ 864,304	\$ 877,877	\$ 874,780
Shareholders' equity, end of year	\$ 516,980	\$ 482,206	\$ 475,564
Book value per share, end of year	\$ 10.96	\$ 10.97	\$ 10.97

### Summary of quarterly results (unaudited)

	<u>Q4 2024</u>	<u>Q3 2024</u>	<u>Q2 2024</u>	<u>Q1 2024</u>	<u>Q4 2023</u>	<u>Q3 2023</u>	<u>Q2 2023</u>	<u>Q1 2023</u>
Revenue	\$ 22,626	\$ 24,514	\$ 24,930	\$ 25,193	\$ 25,907	\$ 25,412	\$ 23,548	\$ 23,707
Mortgage servicing and management fees	(2,144)	(2,168)	(2,170)	(2,076)	(2,206)	(2,153)	(2,052)	(2,054)
Other expenses	(237)	(414)	(244)	(406)	(282)	(241)	(332)	(444)
Recovery of prior mortgage losses	85	–	183	–	115	220	–	157
Provision for mortgage losses	<u>(2,132)</u>	<u>(3,488)</u>	<u>(4,365)</u>	<u>(3,854)</u>	<u>(4,810)</u>	<u>(5,442)</u>	<u>(690)</u>	<u>(952)</u>
Income before financing costs	18,198	18,444	18,334	18,857	18,724	17,796	20,474	20,414
Financing costs	<u>(5,521)</u>	<u>(6,839)</u>	<u>(6,805)</u>	<u>(6,816)</u>	<u>(6,872)</u>	<u>(6,804)</u>	<u>(6,045)</u>	<u>(6,202)</u>
Net income and comprehensive income	<u>\$ 12,677</u>	<u>\$ 11,605</u>	<u>\$ 11,529</u>	<u>\$ 12,041</u>	<u>\$ 11,852</u>	<u>\$ 10,992</u>	<u>\$ 14,429</u>	<u>\$ 14,212</u>
Basic earnings per share	\$ 0.27	\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.25	\$ 0.33	\$ 0.33
Diluted earnings per share	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.25	\$ 0.32	\$ 0.31
Dividends declared	\$ 18,265	\$ 10,004	\$ 9,971	\$ 9,931	\$ 22,634	\$ 9,854	\$ 9,822	\$ 9,785

The following is a quarterly summary of the company's restated consolidated statements of cash flows for the eight most recently completed quarters:

	<u>Q4 2024</u>	<u>Q3 2024</u>	<u>Q2 2024</u>	<u>Q1 2024</u>	<u>Q4 2023</u>	<u>Q3 2023</u>	<u>Q2 2023</u>	<u>Q1 2023</u>
Net cash provided by (used in) operating activities	\$ 51,819	\$ (7,836)	\$ 1,048	\$ 23,097	\$ (469)	\$ (34,813)	\$ 36,885	\$ 33,268
Net cash provided by investing activities	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 13,275	\$ –	\$ –
Net cash provided by (used in) financing activities	\$ (51,819)	\$ 7,836	\$ (1,048)	\$ (23,097)	\$ 469	\$ 21,538	\$ (36,885)	\$ (33,268)

### Results of operations – Three months ended December 31, 2024

For the three months ended December 31, 2024, mortgage interest and fees revenues aggregated \$22,612, compared to \$25,900 in the comparative period, a decrease of 12.7%. Virtually all our revenues are mortgage interest, and the decrease in revenue is due to a lower weighted average interest rate for the current quarter compared to the fourth quarter of 2023. The lower weighted average interest rate was driven largely by lower benchmark market rates in the quarter compared to the prior year quarter as well as the composition of the mortgage portfolio balance. A variety of other factors can affect the changes in the weighted average interest rate of our mortgage portfolio from quarter to quarter. No single other factor is determinative or material for the mortgage portfolio as a whole, however, such factors include, but are not limited to, the timing of changes in the prime rate of interest, the timing and dollar amount of mortgages advanced and/or repaid in the period, the types of properties on which mortgage loans are advanced and/or repaid in the period, the location of the underlying properties on which mortgage loans are advanced and/or repaid, the types of mortgage loans advanced and/or repaid during the period and whether the mortgage loans advanced and/or repaid during the period are conventional or non-conventional mortgages. The weighted average interest rate on our mortgage portfolio was 9.98% as at December 31, 2024, compared with 11.42% as at December 31, 2023.

Operating expenses, excluding the provision for mortgage losses, and recovery of prior mortgage losses for the three months ended December 31, 2024 were \$2,381, compared to \$2,488 in the comparative period, a decrease of 4.3%. This decrease is primarily due to lower mortgage servicing and management fees and a higher adjustment to fair value of deferred share units. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated \$2,144 for the three months ended December 31, 2024, compared with \$2,206 in the comparative period. This decrease was due to a decrease in the mortgage portfolio balance in the current quarter as well as timing variations in mortgage fundings between the quarters, as mortgage servicing fees are calculated and paid monthly based on the mortgage portfolio balance outstanding during the month. The adjustment to the fair value of deferred share units was (\$61) for the three months ended December 31, 2024 compared with (\$21) for the comparative quarter

due to a decrease in the company's stock price over the quarter which decreased the amount due to directors at quarter end. The recovery of prior mortgage loss was (\$85) in the quarter compared to (\$115) in the comparative period. The provision for mortgage losses was \$2,132 in the quarter, for a total allowance of \$29,556 as at December 31, 2024 compared to a provision of \$4,810 in the comparative period and a total allowance of \$22,600 as at December 31, 2023. The decrease in the provision for mortgage losses was due to a lower increase in credit risk in the mortgage portfolio compared to the prior year comparative quarter.

Financing costs for the three months ended December 31, 2024 were \$5,521, compared to \$6,872 in the same period of 2024, a decrease of 19.7%. Coupon rate interest on convertible debentures was \$1,821 for the three months ended December 31, 2024 compared to \$2,150 for the comparative period. Accretion and other costs were \$366 for the three months ended December 31, 2024 compared to \$413 for the comparative period. The carrying amount of convertible debentures as at December 31, 2024 was \$133,858 compared to \$157,610 as at December 31, 2023 due to the maturity of the 5.30% convertible debenture of \$25.3 million on June 30, 2024. Interest expense on the credit facility was \$3,222 for the three months ended December 31, 2024, down from \$4,129 in the comparative period. This decrease is due to a lower credit facility balance in the three months ended December 31, 2024 compared to the prior period and a lower weighted average cost of borrowing in the fourth quarter of 2024 (6.34%) compared to the fourth quarter of 2023 (7.55%) due to decreases in market benchmark rates.

Net income and comprehensive income for the three months ended December 31, 2024 was \$12,677, an increase of 7.0% from net income and comprehensive income of \$11,852 for the same period in the prior year. Basic and diluted earnings per common share were \$0.27 and \$0.26 respectively, for the three months ended December 31, 2024, compared with \$0.27 and \$0.26 basic and diluted earnings per share, respectively, for the comparable period.

During the three months ended December 31, 2024, we funded mortgages receivable aggregating \$123,757. Of those advances, \$119,757 were first mortgages, representing 96.8% of the total loans funded. British Columbia advances were \$5,572, non-GTA Ontario were \$8,452 and the remaining \$109,733 were for mortgages on properties located in the Greater Toronto Area. There were \$160,858 of repayments during the period.

## Results of operations – Year ended December 31, 2024

For the year ended December 31, 2024, mortgage interest and fees revenues aggregated \$97,220, compared to \$97,940 in the prior year, a decrease of 0.7%. Virtually all our revenues are mortgage interest and therefore the decrease in revenue is due to a lower weighted average interest rate partially offset by a higher average mortgage portfolio balance in the current year compared to the prior year. The lower weighted average interest rate was driven by changes in benchmark rates compared to the prior year. A variety of other factors can affect the changes in the weighted average interest rate of our mortgage portfolio from year to year. No single other factor is determinative or material for the mortgage portfolio as a whole, however, such factors include, but are not limited to, the timing of changes in the prime rate of interest, the timing and dollar amount of mortgages advanced and/or repaid in the year, the types of properties on which mortgage loans are advanced and/or repaid in the year, the location of the underlying properties on which mortgage loans are advanced and/or repaid, the types of mortgage loans advanced and/or repaid during the year and whether the mortgage loans advanced and/or repaid during the year are conventional or non-conventional mortgages. The weighted average interest rate on our mortgage portfolio was 9.98% at December 31, 2024, compared with 11.42% at December 31, 2023. We generated net rental income of \$43 for the year December 31, 2024 from our investment properties compared to net rental income of \$634 for the year ended December 31, 2023. The decrease was a result of the disposition of the 90 unit property in Regina in the third quarter of 2023.

Operating expenses, excluding the provision for mortgage losses, and recovery of prior mortgage losses for the year ended December 31, 2024 were \$9,859, compared to \$9,764 in the prior year. This increase is primarily due to higher mortgage servicing and management fees and adjustment to fair value of deferred share units; partially offset by lower transfer agent, regulatory fees and investor relations. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated \$8,558 for the year ended December 31, 2024, compared with \$8,465 in the prior year. This increase was due to a higher average mortgage portfolio balance in the current year as well as timing variations in mortgage fundings between the periods, as mortgage servicing fees are calculated and paid monthly based on the mortgage portfolio balance outstanding during the month. Adjustment to fair value of deferred share units for the year ended December 31, 2024 of \$45 increased from (\$29) in the prior year due to an increase in the company's stock price. Transfer agent, regulatory fees and investor relations expense for the year ended December 31, 2024 of \$231 compared to \$283 in the prior year due to an expenditure for investment research in the prior year and lower transfer agent and registrar costs in the current year. Recovery of prior mortgage losses for the year ended December 31, 2024 was (\$268) compared to (\$492) in the prior year. The provision for mortgage losses was \$13,839 in 2024, for a total allowance of \$29,556 at December 31, 2024 compared to a provision of \$11,894 in the prior year for a total allowance of \$22,600 at December 31, 2023. The increase in the provision was due to a higher assessment of credit risk in the mortgage portfolio.

Financing costs year ended December 31, 2024 were \$25,981, compared to \$25,923 in the prior year, an increase of 0.2%. Coupon rate interest on convertible debentures was \$7,955 for the year ended December 31, 2024 compared

to \$8,626 for the prior year. Accretion and other costs were \$1,569 for the year ended December 31, 2024 compared to \$1,666 for the prior year. The 5.30% convertible debenture of \$25,300 which matured on a non-business day, June 30, 2024, was settled on the first business day in the third quarter using the credit facility. Interest expense on the credit facility was \$15,954 for the year ended December 31, 2024, up from \$15,129 for the prior year. This increase is due to a higher average credit facility balance in the year ended December 31, 2024 compared to the prior year offset by a lower weighted average cost of borrowing in the year (7.03%) compared to the prior year (7.19%) due to lower average market benchmark rates.

Net income and comprehensive income for the year ended December 31, 2024 was \$47,852, a decrease of 7.1% from net income and comprehensive income of \$51,485 for the prior year. Basic and diluted earnings per common share were \$1.06 and \$1.05 respectively, for the year ended December 31, 2024, compared with \$1.18 and \$1.14 basic and diluted earnings per share in the previous year.

During the year ended December, 2024, we funded mortgages receivable aggregating \$375,026. Of those advances, \$362,140 were first mortgages, representing 96.6% of the total loans funded. British Columbia advances were \$30,992, non-GTA advances were \$25,297 and the remaining \$318,737 were for mortgages on properties located in the Greater Toronto Area. There were \$375,004 of repayments during the year.

## Liquidity and capital resources

As at December 31, 2024, we had borrowings under the credit facility (excluding unamortized and prepaid financing costs) of \$193,787. The credit facility, currently authorized for up to \$340,000 (December 31, 2023 – \$315,000), is provided by a syndicate of six major chartered banks, drawn through a combination of term CORRA loans and bank loans to minimize our borrowing costs. At any time during the term of the credit facility, we have the right to increase the credit facility by up to \$60,000 (such that the total maximum availability would be up to \$400,000). At December 31, 2024, we had four series of convertible debentures outstanding, with a total carrying amount of \$133,858 and a face value (and maturity value) of \$137,933. For additional information on the operating credit facility and the debentures, please refer to Notes 7 and 9, respectively, of our accompanying consolidated financial statements.

