Q2 2024

MD&A

Management's Discussion and Analysis

June 30, 2024

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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 August 8, 2024.

Highlights

Atrium continued to generate strong financial results for shareholders. For the quarter ended June 30, 2024, we had revenues of $24.9 million compared to $23.5 million in the prior year, an increase of 5.9%. Net income was $11.5 million compared with $14.4 million in the prior year, a decrease of 20.1%. Basic and diluted earnings per share were $0.26, respectively, compared with $0.33 and $0.32 basic and diluted