The growth in our mortgage portfolio since inception has been financed by the issuance of common shares, issuance of convertible debt, and through the operating credit facility. We expect to be able to generate sufficient funds for future growth in net mortgage loan investments by utilizing those three sources of funds. As at December 31, 2024, total balance sheet debt was 40.2% of total assets (December 31, 2023 – 45.1%).

## Changes in financial position

Cash provided by operating activities during the year ended December 31, 2024 included advances of principal on mortgage loans of \$352,157 less principal repayments received of \$327,297, for net cash advances of mortgage loans of \$24,860.

Borrowings under our operating credit facility (excluding unamortized and prepaid financing costs) decreased to \$193,787 at December 31, 2024, from \$218,281 at December 31, 2023, due to the issuance of common shares completed in the fourth quarter, decrease in the mortgage portfolio and repayments of credit facility, partially offset by the 5.30% convertible debenture which matured in the year.

Accounts payable and accrued liabilities, including accrued convertible debenture interest, was \$8,684 at December 31, 2024 compared to \$5,025 at December 31, 2023. Dividends payable was \$11,202 at December 31, 2024, down from \$16,047 at December 31, 2023 due to a lower special dividend of \$0.16 in 2024 compared to \$0.29 in 2023.

Share capital increased to \$513,811 at December 31, 2024 from \$478,903 at December 31, 2023, primarily due to the issuance of common shares by prospectus and issuance of common shares under the dividend reinvestment plan.

## Contractual obligations

Contractual obligations due at December 31, 2024 were as follows:

	<b>Total obligation</b>	<b>Within 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>More than 5 years</b>
<b>As at December 31, 2024</b>					
Borrowings under credit facility	\$202,075	\$202,075	\$ –	\$ –	\$ –
Accounts payable and accrued liabilities	7,768	7,768	–	–	–
Accrued convertible debenture interest	916	916	–	–	–
Dividends payable	11,202	11,202	–	–	–
Convertible debentures	155,918	69,321	7,556	79,041	–
<b>Total contractual obligations</b>	<b>\$377,879</b>	<b>\$291,282</b>	<b>\$7,556</b>	<b>\$ 79,041</b>	<b>\$ –</b>

We have commitments to advance additional funds under existing mortgages of \$20,421, and for new mortgages of \$33,750 at December 31, 2024 (December 31, 2023 – \$37,239, \$1,992 respectively). Generally, outstanding commitments are expected to be funded within the next 24 months. Our experience, however, has been that a portion of the unfunded amounts on existing mortgages will never be drawn.

## Off-balance sheet arrangements

As at December 31, 2024, we had \$5,191 (December 31, 2023 – \$12,171) of letters of credit (LCs) outstanding which were issued under our operating credit facility. The maximum available by way of LCs under our operating credit facility at December 31, 2024 was \$25,000 (December 31, 2023 – \$25,000). LCs represent irrevocable assurances that our banks will make payments in the event that a borrower of the company cannot meet its obligations to third parties. LCs carry the same credit risk, recourse and collateral security requirements as mortgages extended to customers. \$4,426 of cash was received, and is recorded in accounts payable and accrued liabilities for letters of credit on mortgages that are discharged (December 31, 2023 – \$601).

## Transactions with related parties

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and are measured at fair value.

The manager is responsible for our day-to-day activities. We incurred management and mortgage servicing fees from a subsidiary of the manager of \$8,553 for the year ended December 31, 2024 (year ended December 31, 2023 – \$8,379). Mr. Robert G. Goodall is a director and part of the key management personnel of the manager, received compensation from the manager, and is also a director of Atrium. The management agreement between us and the manager contains provisions for the payment of termination fees to the manager in the event that the management agreement is terminated in certain circumstances. The manager also acts as broker for our mortgages. The manager receives origination fees from the borrowers of up to 1% of the amount being funded; origination fees in excess of 1% are split between the manager and Atrium.

During the year ended December 31, 2024, CMCC reimbursed the company for share-based payments of \$82 related to grants under the company's DSIP (year ended December 31, 2023 – \$113).

Under an employee share purchase plan (ESPP) for the company's common shares, participants, including employees of CMCC, may contribute up to an annual maximum to the ESPP and CMCC matches 50% of the participants' contributions. The total amount matched by CMCC for the year ended December 31, 2024 was \$76 (year ended December 31, 2023 – \$69).

Certain of the company's mortgages receivable are shared with other investors. As at December 31, 2024, companies owned by a director and/or officer of the company were co-invested in one syndicated mortgage receivable of \$536, of which the company's share was \$502, of which \$502 had been funded (December 31, 2023 – nil syndicated mortgages receivable of \$nil).

During the year ended December 31, 2024, the company recognized net mortgage interest and fees of \$nil (year ended December 31, 2023 – \$377) from no borrowers (2023 – two) over which a director and/or officer of the company has joint control.

## Critical accounting estimates and policies

Our consolidated financial statements for the year ended December 31, 2024 are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), as set out in Part I of the *CPA Canada Handbook – Accounting*. The preparation of consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period.

The most subjective of these estimates relate to:

- (a) determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);
- (b) the measurement of impairment losses for mortgages receivable, in particular: measurement of credit risk to determine whether there has been a significant increase in credit risk since initial recognition; the assessment of when mortgages receivable become impaired and the incorporation of forward-looking information to determine expected credit losses;
- (c) the measurement of fair value, cost of disposal and the value in use of investment property;

- (d) the measurement of the liability and equity components of the convertible debentures, which depend upon the estimated market interest rates for a comparable debenture without the convertibility feature; and
- (e) the measurement of fair value of the purchased or originated credit-impaired financial assets reflecting the lifetime expected credit losses.

Management believes that its estimates are appropriate; however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Economic uncertainties have resulted in a challenge of reliably estimating the impact on financial results and condition of the company in future periods. Accordingly, there is inherently more uncertainty associated with the estimates, judgements and assumptions made by management in the preparation of the consolidated financial statements. It is not possible to forecast with certainty the extent to which the economic impact will affect the company's operations and financial results in the near-term and long-term. Areas of the company's business that could potentially be adversely impacted include, but are not limited to, mortgage interest rates, mortgage interest and fees revenue, allowance for mortgage losses and valuation of investment property. Management continues to monitor and assess the impacts of these economic uncertainties on its estimates, judgements and assumptions.

#### *Mortgages receivable*

Mortgages receivable are a financial asset and are recognized initially at fair value and are subsequently carried at amortized cost using the effective interest method. All our mortgages receivable are held in a single business model. We have concluded that our business model is to hold mortgages receivable to collect contractual cash flows that represent SPPI.

Mortgages receivable and commitments are assessed for impairment at the end of each reporting period using an expected credit loss (ECL) model. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or mortgage receivable since initial recognition. Credit quality is assessed at each reporting period and results in commitments and mortgages receivable being moved between stages, as necessary. Significant judgement is required when assessing evidence of credit impairment and estimating expected credit losses. For commitments and mortgages receivable, the company considers a number of past events, current conditions and forward-looking information when assessing if there has been a significant increase or subsequent decrease in credit risk. The company considers a commitment or mortgage receivable to be impaired when there is objective evidence that one or more events have occurred that have an unfavourable impact on estimated future cash flows such that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The company's application of the concept uses three inputs to measure ECLs for commitments and mortgages receivable classified as Stage 1: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These inputs are determined at each reporting period using historical data and current conditions. Adjustments may be made to the probability of default if the effects of, for example, forecasts of housing prices, employment and interest rates, are expected to be significant over the term of the mortgage. The inputs for Stage 1 mortgages receivable are calculated separately for (i) mortgages receivable on single-family residences and (ii) mortgages receivable on all other properties on the basis of differences in the credit risk of each. The ECL is assessed individually for each commitment and mortgage receivable classified as either Stage 2 or Stage 3. For mortgages receivable in these stages, forecast future information specific to the loan (for example, forecasts of real estate prices) is incorporated when assessing the cash flows expected to be received. The ECL methodology was modified to include an overlay adjustment to account for the uncertainty and difficulty in forecasting future economic conditions.

Mortgages receivable are presented on the consolidated statements of financial position net of the allowance for mortgage losses. A loss on a mortgage is written off against the related allowance for mortgage losses when there is no reasonable expectation of further recovery, which is the point at which the underlying real property has been liquidated and claims against guarantors, if any, are unlikely to recover any further losses. For any mortgages receivable that have been written off but where guarantors are still being pursued for collection, no recovery is recognized until it is virtually certain of collection. For further information see Note 3 (a) and (c) of our consolidated financial statements for the year ended December 31, 2024.

#### *Revenue recognition*

Mortgage interest and fees revenues are recognized in the statement of income and comprehensive income using the effective interest method, except mortgage interest and fees revenue on purchased or originated credit-impaired financial assets. Mortgage interest and fees revenues include our share of any fees received, as well as the effect of any discount or premium on the mortgage. Interest revenue is calculated on the gross carrying amount for mortgages receivable in Stages 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3.

The effective interest method derives the interest rate that discounts the estimated future cash receipts during the expected life of the mortgage receivable (or, where appropriate, a shorter period) to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and transaction costs paid or received. Fees and transaction costs include incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

Mortgage interest and fees revenue on purchased or originated credit-impaired financial assets is recognized in the consolidated statements of income and comprehensive income using the credit-adjusted effective interest rate, reflecting the expected credit losses, to the financial asset from initial recognition.

#### *Convertible debentures*

The convertible debentures can be converted into our common shares at the option of the investor. They are compound financial instruments with two components: a financial liability, and a call option which is an equity instrument. The fair value of the liability component is measured as of the date that the debentures were issued, and the equity instrument is valued on that date based upon the difference between the fair value of the debenture and the fair value of the liability component.

The measurement of the fair value of the liability component is based upon market rates of interest on similar debt instruments without the conversion feature. Expenses of issue are allocated between the two components on a pro-rata basis. The carrying amount of the debt is accreted up to its face value over the life of the financial liability using the effective interest method, which provides for the application of a constant interest rate over the term of the debt. The value of the equity component is not re-measured subsequent to its initial measurement date.

#### *Income taxes*

We are, and intend to maintain our status as, a MIC, and as such are not taxed on income provided that it flows through to our shareholders as dividends during the year or within 90 days after December 31 each year. It is our policy to pay such dividends to our shareholders to remain non-taxable. Accordingly, no provision for current or future income taxes is required.

## **Future changes in accounting policies**

Various pronouncements have been issued by the IASB or IFRS Interpretations Committee that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the consolidated financial statements. In particular, IFRS 18, *Presentation and Disclosure in Financial Statements* was issued in April 2024 and applies to an annual reporting period beginning on or after January 1, 2027. This new standard introduces changes to the structure of the statement of profit or loss, disclosure requirements around management defined performance measures and introduces enhanced principles on aggregation and disaggregation which focus on grouping items based on their shared characteristics. Management is evaluating the impact of the new standard in preparation for its adoption on January 1, 2027. In addition, the IASB, has issued amendments to the classification and measurement of financial instruments in May 2024 with amendments to IFRS 9 and IFRS 7 *Financial Instruments: disclosures*, this amendment applies to an annual reporting period beginning on or after January 1, 2026. Management is evaluating the impact of the amendment relating to the derecognition of a financial liability and classification of financial assets in preparation for its adoption on January 1, 2026.

## **Controls and procedures**

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument (NI) 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

We designed the DC&P and ICFR, the latter of which was using the framework in *Internal Control – Integrated Framework* (published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and as revised in 2013) to provide reasonable assurance (i) that material information relating to us is made known to our CEO and CFO during the reporting period; (ii) that information required to be disclosed by us in our filings under securities legislation is recorded, processed, summarized and reported within the required time periods; (iii) regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP.

Our CEO and CFO evaluated the design effectiveness of the DC&P and ICFR, as defined by NI 52-109, as of December 31, 2024. Based on this evaluation, they concluded that the designs of the DC&P and ICFR were effective

as of that date. NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No such change to ICFR has occurred during the most recently completed year.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Because of the inherent limitations in any control system, no evaluation of control can provide absolute assurance that all control weaknesses including, for example, any instances of fraud, have been detected. Inherent limitations include: (i) that management's assumptions and judgements could ultimately prove to be incorrect as conditions and circumstances vary; (ii) the impact of any undetected errors; and (iii) controls may be circumvented through the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of control is also based upon assumptions as to the likelihood of future events and there is no assurance that any design will succeed in achieving its goals under future conditions.

## Outstanding share data

Our authorized capital consists of an unlimited number of common shares, of which 47,165,259 were issued and outstanding at December 31, 2024, and 47,258,818 were issued and outstanding as at the date hereof. In addition, as at the date hereof, 2,211,540, 1,948,678, 1,971,430 and 2,402,986 common shares are issuable upon conversion or redemption or in respect of repayment at maturity of the outstanding 5.50%, 5.60%, 5.00% and the 5.10% convertible debentures, using the conversion price of \$15.60, \$14.75, \$17.50 and \$16.75 respectively, for each common share.

We also have an employee share purchase plan, a deferred share incentive plan and a dividend reinvestment plan pursuant to which common shares are issued from time to time.

## Normal course issuer bid

On June 16, 2022, the company announced that the Toronto Stock Exchange (TSX) had accepted a notice filed by the company of its intention to make a normal course issuer bid (NCIB) with respect to its common shares. The notice provides that the company may purchase up to 3,000,000 common shares during the twelve month period commencing June 24, 2022 and ending on June 23, 2023. On June 13, 2023, the company announced that the TSX had approved renewal of the NCIB to purchase up to 4,176,336 common shares during the twelve month period commencing June 24, 2023 and ending on June 23, 2024. On June 17, 2024, the company announced that the TSX had approved renewal of the NCIB to purchase up to 4,232,634 common shares during the twelve month period commencing June 24, 2024 and ending on June 23, 2025. During the year ended December 31, 2024, the company did not purchase any common shares under the NCIB for a total cost of \$nil (year ended December 31, 2023 – 37,527 and \$378, respectively).

## Risks and uncertainties

We are subject to many risks and uncertainties that may limit our ability to execute our strategies and achieve our objectives. We have processes and procedures in place in an attempt to control or mitigate certain risks, while others cannot be or are not mitigated. Material risks that cannot be mitigated include a significant decline in the general real estate market, interest rates changing markedly, being unable to make mortgage loans at rates consistent with rates historically achieved, not having adequate mortgage loan opportunities presented to us, and not having adequate sources of debt or equity financing available.

Under various federal, provincial and municipal laws, an owner or operator of real property could become liable for the cost of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. In rare circumstances where a mortgagee is in default, we may take possession of real property and may become liable for environmental issues as a mortgagee in possession. As part of the due diligence performed in respect of our mortgage loan investments, we obtain a Phase I environmental audit on the underlying real property provided as security for a mortgage, unless the manager has determined that a Phase I environmental audit is not necessary.

Please also refer to "Forward-looking information," below, and the "Risk Factors" section of our Annual Information Form for the year ended December 31, 2024 which is incorporated herein by reference and is available at [www.sedarplus.ca](http://www.sedarplus.ca) and at [www.atriummic.com](http://www.atriummic.com).

## Forward-looking information

From time to time in our public communications we provide forward-looking statements. Such statements are disclosures regarding possible events, conditions, results of operations or changes in financial position that are based upon assumptions and expectations. These are not based upon historical facts but are with respect to management's

beliefs, estimates, and intentions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intent”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “continue” or similar expressions suggesting future outcomes or events. Forward-looking statements regarding earnings, possible mortgage losses, and mortgage portfolio growth are based upon assumptions regarding performance of the economy in general and real estate markets in particular. Forward-looking statements generally assume that our revenues and expenses continue to follow current trends, and that current trends in our mortgage portfolio growth continue.

All forward-looking statements reflect management’s current beliefs and are based on information currently available to management. These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A or elsewhere. Those risks and uncertainties include risks associated with mortgage lending, competition for mortgage lending, real estate values, interest rate fluctuations, environmental matters and the general economic environment. For other risks and uncertainties, please refer to “Risks and uncertainties” above, and the “Risk Factors” section of our Annual Information Form for the year ended December 31, 2024 which is available at [www.sedarplus.ca](http://www.sedarplus.ca) and at [www.atriummic.com](http://www.atriummic.com). That list is not exhaustive, as other factors could adversely affect our results, performance or achievements. The reader is cautioned against undue reliance on any forward-looking statements.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. We will not publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, unless required to do so by law.

## **Responsibility of management and the board of directors**

Management is responsible for the information disclosed in this MD&A, and has in place the appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is materially complete and reliable. In addition, our audit committee and board of directors provide an oversight role with respect to our public financial disclosures, and have reviewed and approved this MD&A and the consolidated financial statements as at December 31, 2024.

## **Dividend Reinvestment Plan**

We have a Dividend Reinvestment Plan (DRIP) which is available to holders of our common shares. The DRIP allows participants to have their monthly cash dividends reinvested in additional common shares, at a discount of 2% from the market price.

## **Additional information**

Additional information about Atrium, including our Annual Information Form for the year ended December 31, 2024, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). You may also obtain further information about us from our website at [www.atriummic.com](http://www.atriummic.com), by telephone at (416) 867-1053, or by email at [info@atriummic.com](mailto:info@atriummic.com).



# 2024

## Financial Statements

### Consolidated Financial Statements

For the years ended  
December 31, 2024 and 2023



**ATRIUM**

MORTGAGE INVESTMENT  
CORPORATION



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the shareholders of  
Atrium Mortgage Investment Corporation:

Management of Atrium Mortgage Investment Corporation (Atrium) is responsible for the preparation, presentation and integrity of these consolidated financial statements, and the accompanying Management's Discussion and Analysis. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and estimates necessary to prepare the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Management of Atrium is responsible to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced. We are required to design a system of internal controls and certify as to the design and operating effectiveness of internal controls over financial reporting. We have implemented a system of internal controls that we believe provides reasonable assurance in all material respects that transactions are authorized, assets are safeguarded and financial records are reliable for producing consolidated financial statements. Crowe Soberman LLP were appointed as the independent auditors by a vote of Atrium's shareholders to audit the consolidated financial statements; their report appears on the next page.

The board of directors, through the Audit Committee comprised solely of independent directors, is responsible for determining that management fulfills its responsibilities in the preparation of these consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders, and it meets regularly with senior and financial management to discuss internal controls and financial reporting matters. The independent auditors have unrestricted access to the Audit Committee.

These consolidated financial statements and accompanying Management's Discussion and Analysis have been approved by the board of directors based upon the review and recommendation of the Audit Committee.

Toronto, Canada  
March 6, 2025

"Robert Goodall"  
Robert Goodall  
Chief Executive Officer

"John Ahmad"  
John Ahmad  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

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To the Shareholders of Atrium Mortgage Investment Corporation

### ***Opinion***

We have audited the consolidated financial statements of Atrium Mortgage Investment Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter – Restated Comparative Information***

We draw attention to Note 16 of the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### ***Allowance for credit losses***

Refer to Note 2(e) Use of estimates and judgements and Note 5(b) Mortgages receivable, Allowance for mortgage losses.

The Group's allowance for credit losses on its consolidated statements of financial position is determined using an expected credit loss (ECL) model. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the financial instruments since initial recognition. The 12-month ECL of financial instruments classified in Stage 1, that have not shown a significant increase in credit risk (SICR) since initial recognition, are estimated based on the probability of default, loss given default and exposure at default. The ECL is assessed individually for each financial instrument that has experienced a SICR and are accordingly classified as either Stage 2 or Stage 3. The ECL model was modified to include a post-model overlay to adjust for the uncertainty of future economic conditions. The ECL is determined by evaluating a range of possible outcomes, incorporating the time value of money and supportable information about past events, current conditions and future economic forecasts.



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Auditing the allowance for credit losses was complex and identified as a key audit matter because of the significant judgments and estimates required in the ECL model, the high degree of measurement uncertainty and the forward-looking nature of the assumptions made for variables used in measuring the ECL.

Our audit work included: obtaining an understanding of management's ECL model and methodology; assessing mortgages receivable identified by management as having experienced a SICR; assessing the Group's mortgage portfolio for potential mortgages receivable that experienced a SICR not identified by management; use of a specialist to assess management's estimates relating to underlying valuations of mortgages receivable security; and testing the inputs used in management's model and recalculating the Group's ECL.

### ***Other Information***

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditors' report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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The engagement partner on the audit resulting in this independent auditors' report is Patrick Truckle.

*Crowe Soberman LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
March 6, 2025

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	<u>Notes</u>	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>Assets</b>			
Mortgages receivable	5, 8	\$ 863,169	\$ 876,733
Investment property	6	1,101	1,101
Prepaid expenses		<u>34</u>	<u>43</u>
Total assets		<u>\$ 864,304</u>	<u>\$ 877,877</u>
<b>Liabilities</b>			
Borrowings under credit facility	7	\$ 193,580	\$ 216,989
Accounts payable and accrued liabilities	8, 12	7,768	4,109
Accrued convertible debenture interest		916	916
Dividends payable		11,202	16,047
Convertible debentures	9	<u>133,858</u>	<u>157,610</u>
Total liabilities		<u>347,324</u>	<u>395,671</u>
<b>Shareholders' equity</b>			
Share capital	10	513,811	478,903
Deferred share incentive plan units		1,128	943
Equity component of convertible debentures		3,526	3,786
Contributed surplus		1,848	1,588
Deficit		<u>(3,333)</u>	<u>(3,014)</u>
Total shareholders' equity		<u>516,980</u>	<u>482,206</u>
Total liabilities and shareholders' equity		<u>\$ 864,304</u>	<u>\$ 877,877</u>

*Commitments* 7, 14(d)

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

Approved on behalf of the board of directors:

"Robert Goodall"  
Robert Goodall, Director

"Mark Silver"  
Mark Silver, Director

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(in thousands of Canadian dollars, except for number of common shares)

	Notes	Share capital		Deferred share incentive plan units	Equity component of convertible debentures	Contributed surplus	Deficit	Total shareholders' equity
		Number	Amount					
Balance, December 31, 2022		43,335,995	\$ 471,882	\$ 712	\$ 3,786	\$ 1,588	\$ (2,404)	\$ 475,564
Shares issued under dividend reinvestment plan	10	631,187	6,969	–	–	–	–	6,969
Shares purchased under normal course issuer bid	10	(37,527)	(378)	–	–	–	–	(378)
Shares issued under employee share purchase plan	10	18,710	207	–	–	–	–	207
Shares issued under deferred share incentive plan	11	17,116	223	(223)	–	–	–	–
Share-based payments	11	–	–	454	–	–	–	454
Net income and comprehensive income		–	–	–	–	–	51,485	51,485
Dividends declared		–	–	–	–	–	(52,095)	(52,095)
Balance, December 31, 2023		43,965,481	\$ 478,903	\$ 943	\$ 3,786	\$ 1,588	\$ (3,014)	\$ 482,206
Shares issued under dividend reinvestment plan	10	648,584	7,102	–	–	–	–	7,102
Shares issued under employee share purchase plan	10	20,554	229	–	–	–	–	229
Shares issued under deferred share incentive plan	11	17,416	218	(218)	–	–	–	–
Shares issued by prospectus	10	2,512,750	28,771	–	–	–	–	28,771
Shares issued on debenture conversion		474	7	–	–	–	–	7
Maturity of convertible debentures	9	–	–	–	(260)	260	–	–
Issue cost	10	–	(1,419)	–	–	–	–	(1,419)
Share-based payments	11	–	–	403	–	–	–	403
Net income and comprehensive income		–	–	–	–	–	47,852	47,852
Dividends declared		–	–	–	–	–	(48,171)	(48,171)
Balance, December 31, 2024		<u>47,165,259</u>	<u>\$ 513,811</u>	<u>\$ 1,128</u>	<u>\$ 3,526</u>	<u>\$ 1,848</u>	<u>\$ (3,333)</u>	<u>\$ 516,980</u>

Dividends amounted to \$1.0625 per share for the year ended December 31, 2024 (year ended December 31, 2023 – \$1.19).

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

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

	Notes	Years ended December 31	
		2024	2023
<b>Revenues</b>			
Mortgage interest and fees	8	\$ 97,220	\$ 97,940
Rental income	6	43	634
Total revenues		<u>97,263</u>	<u>98,574</u>
<b>Operating expenses</b>			
Mortgage servicing and management fees	8	8,558	8,465
Transfer agent, regulatory fees and investor relations		231	283
Share-based payments	8, 11	321	341
Professional fees		245	240
Directors' expense	8, 12	304	301
Administration and general		155	163
Adjustment to fair value of deferred share units	8, 12	45	(29)
Recovery of prior mortgage loss		(268)	(492)
Provision for mortgage losses	5(b)	<u>13,839</u>	<u>11,894</u>
Total operating expenses		<u>23,430</u>	<u>21,166</u>
Income before financing costs		<u>73,833</u>	<u>77,408</u>
<b>Financing costs</b>			
Interest on convertible debentures	9	9,524	10,292
Interest and other financing charges	7, 12	<u>16,457</u>	<u>15,631</u>
Total financing costs		<u>25,981</u>	<u>25,923</u>
Net income and comprehensive income for the year		<u>\$ 47,852</u>	<u>\$ 51,485</u>
<b>Earnings per common share</b>			
Basic	13	<u>\$ 1.06</u>	<u>\$ 1.18</u>
Diluted	13	<u>\$ 1.05</u>	<u>\$ 1.14</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of Canadian dollars)

	<b>Years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash provided by (used in):</b>		<i>(Restated – note 16)</i>
<b>Operating activities</b>		
Net income and comprehensive income for the year	\$ 47,852	\$ 51,485
Adjustments to determine net cash flows		
provided by (used in) operating activities		
Share-based payments	403	454
Mortgage interest and fees earned	(97,220)	(97,940)
Mortgage interest and fees received	121,614	87,721
Interest on convertible debentures expensed	9,524	10,292
Interest and other financing charges expensed	16,457	15,631
Adjustment to fair value of deferred share units	45	(29)
Provision for mortgage losses	13,839	11,894
Recovery of prior mortgage loss	(268)	(492)
Gain on disposition of investment property	–	(74)
Changes in operating assets and liabilities		
Cash advances of mortgages receivable	(352,157)	(281,507)
Cash repayments of mortgages receivable	327,297	263,597
Additions to unamortized origination fees	459	369
Prepaid expenses	9	61
Accounts payable and accrued liabilities	3,117	(2,056)
Interest and fees on convertible debentures paid	(7,969)	(8,646)
Interest and other financing charges paid	<u>(14,874)</u>	<u>(15,889)</u>
Cash provided by operating activities	<u>68,128</u>	<u>34,871</u>
<b>Investing activity</b>		
Proceeds from disposition of investment property	<u>–</u>	<u>13,275</u>
Cash provided by investing activity	<u>–</u>	<u>13,275</u>
<b>Financing activities</b>		
Advances under credit facility	447,506	274,072
Repayments under credit facility	(472,000)	(279,750)
Issuance of common shares	29,000	207
Repurchase of common shares	–	(378)
Repayment of convertible debenture	(25,300)	–
Share capital issue cost	(1,419)	–
Cash dividends paid	<u>(45,915)</u>	<u>(42,297)</u>
Cash used in financing activities	<u>(68,128)</u>	<u>(48,146)</u>
Increase in cash	–	–
Cash, beginning of year	<u>–</u>	<u>–</u>
Cash, end of year	<u>\$ –</u>	<u>\$ –</u>

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

**NOTE 1 – NATURE OF OPERATIONS**

Atrium Mortgage Investment Corporation (the “company”) is a corporation domiciled in Canada, incorporated under the *Ontario Business Corporations Act*. The address of the company’s registered head office and principal place of business is Suite 1010, 18 King Street East, Toronto, Ontario M5C 1C4.

The company is a Mortgage Investment Corporation (MIC) as defined in Section 130.1(6) of the *Canada Income Tax Act (ITA)*. Accordingly, the company is not taxed on income provided that its taxable income is paid to its shareholders in the form of dividends within 90 days after December 31 each year. Such dividends are generally treated by shareholders as interest income, so that each shareholder is in the same position as if the mortgage investments made by the company had been made directly by the shareholder.

The company’s common shares are listed on the Toronto Stock Exchange (TSX) under the symbol AI and its convertible debentures are listed under the symbols AI.DB.D, AI.DB.E, AI.DB.F and AI.DB.G.

**NOTE 2 – BASIS OF PRESENTATION****(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), as set out in Part I of the *CPA Canada Handbook – Accounting*. Material accounting policies have been consistently applied in the preparation of these consolidated financial statements, which were authorized for issuance by the board of directors on March 6, 2025.

**(b) Basis of measurement**

These consolidated financial statements are prepared on the historical cost basis.

**(c) Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is also the company’s functional currency. Dollars are expressed in thousands except for per share amounts or where the context requires otherwise.

**(d) Principles of consolidation**

These consolidated financial statements include the accounts of the company and Canadian Properties LP, which is considered to be a subsidiary for financial reporting purposes. Consolidation commenced the date the company obtained control and continues until control ceases. The company has consolidated the subsidiary from August 5, 2016, the date of its formation. All transactions and balances between the company and the subsidiary have been eliminated, including unrealized gains and losses, if any.

**(e) Use of estimates and judgements**

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

The most subjective of these estimates relate to:

- (a) determining whether the cash flows from the mortgages receivable represent solely payments of principal and interest (SPPI);
- (b) the measurement of impairment losses for mortgages receivable, in particular: measurement of credit risk to determine whether there has been a significant increase in credit risk since initial recognition; the assessment of when mortgages receivable become impaired and the incorporation of forward-looking information to determine expected credit losses;
- (c) the measurement of fair value, costs of disposal and the value in use of investment property;

**NOTE 2 – BASIS OF PRESENTATION (continued)****(e) Use of estimates and judgements (continued)**

- (d) the measurement of the liability and equity components of the convertible debentures, which depend upon the estimated market interest rates for a comparable debenture without the convertibility feature;
- (e) the measurement of fair value of the purchased or originated credit-impaired financial assets reflecting the lifetime expected credit losses.

Management believes that its estimates are appropriate; however, actual results could differ from the amounts estimated. Estimates and underlying assumptions are reviewed each quarter. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Economic uncertainties have resulted in a challenge of reliably estimating the impact on financial results and condition of the company in future periods. Accordingly, there is inherently more uncertainty associated with the estimates, judgements and assumptions made by management in the preparation of the consolidated financial statements. It is not possible to forecast with certainty the extent to which the economic impact will affect the company's operations and financial results in the near-term and long-term. Areas of the company's business that could potentially be adversely impacted include, but are not limited to, mortgage interest rates, mortgage interest and fees revenue, allowance for mortgage losses and valuation of investment property. Management continues to monitor and assess the impacts of these economic uncertainties on its estimates, judgements and assumptions.

**NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION****(a) Financial instrument assets – initial recognition and measurement**

Financial instrument assets are initially recognized when the company becomes a party to a contract. On initial recognition, the measurement category is determined, based on: (i) the business model under which the asset is held, and (ii) the contractual cash flow characteristics of the instrument.

Upon initial recognition, financial assets are measured as either:

- Fair value through profit and loss (FVTPL) – which is the required measurement classification for instruments that are held for trading and derivative assets;
- Amortized cost – if the instrument is held within a business model whose objective is to collect contractual cash flows and the cash flows represent SPPI;
- Fair value through other comprehensive income (FVOCI) – which is required for debt instruments held in a dual-purpose business model, to collect contractual cash flows and to sell the instruments and can be irrevocably elected at initial recognition provided they have not been designated as FVTPL and are not held for trading; or
- Designated as FVTPL – available on initial recognition provided certain criteria are met.

All of the company's mortgages receivable are held in a single business model. The company has concluded that its business model is to hold mortgages receivable to collect contractual cash flows for the following reasons:

- The performance of the mortgage portfolio is assessed on the basis of effective yield, and not on a fair value basis, whether realized or unrealized.
- Neither key management compensation nor remuneration paid to the company's manager is based on the fair values of mortgages receivable.
- Historically the company has not sold, and in the future has no expectations to sell, any of its mortgages receivable. While the company may decrease its interest in a syndicated mortgage receivable by transferring its interest, at its amortized cost carrying amount, to another lender in the syndicate, such transfers are consistent with the business model of holding mortgages receivable to collect contractual cash flows.

**NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(a) Financial instrument assets – initial recognition and measurement (continued)**

The returns earned by the company on its mortgages receivable are interest rates that are set at levels to provide an acceptable profit margin based on the time value of money and credit risk, although other basic lending risks (for example, the location and quality of the underlying collateral) may also be built-in. There are no factors that give rise to variation in the return on the company's mortgages receivable other than the time value of money, credit risk and other basic lending risks. Interest rates, or the credit spread for variable rate mortgages, are set for the full term of the mortgage, which is considered SPPI because the rate is still based on the time value of money and credit risk. The majority of the mortgages receivable can be prepaid after an initial closed period with no penalty, subject to the borrower providing advance written notice according to the terms of their mortgage so the return therefore represents SPPI.

Mortgages receivable are initially recognized at fair value and are subsequently carried at amortized cost using the effective interest method. See Note 3(d) Financial instruments – revenue recognition.

Purchased or originated credit-impaired financial assets are initially recognized at fair value and are subsequently carried at amortized cost using the credit-adjusted effective interest rate.

**(b) Financial instrument liabilities – initial recognition and measurement**

Financial liabilities are measured as either:

- FVTPL – which is required for any financial instrument liabilities that are held for trading and for derivative liabilities;
- Designated as FVTPL – available on initial recognition if either: the instrument includes one or more embedded derivatives and the host contract is not a financial asset; or if the designation meets certain criteria;
- Designated as at fair value – if the instrument does not meet the criteria and is designated as at FVTPL and is not otherwise required to be measured as FVTPL, it can still be irrevocably designated at initial recognition as at fair value, meaning that changes in fair value related to changes in own credit risk are presented in other comprehensive income and other changes in fair value are presented in net income; or
- Amortized cost – which is the default category and is also used for any host contract that is a financial instrument liability.

The company's borrowings under credit facility, accounts payable and accrued liabilities, except for the liability for the deferred share unit plan, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures are measured at amortized cost. These financial instrument liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The liability for the deferred share unit plan is measured at FVTPL. This financial instrument liability is initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are recorded in net income and comprehensive income in the period in which they arise.

**(c) Financial instruments – impairment of assets**

Loan commitments and letters of credit (collectively commitments) and mortgages receivable are assessed for impairment at the end of each reporting period using an expected credit loss (ECL) model. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the commitment or mortgage receivable since initial recognition. The three stages are as follows:

**NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(c) Financial instruments – impairment of assets (continued)**

Credit stage and financial assets included	Impairment loss recognized
Stage 1 – commitments and mortgages receivable on initial recognition and existing assets that have not shown a significant increase in credit risk since initial recognition	12-month ECL – portion of lifetime ECLs that represent the ECL from possible default events within the next 12 months
Stage 2 – commitments and mortgages receivable that have experienced a significant increase in credit risk since initial recognition and up to the date of approval of the consolidated financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss
Stage 3 – impaired commitments and mortgages receivable for which there is objective evidence of impairment at the date of approval of the consolidated financial statements	Lifetime ECL – expected losses from possible default events over the expected life of the instrument, weighted by the likelihood of loss

Credit quality is assessed at each reporting period and results in commitments and mortgages receivable being moved between stages, as necessary. Significant judgement is required when assessing evidence of credit impairment and estimating expected credit losses.

For commitments and mortgages receivable, the company considers a number of past events, current conditions and forward-looking information when assessing if there has been a significant increase or subsequent decrease in credit risk. There is a presumption in IFRS 9, *Financial Instruments* (IFRS 9) that credit risk has increased significantly once payments are 30 days past due. However, for single-family residential mortgages receivable, the company's historical experience is that mortgages receivable can become 30 days past due, but be brought up to date by the borrower, therefore another additional risk factor also needs to be identified for the mortgages receivable to move to Stage 2. For single-family residential mortgages receivable that are not 30 days past due, a significant increase in credit risk may still be evidenced by the presence of one or more additional risk factors. For all other mortgages receivable, a significant increase in credit risk is considered to have occurred if payments are 30 days past due or if one or more additional risk factors are present.

The additional risk factors used in assessing credit risk include:

- changes in the financial condition of the borrower;
- responsiveness of the borrower;
- other borrower specific information that may be available, without consideration of collateral;
- current economic conditions: interest rates, housing prices, real estate market statistics and employment statistics; and
- supportable forward-looking information: macro-economic factors, such as forecast real estate values and interest rate forecasts.

Determining whether there has been a significant increase in credit risk since initial recognition, or a subsequent reduction in credit risk back to the level at initial recognition, requires the exercise of significant judgement.

The company considers a commitment or mortgage receivable to be impaired when there is objective evidence that one or more events have occurred that have an unfavourable impact on estimated future cash flows such that there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

The company considers a commitment or mortgage receivable to be in default if payments are greater than 90 days past due for single-family residential mortgages receivable or 30 days past due for all other mortgages receivable, or if an event of default has occurred under the terms of the mortgage commitment, including: non-payment of property taxes, a material adverse change in the financial position of the borrower and/or guarantors or a material adverse change in the property given as security. These definitions are consistent with industry practice.

**NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(c) Financial instruments – impairment of assets (continued)**

An ECL represents the difference between the present value of all contractual cash flows that are due under the original terms of the contract and the present value of all cash flows expected to be received. The company's application of the concept uses three inputs to measure ECLs for commitments and mortgages receivable classified as Stage 1: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These inputs are determined at each reporting period using historical data and current conditions.

Adjustments may be made to the probability of default if the effects of, for example, forecasts of housing prices, employment and interest rates, are expected to be significantly different over the term of the mortgage. The inputs for Stage 1 mortgages receivable are calculated separately for (i) single-family residential mortgages receivable and (ii) mortgages receivable on all other properties on the basis of differences in the credit risk of each. The ECL is assessed individually for each commitment and mortgage receivable classified as either Stage 2 or Stage 3. For mortgages receivable in these stages, forecast future information specific to the loan (for example, forecasts of real estate prices) is incorporated when assessing the cash flows expected to be received.

The ECL methodology was modified to include an overlay adjustment to account for the uncertainty and difficulty in forecasting future economic conditions. The financial reports of other lenders and financial institutions are reviewed to inform and modify the company's estimates and determine the overlay adjustment.

Mortgages receivable are presented on the consolidated statements of financial position net of the allowance for mortgage losses. A loss on a mortgage receivable is written off against the related allowance for mortgage losses when there is no reasonable expectation of further recovery, which is the point at which the underlying real property has been liquidated and claims against guarantors, if any, are unlikely to recover any further losses. For any mortgages receivable that have been written off but where guarantors are still being pursued for collection, no recovery is recognized until collection is virtually certain.

Purchased or originated credit-impaired financial assets are identified as credit-impaired at the time of origination based on specific characteristics of the asset, including financial difficulty of the borrower or issuer, borrower credit history or a past due event. Originated credit-impaired financial assets are accounted for based on the present value of expected cash flows as opposed to their contractual cash flows. Any changes in expected cash flows over the life of the originated credit-impaired financial asset are recognized in net income and comprehensive income.

**(d) Financial instruments - revenue recognition**

Mortgage interest and fees revenue are recognized in the consolidated statements of income and comprehensive income using the effective interest method, except mortgage interest and fees revenue on purchased or originated credit-impaired financial assets. Mortgage interest and fees revenue include the company's share of any fees received, as well as the effect of any discount or premium on the mortgage. Interest revenue is calculated on the gross carrying amount for mortgages receivable in Stages 1 and 2 and on the net carrying amount for mortgages receivable in Stage 3 (see Note 3(c) Financial instruments – impairment of assets).

The effective interest method derives the interest rate that discounts the estimated future cash receipts during the expected life of the mortgage receivable (which is the contractual life, if a shorter period is not expected) to its carrying amount. When calculating the effective interest rate, future cash flows are estimated considering all contractual terms of the financial instrument, but not future credit losses (see Note 3(c) Financial instruments – impairment of assets). The calculation of the effective interest rate includes all fees and transaction costs paid or received. Fees and transaction costs include incremental revenues and costs that are directly attributable to the acquisition or issuance of the mortgage.

Mortgage interest and fees revenue on purchased or originated credit-impaired financial assets are recognized in the consolidated statements of income and comprehensive income using the credit-adjusted effective interest rate, reflecting the expected credit losses, to the amortized cost of the financial assets from initial recognition.

**NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(e) Financial instruments – derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from the asset expire. When the company exercises its security and takes title to the underlying real estate, a mortgage receivable is derecognized on the date of foreclosure.

The company defines financial asset modification as changes to the original contractual terms of a financial asset that either represent a fundamental change to the contract or have a significant impact on the cash flow of the asset. If the modification leads to a substantial change or the expiration of the original cash flows, the company derecognizes the original asset and recognizes a new one based on the new contractual terms. The new asset is then evaluated for staging and credit risk to determine the necessary ECL measurement as of the origination date. If the modifications do not result in derecognition, the asset will maintain its original staging and credit risk assessment.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

**(f) Investment property**

Investment property is a property over which the company has taken title through exercise of its security interest. Such property is accounted for under International Accounting Standard (IAS) 40, *Investment Property*. An investment property is recognized on the date of acquisition through foreclosure and is measured initially at cost, which is the book value of the respective mortgage receivable net of any related allowance for mortgage losses, plus any directly attributable expenditures and transaction costs.

Any costs subsequently incurred to complete the construction or development of a property are capitalized. After initial recognition, an investment property is measured using the cost model. Depreciation commences from the date the property is substantially complete and is recognized when the property's carrying amount exceeds its residual value. The carrying value of an investment property is assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment property may exceed its recoverable amount.

If the higher of the fair value less cost of disposal and the value in use of an investment property (its recoverable amount) is less than its carrying amount, then an impairment loss is recognized for the excess. Any impairment loss, or gain or loss realized on disposal, is recognized in the consolidated statements of income and comprehensive income.

**(g) Convertible debentures**

Convertible debentures can be converted into common shares of the company at the option of the investor. They are compound financial instruments with two components: a financial liability, and a call option which is an equity instrument. The fair value of the liability component is measured as of the date that the convertible debentures were issued, and the equity instrument is valued on that date based upon the difference between the fair value of the convertible debenture and the fair value of the liability component. The measurement of the fair value of the liability component is based upon market rates of interest on similar debt instruments without the conversion feature. Expenses of issue are allocated between the two components on a pro-rata basis. The carrying amount of the debt is accreted up to its face value over the life of the financial liability using the effective interest method, which applies a constant interest rate over the term of the debt. The value of the equity component is not remeasured subsequent to its initial measurement date.

**(h) Income taxes**

The company qualifies as a MIC under the ITA, and as such is not taxed on income provided that its taxable income is distributed to its shareholders in the form of dividends within 90 days after December 31 each year. It is the company's policy to pay such dividends to remain non-taxable. Accordingly, no provision for current or deferred income taxes is required.

**NOTE 3 – MATERIAL ACCOUNTING POLICY INFORMATION (continued)****(i) Earnings per common share**

Basic earnings per common share is calculated by dividing earnings during the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the income and comprehensive income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive items such as convertible debentures and deferred share incentive plan.

**(j) Share-based payments**

The company has an equity-settled share-based compensation plan for grants to eligible directors, officers, and senior management under its deferred share incentive plan that vest over a number of years. Grants are measured based upon the fair value of the awards granted, using the volume-weighted average trading price of the company's common shares on the TSX for the five trading days prior to the date of the grant.

**(k) Deferred share unit plan**

The company has a cash-settled deferred share unit plan for non-executive directors pursuant to which each non-executive director is required to receive one-half of their director compensation in the form of deferred share units. Each non-executive director can elect to receive the remaining one-half of their director compensation in deferred share units or cash or a combination thereof.

The deferred share units represent a financial liability as they can only be settled in cash when the non-executive directors cease to serve in any capacity with the company. As such, the deferred share units are initially recognized at their fair value, using the volume-weighted average trading price of the company's common shares on the TSX for the five trading days prior to the last day of the reporting period, as directors' expense with a corresponding amount recorded in accounts payable and accrued liabilities. The liability is subsequently remeasured to its fair value at each period end with the change in fair value during the period recognized as an operating expense.

**NOTE 4 – RECENT ACCOUNTING PRONOUNCEMENTS**

Various pronouncements have been issued by the IASB or IFRS Interpretations Committee that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the consolidated financial statements. In particular, IFRS 18, *Presentation and Disclosure in Financial Statements* was issued in April 2024 and applies to an annual reporting period beginning on or after January 1, 2027. This new standard introduces changes to the structure of the statement of profit or loss, disclosure requirements around management defined performance measures and introduces enhanced principles on aggregation and disaggregation which focus on grouping items based on their shared characteristics. Management is evaluating the impact of the new standard in preparation for its adoption on January 1, 2027. In addition, the IASB, has issued amendments to the classification and measurement of financial instruments in May 2024 with amendments to IFRS 9 and IFRS 7 *Financial Instruments: disclosures*, this amendment applies to an annual reporting period beginning on or after January 1, 2026. Management is evaluating the impact of the amendment relating to the derecognition of a financial liability and classification of financial assets in preparation for its adoption on January 1, 2026.

**NOTE 5 – MORTGAGES RECEIVABLE****(a) Mortgage portfolio**

<b>Property type</b>	<b>As at December 31, 2024</b>			<b>As at December 31, 2023</b>		
	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>	<b>Number</b>	<b>Outstanding amount</b>	<b>% of Portfolio</b>
High-rise residential	17	\$ 247,202	27.9%	22	\$ 323,340	36.2%
Mid-rise residential	20	139,738	15.8%	25	208,289	23.3%
Low-rise residential	12	152,827	17.2%	14	153,561	17.2%
House and apartment	219	154,713	17.5%	153	117,943	13.2%
Condominium corporation	6	1,279	0.1%	10	1,786	0.2%
Residential portfolio	274	695,759	78.5%	224	804,919	90.1%
Commercial	24	190,939	21.5%	19	88,640	9.9%
Mortgage portfolio	<u>298</u>	<u>886,698</u>	<u>100.0%</u>	<u>243</u>	<u>893,559</u>	<u>100.0%</u>
Accrued interest receivable		6,321			6,049	
Mortgage discount		(47)			(68)	
Unamortized origination fees		(247)			(207)	
Allowance for mortgage losses		<u>(29,556)</u>			<u>(22,600)</u>	
Mortgages receivable		<u>\$ 863,169</u>			<u>\$ 876,733</u>	

The mortgage portfolio has maturity dates between 2025 and 2032 with a weighted average remaining term of 8.6 months at December 31, 2024 (December 31, 2023 – 9.2 months). The portfolio has a weighted average interest rate (which excludes lender fees earned by the company) of 9.98% as at December 31, 2024 (11.42% as at December 31, 2023).

Within the mortgage portfolio, at December 31, 2024, there were 21 mortgages receivable aggregating to \$138,195 (15.6% of the mortgage portfolio) in which the company has a subordinate position in a syndicated mortgage receivable (December 31, 2023 – 26 mortgages receivable aggregating to \$187,789; 21.0% of the mortgage portfolio). Additional analysis of the mortgage portfolio, including by location of underlying property and type of mortgage, is set out in the “Investment Portfolio” section of the Management’s Discussion and Analysis for the year ended December 31, 2024.

A majority of the mortgages receivable have an initial closed period, after which the borrower may repay the principal at any time prior to maturity, without penalty, subject to providing advance written notice according to the terms of their mortgage.

Principal repayments based on contractual maturity dates are as follows:

Years ending December 31, 2025	\$ 619,868	69.9%
2026	199,902	22.5%
2027	30,423	3.4%
2028	35,290	4.0%
2029	357	0.1%
Thereafter	<u>858</u>	<u>0.1%</u>
	<u>\$ 886,698</u>	<u>100.0%</u>

**NOTE 5 – MORTGAGES RECEIVABLE (continued)**

**(b) Allowance for mortgage losses**

The gross carrying amounts of mortgages receivable and the allowance for mortgage losses by property type are as follows:

**As at December 31, 2024**

<b>Gross carrying amount</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
High-rise residential	\$ 231,352	\$ 15,850	\$ –	\$ 247,202
Mid-rise residential	115,836	14,628	9,274	139,738
Low-rise residential	138,567	–	14,260	152,827
House and apartment	138,086	13,997	2,630	154,713
Condominium corporation	1,279	–	–	1,279
Commercial	182,618	5,471	2,850	190,939
Mortgage portfolio	<u>\$ 807,738</u>	<u>\$ 49,946</u>	<u>\$ 29,014</u>	<u>\$ 886,698</u>

**Allowance for mortgage losses**

High-rise residential	\$ 2,465	\$ 1,589	\$ –	\$ 4,054
Mid-rise residential	1,478	3,494	3,077	8,049
Low-rise residential	1,371	–	6,589	7,960
House and apartment	1,222	121	808	2,151
Condominium corporation	9	–	–	9
Commercial	1,551	2,932	2,850	7,333
Mortgage portfolio	<u>\$ 8,096</u>	<u>\$ 8,136</u>	<u>\$ 13,324</u>	<u>\$ 29,556</u>

**As at December 31, 2023**

<b>Gross carrying amount</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
High-rise residential	\$ 275,271	\$ 48,069	\$ –	\$ 323,340
Mid-rise residential	171,586	36,703	–	208,289
Low-rise residential	104,368	12,450	36,743	153,561
House and apartment	105,009	12,934	–	117,943
Condominium corporation	1,786	–	–	1,786
Commercial	76,809	11,831	–	88,640
Mortgage portfolio	<u>\$ 734,829</u>	<u>\$ 121,987</u>	<u>\$ 36,743</u>	<u>\$ 893,559</u>

**Allowance for mortgage losses**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
High-rise residential	\$ 3,313	\$ 5,156	\$ –	\$ 8,469
Mid-rise residential	2,605	1,120	–	3,725
Low-rise residential	1,526	49	6,857	8,432
House and apartment	830	38	–	868
Condominium corporation	7	–	–	7
Commercial	1,052	47	–	1,099
Mortgage portfolio	<u>\$ 9,333</u>	<u>\$ 6,410</u>	<u>\$ 6,857</u>	<u>\$ 22,600</u>

The allowance for mortgage losses at December 31, 2024 is \$29,556 (December 31, 2023 – \$22,600). Of this allowance, \$8,096 (December 31, 2023 – \$9,333) represents management’s estimate of the ECLs on mortgages receivable in the company’s portfolio that have not experienced a significant increase in credit risk since initial recognition (Stage 1). Management estimated the ECL as \$8,136 for mortgages receivable classified as Stage 2 and \$13,324 for mortgages receivable classified as Stage 3 at December 31, 2024 (December 31, 2023 – \$6,410 and \$6,857, respectively).

**NOTE 5 – MORTGAGES RECEIVABLE (continued)****(b) Allowance for mortgage losses (continued)**

The changes in the allowance for mortgage losses are shown in the following table:

	<b>Year ended December 31, 2024</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance, January 1, 2024	\$ 9,333	\$ 6,410	\$ 6,857	\$ 22,600
Allowance for mortgage losses				
Transfers to Stage 1 <sup>(1)</sup>	73	(73)	–	–
Transfers to Stage 2 <sup>(1)</sup>	(123)	183	(60)	–
Transfers to Stage 3 <sup>(1)</sup>	(18)	(7,571)	7,589	–
Net remeasurement <sup>(2)</sup>	(1,669)	9,491	5,729	13,551
Mortgage advances	1,882	45	20	1,947
Mortgage repayments	(1,382)	(196)	(81)	(1,659)
Write-off	–	(153)	(6,730)	(6,883)
Balance, December 31, 2024	<u>\$ 8,096</u>	<u>\$ 8,136</u>	<u>\$ 13,324</u>	<u>\$ 29,556</u>

(1) Transfers between stages which are presumed to occur before any corresponding remeasurement of the allowance.

(2) Net remeasurement represents the change in the expected credit loss related to changes in model inputs or assumptions, including changes in macro-economic conditions, and changes in measurement following a transfer between stages. It also includes overlay adjustments as a result of economic uncertainties.

During the year ended December 31, 2024, the allowance for mortgage losses for mortgages classified as Stage 1 decreased due to changes in assumptions in the expected credit loss model and overlay adjustments due to economic uncertainties which was partially offset by an increase in mortgages classified in Stage 1. The allowance for mortgage losses classified as Stage 2 increased due to a higher ECL assessment of the individual loans classified as Stage 2 at year end compared to the beginning of the year partially offset by the transfer of mortgages classified as Stage 2 into Stage 3. The allowance for mortgage losses classified as Stage 3 increased due to the transfer of mortgages classified as Stage 2 into Stage 3 and a higher ECL assessment of the individual loans classified as Stage 3 at year end partially offset by a write-off of mortgages receivable.

	<b>Year ended December 31, 2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Opening balance, January 1, 2023	\$ 8,967	\$ 1,739	\$ –	\$ 10,706
Allowance for mortgage losses				
Transfers to Stage 1 <sup>(1)</sup>	1,677	(1,677)	–	–
Transfers to Stage 2 <sup>(1)</sup>	(424)	424	–	–
Transfers to Stage 3 <sup>(1)</sup>	(8)	(1,573)	1,581	–
Net remeasurement <sup>(2)</sup>	(1,017)	7,517	5,273	11,773
Mortgage advances	868	14	3	885
Mortgage repayments	(730)	(34)	–	(764)
Balance, December 31, 2023	<u>\$ 9,333</u>	<u>\$ 6,410</u>	<u>\$ 6,857</u>	<u>\$ 22,600</u>

(1) Transfers between stages which are presumed to occur before any corresponding remeasurement of the allowance.

(2) Net remeasurement represents the change in the expected credit loss related to changes in model inputs or assumptions, including changes in macro-economic conditions, and changes in measurement following a transfer between stages. It also includes overlay adjustments as a result of economic uncertainties.

During the year ended December 31, 2023, the allowance for mortgage losses for mortgages classified as Stage 1 increased due to changes in assumptions in the expected credit loss model and overlay adjustments due to economic uncertainties which were partially offset by a decrease in mortgages classified as Stage 1. The allowance for mortgage losses classified as Stage 2 increased due to a higher ECL assessment of the individual loans at year end compared to the prior year. The allowance for mortgage losses classified as Stage 3 increased due to an increase in loans classified as Stage 3. The ECL is assessed individually for Stage 2 and Stage 3 mortgages receivable.

**NOTE 6 – INVESTMENT PROPERTY**

	<b>Year ended December 31, 2024</b>	<b>Year ended December 31, 2023</b>
Balance, beginning of year	\$ 1,101	\$ 14,302
Disposition	–	(13,201)
Balance, end of year	<u>\$ 1,101</u>	<u>\$ 1,101</u>

Investment property consists of a four unit property in Leduc, Alberta. During the year ended December 31, 2024, the value in use was estimated using available market evidence and comparable transactions. During the year ended December 31, 2023, the company sold the 90 unit property in Regina, Saskatchewan. Net sales proceeds were \$13,275, resulting in a gain on disposition of \$74.

	<b>Years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Rental income</b>		
Revenue	\$ 79	\$ 903
Gain on disposition of investment property	–	74
Property operating costs	(36)	(343)
Rental income	<u>\$ 43</u>	<u>\$ 634</u>

**NOTE 7 – CREDIT FACILITY**

As at December 31, 2024, the company had a credit facility from a syndicate of six Canadian financial institutions of \$340,000 (December 31, 2023 – \$315,000) at a formula rate that varies with bank prime and the market Term Canadian Overnight Repo Rate Average (CORRA) rate. On June 4, 2024, the company entered into an amendment to its credit facility to, among other things, add Royal Bank of Canada as a lender, increase the maximum balance available by \$25,000 to \$340,000, and replace draws using bankers' acceptances with Term CORRA loans. At any time during the term of the credit facility, the company has the right to increase the credit facility by up to an additional \$60,000 (such that the total maximum availability would be up to \$400,000).

Drawings under the credit facility may be by way of a bank loan (including an overdraft facility of up to \$5,000 (December 31, 2023 – \$5,000)), Term CORRA loans or letters of credit (LCs). LCs represent irrevocable assurances that the company's banks will make payments in the event that a borrower of the company cannot meet its obligations to third parties. LCs carry the same credit risk, recourse and collateral security requirements as mortgages extended to customers. The committed credit facility was effective December 1, 2020, has a term to July 31, 2025, and is subject to certain conditions of drawdown and other covenants.

The credit facility is secured by a lien over all of the company's assets by means of a general security agreement. The amount that may be drawn down under the credit facility is determined by the aggregate value of mortgages receivable that are acceptable to the lender. As at December 31, 2024, the maximum balance available to be drawn on the credit facility was \$340,000 (December 31, 2023 – \$315,000). Under the terms of the credit facility, covenants must be met in respect of shareholders' equity, debt to total assets and interest coverage. As at December 31, 2024 and December 31, 2023, the company met these covenants.

The annualized weighted average interest rate for the year ended December 31, 2024 was 7.03% (7.19% for the year ended December 31, 2023).

**NOTE 7 – CREDIT FACILITY (continued)**

	<b>As at December</b>	<b>As at December</b>
	<b><u>31, 2024</u></b>	<b><u>31, 2023</u></b>
<b>Credit facility</b>		
Term CORRA and bankers' acceptances <sup>(1)</sup>	\$ 180,000	\$ 205,000
Bank loan	13,000	11,000
Overdraft facility	787	2,281
Unamortized and prepaid financing costs	<u>(207)</u>	<u>(1,292)</u>
Borrowings under credit facility	193,580	216,989
Letters of credit <sup>(2)</sup>	<u>5,191</u>	<u>12,171</u>
Total credit facility utilization	<u>\$ 198,771</u>	<u>\$ 229,160</u>

(1) Effective June 4, 2024, draws under the credit facility using Term CORRA loans replaced draws using bankers' acceptances as part of the amendment of the credit facility.

(2) \$4,426 of cash was received, and is recorded in accounts payable and accrued liabilities, for letters of credit on mortgages that are discharged (December 31, 2023 – \$601).

Interest on the credit facility is included in financing costs and calculated using the effective interest method. Included in interest and other financing charges for the year ended December 31, 2024 is interest on the credit facility of \$15,954 (December 31, 2023 – \$15,129) and bank fees and amortization of financing costs of \$384 (December 31, 2023 – \$423).

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The company pays mortgage servicing and management fees to Canadian Mortgage Capital Corporation (CMCC), which is the manager of the company, and responsible for its day-to-day management. The majority beneficial owner and Chief Executive Officer (CEO) of the manager is also CEO of the company. During the year ended December 31, 2024, the company incurred mortgage servicing and management fees of \$8,553 (year ended December 31, 2023 - \$8,379). The management agreement between the company and CMCC contains provisions for the payment of termination fees to the manager in the event that the management agreement is terminated in certain circumstances. Amounts due to related party of \$1,012 (December 31, 2023 – \$1,320) are included in accounts payable and accrued liabilities and are due to CMCC, are in the normal course of business, are non-interest bearing, due on demand and are paid within 30 days of each period end.

During the year ended December 31, 2024, CMCC reimbursed the company for share-based payments (see Note 11 – Share-based payments).

Under an employee share purchase plan (ESPP) for the company's common shares, participants, including employees of CMCC, may contribute up to an annual maximum to the ESPP and CMCC matches 50% of the participants' contributions. The total amount matched by CMCC for the year ended December 31, 2024 was \$76 (year ended December 31, 2023 – \$69).

Certain of the company's mortgages receivable are shared with other investors. As at December 31, 2024, companies owned by a director and/or officer of the company were co-invested in one syndicated mortgage receivable of \$536, of which the company's share was \$502, of which \$502 had been funded (December 31, 2023 – nil syndicated mortgages receivable of \$nil).

During the year ended December 31, 2024, the company recognized net mortgage interest and fees of \$nil (year ended December 31, 2023 – \$377) from no borrowers (2023 – two) over which a director and/or officer of the company has joint control.

Key management includes directors and officers of the company. Compensation expenses for key management personnel include:

	<b><u>Years ended December 31</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Directors' fees <sup>(1)</sup> (Note 12)	\$ 284	\$ 284
Share-based payments to directors (Note 11)	129	145
Share-based payments to officers (Note 11)	<u>98</u>	<u>80</u>
	<u>\$ 511</u>	<u>\$ 509</u>

(1) The cumulative adjustment for the fair value of deferred share units issued under the deferred share unit plan was \$(68) as at December 31, 2024 (year ended December 31, 2023 – \$(112)) (see Note 12 – Deferred Share Unit Plan).

Related party transactions are in the normal course of business and are recorded at the amount of consideration established and agreed to by the related parties.

**NOTE 9 – CONVERTIBLE DEBENTURES**

	Convertible debentures					Total
	5.10% ALDB.G	5.00% ALDB.F	5.60% ALDB.E	5.50% ALDB.D	5.30% ALDB.C	
<b>Year ended December 31, 2024</b>						
Issued and outstanding face value	\$ 40,250	\$ 34,500	\$ 28,743	\$ 34,500	\$ —	\$ 137,933
Carrying amount –						
Convertible debentures,						
beginning of year	\$ 37,667	\$ 32,409	\$ 28,391	\$ 33,953	\$ 25,190	\$ 157,610
Conversion of shares	—	—	(7)	—	—	(7)
Repayment of						
convertible debenture	—	—	—	—	(25,300)	(25,300)
Accretion for the year	479	408	286	272	110	1,555
Convertible debentures,						
end of year	\$ 38,146	\$ 32,817	\$ 28,670	\$ 34,225	\$ —	\$ 133,858

	Convertible debentures					Total
	5.10% ALDB.G	5.00% ALDB.F	5.60% ALDB.E	5.50% ALDB.D	5.30% ALDB.C	
<b>Year ended December 31, 2023</b>						
Issued and outstanding face value	\$ 40,250	\$ 34,500	\$ 28,750	\$ 34,500	\$ 25,300	\$ 163,300
Carrying amount –						
Convertible debentures,						
beginning of year	\$ 37,194	\$ 32,006	\$ 28,108	\$ 33,683	\$ 24,973	\$ 155,964
Accretion for the year	473	403	283	270	217	1,646
Convertible debentures,						
end of year	\$ 37,667	\$ 32,409	\$ 28,391	\$ 33,953	\$ 25,190	\$ 157,610

	Convertible debentures			
	5.10% ALDB.G	5.00% ALDB.F	5.60% ALDB.E	5.50% ALDB.D
Maturity date	Mar. 31, 2029	Dec. 31, 2028	Mar. 31, 2025	Dec. 31, 2025
Initial term	7 years	7 years	6 years	7 years
Conversion at option of shareholder at:	\$16.75/share	\$17.50/share	\$14.75/share	\$15.60/share
Interest payments date:	March 31, Sept. 30	June 30, Dec. 31	March 31, Sept. 30	June 30, Dec. 31
Redeemable at the company’s option at par plus accrued interest, provided the weighted average trading price of common shares is not less than 125% of conversion price from:	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2022	Dec. 31, 2021
to:	Mar. 31, 2027	Dec. 31, 2026	Mar. 31, 2024	Dec. 31, 2023
Redeemable at the company’s option at par plus accrued interest and unpaid interest after:	Mar. 31, 2027	Dec. 31, 2026	Mar. 31, 2024	Dec. 31, 2023

The 5.30% convertible debenture matured on June 30, 2024, and the aggregate principal amount of \$25,300 plus all accrued and unpaid interest was repaid in full on the first subsequent business day. On repayment of the 5.30% convertible debenture, the \$260 equity component of convertible debentures associated with this convertible debenture was recorded to contributed surplus.

Interest costs related to the convertible debentures are recorded in financing costs using the effective interest method and consist of the following:

	Years ended December 31	
	2024	2023
Coupon rate interest on convertible debentures	\$ 7,955	\$ 8,626
Accretion and other costs	1,569	1,666
Interest on convertible debentures	\$ 9,524	\$ 10,292

**NOTE 10 – SHARE CAPITAL**

The company is authorized to issue an unlimited number of common shares without par value. Common shares rank equally with each other and have no preference, conversion, exchange or redemption rights.

Common shares participate pro-rata with respect to any dividends paid, including distributions upon termination and dissolution.

The company has an optional dividend reinvestment plan (DRIP) for shareholders, whereby participants may reinvest cash dividends in additional common shares of the company at the volume-weighted average price for five days prior to distribution, less a 2% discount.

During the year ended December 31, 2024, 648,584 common shares were issued under the company's DRIP (year ended December 31, 2023 – 631,187), using reinvested dividends of \$7,102 (year ended December 31, 2023 – \$6,969). Shares issued under the DRIP are issued by the company from treasury.

On June 16, 2022, the company announced that the TSX had accepted a notice filed by the company of its intention to make a normal course issuer bid (NCIB) with respect to its common shares. The notice provides that the company may purchase up to 3,000,000 common shares during the twelve month period commencing June 24, 2022 and ending on June 23, 2023. On June 13, 2023, the company announced that the TSX had approved renewal of the NCIB to purchase up to 4,176,336 common shares during the twelve month period commencing June 24, 2023 and ending on June 23, 2024. On June 17, 2024, the company announced that the TSX had approved renewal of the NCIB to purchase up to 4,232,634 common shares during the twelve month period commencing June 24, 2024 and ending on June 23, 2025. During the year ended December 31, 2024, the company did not purchase any common shares under the NCIB for a total cost of \$nil (year ended December 31, 2023 – 37,527 and \$378, respectively).

On October 4, 2024, the company completed a public offering of common shares issuing 2,185,000 common shares at a price of \$11.45 per share for gross proceeds of \$25,018. On October 25, 2024, the company completed a public offering of common shares via its over-allotment option issuing 327,750 common shares at a price of \$11.45 per share for gross proceeds of \$3,753. The company incurred share issuance costs of \$1,419 associated with these public offerings.

Under the ESPP, each participant may contribute up to an annual maximum to the ESPP, and CMCC matches 50% of the participant's contribution. Thus, the company does not bear any of the cost of the ESPP, as it is reimbursed by CMCC and the participants.

**NOTE 11 – SHARE-BASED PAYMENTS**

Grants are provided to directors and certain employees of the manager under the company's deferred share incentive plan (DSIP). The DSIP units vest annually over three years. Common shares are issued to participants on the vesting date of each tranche of the DSIP units, unless a participant elects to defer the issuance. In addition, income deferred share incentive plan (IDSIP) units are credited to holders of DSIP units granted before 2017 based upon dividends paid on common shares. The fair value of share-based compensation was based upon the volume-weighted average market price of the common shares five days prior to the grant dates of September 1, 2024 (\$11.65), September 28, 2024 (\$11.54), September 1, 2023 (\$11.17) and September 29, 2023 (\$10.71).

	Year ended December 31, 2024			Year ended December 31, 2023		
	DSIP units	IDSIP units	Total	DSIP units	IDSIP units	Total
Balance, beginning of year	101,400	12,802	114,202	87,566	10,368	97,934
Units granted	28,500	–	28,500	30,950	–	30,950
Units earned	–	2,879	2,879	–	2,434	2,434
Units cancelled	(1,183)	–	(1,183)	–	–	–
Common shares issued	(17,416)	–	(17,416)	(17,116)	–	(17,116)
Balance, end of year	<u>111,301</u>	<u>15,681</u>	<u>126,982</u>	<u>101,400</u>	<u>12,802</u>	<u>114,202</u>

**NOTE 11 – SHARE-BASED PAYMENTS (continued)**

Share-based payments expense:

	<b>Years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
September 28, 2024 grant <sup>(1)</sup>	\$ –	\$ –
September 1, 2024 grant	61	–
September 29, 2023 grant <sup>(1)</sup>	–	–
September 1, 2023 grant	143	58
September 1, 2022 grant	64	164
August 11, 2022 grant <sup>(1)</sup>	–	–
September 2, 2021 grant	21	74
September 1, 2020 grant	–	18
September 1, 2016 grant	4	4
September 1, 2015 grant	12	10
September 1, 2014 grant	10	9
August 30, 2013 grant	6	4
	<u>\$ 321</u>	<u>\$ 341</u>

(1) During the year ended December 31, 2024, CMCC reimbursed the company for share-based expenses of \$82 related to grants under the company’s DSIP (year ended December 31, 2023 – \$113).

**NOTE 12 – DEFERRED SHARE UNIT PLAN**

The board of directors established a deferred share unit plan (DSUP) effective January 1, 2020 pursuant to which each non-executive director is required to receive one-half of their director compensation in the form of deferred share units (“DSUs”). Each non-executive director can elect to receive the remaining one-half of their director compensation in DSUs or cash or a combination thereof.

DSUs are credited to the director DSUP accounts quarterly, in arrears, in an amount equal to the non-executive director’s remuneration elected to be paid in DSUs divided by the fair value of the common shares on the last day of the quarter. The fair value is equal to the volume-weighted average trading price of the company’s common shares on the TSX for the five trading days immediately preceding that day. Dividend equivalents are credited to a non-executive director’s DSUP account as if dividends were paid on each DSU held by a non-executive director on the dividend record date and reinvested in additional DSUs at the fair value on the dividend payment date.

DSUs can only be exercised when the non-executive director ceases to serve in any capacity with the company. Payment will be made, at the election of the non-executive director, in either cash or common shares of the company purchased in the market, net of applicable taxes or other amounts required to be withheld or deducted, based on the fair value of the company’s common shares on or about the date of the payment. Amounts owed in relation to this plan of \$1,336 (December 31, 2023 – \$932) are included in accounts payable and accrued liabilities. DSU compensation expense is recognized in directors’ expense, dividends earned on outstanding DSUs are recognized in interest and other financing charges and the adjustment to fair value of units issued under the DSUP is recognized as an operating expense.

	<b>Years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Directors’ fees paid in DSUs	\$ 241	\$ 241
Dividends on DSUs	119	79
Adjustment to fair value of DSUs	45	(29)
	<u>\$ 405</u>	<u>\$ 291</u>

  

	<b>Years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Outstanding DSUs, beginning of year	89,225	60,358
Granted	21,656	21,876
Reinvested	10,625	6,991
Balance, end of year	<u>121,506</u>	<u>89,225</u>

**NOTE 13 – EARNINGS PER SHARE**

	<b>Years ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share –		
Numerator		
Net income and comprehensive income for the year	\$ 47,852	\$ 51,485
Denominator		
Weighted average common shares outstanding	<u>44,935,826</u>	<u>43,693,240</u>
Basic earnings per share	<u>\$ 1.06</u>	<u>\$ 1.18</u>
Diluted earnings per share –		
Numerator		
Net income and comprehensive income for the year	\$ 47,852	\$ 51,485
Interest on convertible debentures	<u>9,524</u>	<u>10,292</u>
Net income and comprehensive income for diluted earnings per share	<u>\$ 57,376</u>	<u>\$ 61,777</u>
Denominator		
Weighted average common shares outstanding	44,935,826	43,693,240
Convertible debentures	9,376,826	10,228,549
Deferred share incentive plan	109,886	92,392
Income deferred share units	<u>14,463</u>	<u>11,721</u>
Weighted average common shares outstanding – diluted basis	<u>54,437,001</u>	<u>54,025,902</u>
Diluted earnings per share	<u>\$ 1.05</u>	<u>\$ 1.14</u>

**NOTE 14 – FINANCIAL INSTRUMENTS****(a) Classification of financial instruments**

Financial assets comprise mortgages receivable and are classified and measured at amortized cost. Financial liabilities comprise borrowings under credit facility, accounts payable and accrued liabilities, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures. The liability for the deferred share unit plan, included in accounts payable and accrued liabilities, is measured at FVTPL. All other financial liabilities are measured at amortized cost.

**(b) Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arm's length market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All financial assets are classified and measured at amortized cost. Their carrying values approximate their fair values due to their relatively short-term maturities and due to the fact that the majority of the mortgages receivable have floating interest rates. The fair value of borrowings under credit facility approximates book value since it bears interest at floating rates. The accounts payable and accrued liabilities, excluding the liability for the deferred share unit plan, dividends payable and accrued convertible debenture interest carrying values approximate their fair values due to the short-term nature of the items. The liability for the deferred share unit plan is measured at fair value using Level 1 inputs. The deferred share units are measured at fair value on the day they are credited to the directors' DSUP accounts, with fair value equal to the volume-weighted average trading price of the company's common shares on the TSX for the five trading days immediately preceding that day, and are remeasured using fair value at each reporting date.

**NOTE 14 – FINANCIAL INSTRUMENTS (continued)****(b) Fair value (continued)**

The fair value of convertible debentures at the time of issue is established using Level 2 inputs. The fair value of convertible debentures has been determined based on the closing prices of the convertible debentures on the TSX on the respective dates.

	<b>As at December</b>	<b>As at December</b>
	<b><u>31, 2024</u></b>	<b><u>31, 2023</u></b>
<b>Convertible debentures</b>		
Fair value	\$ 135,211	\$ 146,408
Less carrying amount of equity component	<u>(3,526)</u>	<u>(3,786)</u>
	<u>\$ 131,685</u>	<u>\$ 142,622</u>
Carrying amount of financial liability component	<u>\$ 133,858</u>	<u>\$ 157,610</u>

**(c) Credit risk**

Mortgages receivable and issued letters of credit are exposed to credit risk. Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligation or commitment, resulting in a financial loss to the company. The maximum exposure to credit risk related to mortgages receivable, including letters of credit outstanding, at December 31, 2024 is \$868,654 (December 31, 2023 – \$889,179).

The company mitigates the credit risk by maintaining strict credit policies including due diligence processes, credit limits, documentation requirements, review and approval of new and renewed mortgages receivable by the board of directors or a subgroup thereof, quarterly review of the entire portfolio by the board of directors, and other credit policies approved by the board of directors. Credit risk is approved by the board of directors. These credit policies and processes have been consistently applied throughout the two year period ended December 31, 2024.

All mortgages receivable are secured by the underlying real estate, plus other credit enhancements, which may include guarantees from the borrowers, personal guarantees from the borrower's shareholder(s) and/or cross guarantees from related entities.

The quality of the mortgage collateral is primarily driven by the location and type of underlying property and type of mortgage receivable. For further information, refer to Note 5(a) – Mortgage portfolio and to the "Investment Portfolio" section of the Management's Discussion and Analysis for the year ended December 31, 2024. Management continuously monitors real estate values to ensure that the quality of the collateral underlying the remaining mortgage portfolio remains adequate.

As at December 31, 2024, the largest borrower group accounted for 7.87% of the mortgage portfolio (December 31, 2023 – 6.82%). See Note 5(a) – Mortgage portfolio and Note 5(b) – Allowance for mortgage losses for a breakdown of mortgages receivable and the allowance for mortgage losses by property type.

**(d) Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its obligations when due. The primary sources of liquidity risk are the requirements to fund commitments for new mortgages, advances on existing mortgages receivable, as well as obligations under the company's credit facility. The company's liquidity risk is managed on an ongoing basis in accordance with the policies and procedures in place that reduce the risk to an acceptable level. Policies and procedures include continuous monitoring of expected cash flows, reviewing credit requirements with the company's bankers, issuing convertible debentures or common shares in the public markets from time to time as required, and staggering the maturities of convertible debentures when they are issued.

From time to time, the company has arranged temporary increases in its credit facility with its banks in order to manage liquidity requirements, and expects to be able to continue to do so in the future if required. The company's significant financial liabilities include borrowings under credit facility, accounts payable and accrued liabilities, dividends payable, accrued convertible debenture interest and the liability component of convertible debentures. The borrowings under credit facility are drawn upon as required to discharge accounts payable and accrued liabilities, fund loan activity, as well as to pay out dividends on a monthly basis. The company's agreement with the lender is that the operating line will not be called provided that all covenants are met and that any significant excess cash is used to pay down the borrowings under the credit facility.

**NOTE 14 – FINANCIAL INSTRUMENTS (continued)****(d) Liquidity risk (continued)**

As at December 31, 2024, management considers that it has adequate procedures in place to manage liquidity risk.

<b>As at December 31, 2024</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>Within 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>More than 5 years</b>
Borrowings under credit facility <sup>(1)</sup>	\$193,787	\$202,075	\$202,075	\$ –	\$ –	\$ –
Accounts payable and accrued liabilities <sup>(2)</sup>	7,768	7,768	7,768	–	–	–
Accrued convertible debenture interest	916	916	916	–	–	–
Dividends payable	11,202	11,202	11,202	–	–	–
Convertible debentures <sup>(3)</sup>	133,858	146,938	67,897	79,041	–	–
<b>Total</b>	<b>347,531</b>	<b>368,899</b>	<b>289,858</b>	<b>79,041</b>	<b>–</b>	<b>–</b>
Unadvanced mortgage commitments <sup>(4)</sup>	–	54,171	54,171	–	–	–
<b>Total contractual liabilities</b>	<b>\$347,531</b>	<b>\$423,070</b>	<b>\$344,029</b>	<b>\$79,041</b>	<b>\$ –</b>	<b>\$ –</b>

Notes:

(1) Includes interest at the annualized weighted average interest rate of the credit facility and assumes the outstanding balance is not repaid until maturity on July 31, 2025.

(2) For purposes of contractual cash flows, the DSUs owing to non-executive directors are assumed to be repaid within the first quarter of 2025.

(3) The 5.50% debentures are assumed but not required to be repaid in the first quarter of 2025; 5.60% debentures will be repaid in the first quarter of 2025; 5.00% debentures are assumed but not required to be repaid December 31, 2026; and the 5.10% debentures are assumed but not required to be repaid March 31, 2027.

(4) Unadvanced mortgage commitments include additional funds on existing mortgages receivable and new mortgage commitments. The experience of the company has been that a portion of the unadvanced amounts on existing mortgages receivable will never be drawn.

**(e) Interest rate risk**

The company is exposed to interest rate risk in that an increase in interest rates will result in increased interest expense due to its borrowings under credit facility being set at a variable rate and mortgages receivable are set at a combination of fixed and floating rates. The financial structure of the company results in relatively moderate interest rate risk because the majority of the company's financing is through common shares and convertible debentures, with a moderate amount of borrowings under the credit facility that bear floating interest rates.

If interest rates on debt had been one percentage point higher (lower) during the year ended December 31, 2024, income and comprehensive income would have been reduced (increased) by approximately \$2,173 during the year, assuming that no changes had been made to the interest rates at which new mortgage loans were entered into. However, if new mortgage loans had been entered into at one percentage point higher (lower) interest rates, the resulting reduction of income and comprehensive income would have been less than (greater than) \$2,173.

**(e) Currency risk**

Currency risk is the risk that the value of financial assets and financial liabilities will fluctuate due to changes in foreign exchange rates. The company is not exposed to currency risk as all financial assets and financial liabilities are denominated in Canadian funds.

**NOTE 15 – CAPITAL MANAGEMENT**

The company defines capital as total debt plus shareholders’ equity, as shown below:

	<b>As at December 31</b>	
	<b>2024</b>	<b>2023</b>
Borrowings under credit facility	\$ 193,580	\$ 216,989
Convertible debentures	<u>133,858</u>	<u>157,610</u>
Total debt	327,438	374,599
Shareholders’ equity	<u>516,980</u>	<u>482,206</u>
Capital employed	<u>\$ 844,418</u>	<u>\$ 856,805</u>

The company’s objectives for managing capital are to preserve shareholders’ equity, provide shareholders with stable dividends, and to use leverage in a conservative manner to improve return to shareholders. The company finances growth of its portfolio by issuing common shares and debt. In addition, a small amount of equity is raised every month through the employee share purchase plan and through a dividend reinvestment plan for shareholders.

As bank borrowings increase, the company could expect to raise further funds through public offerings of convertible debentures or common shares, and through private placements of debt. The borrowings under credit facility are subject to external covenants as set out in Note 7 – Credit facility. There has been no change in the company’s capital management objectives since the prior year.

**NOTE 16 – RESTATEMENT OF COMPARATIVE CONSOLIDATED STATEMENT OF CASH FLOWS**

During the year ended December 31, 2024, management determined that cash flows from cash advances of mortgages receivable and cash repayments of mortgages receivable, previously classified as investing activities, should have been classified as operating activities in the consolidated statement of cash flows. Cash flows from interest and fees on convertible debentures paid and interest and other financing charges paid, previously classified as financing activities, should have been classified as operating activities in the consolidated statement of cash flows. In order to correct the presentation, the consolidated statement of cash flows for the year ended December 31, 2023 was restated as per the table below, with no change to the total increase in cash. The restatement had no impact on the consolidated statement of income and comprehensive income, consolidated statement of changes in shareholders’ equity or consolidated statement of financial position.

	<b>For the year ended December 31, 2023</b>		
	<b>As previously reported</b>	<b>Restatement</b>	<b>Restated</b>
Cash provided by operating activities	\$ 77,316	\$ (42,445)	\$ 34,871
Cash provided by (used in) investing activities	\$ (4,635)	\$ 17,910	\$ 13,275
Cash used in financing activities	\$ (72,681)	\$ 24,535	\$ (48,146)

**NOTE 17 – SUBSEQUENT EVENTS**

On January 10, 2025, the company issued 45,645 common shares for \$493 to shareholders under its dividend reinvestment plan.

On February 12, 2025, the company issued 47,914 common shares for \$511 to shareholders under its dividend reinvestment plan.



# CORPORATE DIRECTORY

## Board of Directors

### Mark L. Silver

Chair of the Board, Atrium Mortgage Investment Corporation  
President, Optus Capital Corporation

### Robert G. Goodall

CEO, Atrium Mortgage Investment Corporation

### Peter P. Cohos<sup>1,4</sup>

President, Copez Properties Ltd.

### Robert H. DeGasperis

President, Metrus Properties Inc.

### Andrew Grant<sup>4</sup>

President, PCI Holdings Corp.

### Maish Kagan<sup>2</sup>

President, Canal Group

### Nancy H. O. Lockhart<sup>2,3</sup>

Director, George Weston Ltd.  
Director, Choice Properties REIT

### Jennifer Scoffield,<sup>CPA, CA</sup>

Director, Dream Industrial REIT

1. Chair of Audit Committee
2. Member of Audit Committee
3. Chair of Compensation, Nominating and Governance Committee
4. Member of Compensation, Nominating and Governance Committee

## Management

### Robert G. Goodall

CEO

### Richard Munroe

President & COO

### John Ahmad,<sup>CPA, CA</sup>

CFO & Corporate Secretary

### Bram Rothman

Managing Director - Ontario

### Phil Fiuza

Managing Director - National Accounts, Residential

### Ian Jarvis

Managing Director - British Columbia

## Transfer Agent

Computershare Trust Co. of Canada  
100 University Ave. 9th Floor, North Tower  
Toronto, ON M5J 2Y1  
T. (800) 564 6523

### *For Convertible Debentures*

TSX Trust Company  
2001 Robert-Bourassa Blvd, Suite 1600  
Montreal, QC H3A 2A6

## Auditors

### Crowe Soberman LLP

1100-2 St. Clair Ave. E  
Toronto, ON M4T 2T5  
T. (416) 964 7633

## Share Listings

Common shares,  
TSX: AI

Convertible debentures 5.50%  
TSX: AI.DB.D

Convertible debentures 5.60%  
TSX: AI.DB.E

Convertible debentures 5.00%  
TSX: AI.DB.F

Convertible debentures 5.10%  
TSX: AI.DB.G

## HEAD OFFICE

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MORTGAGE INVESTMENT  
CORPORATION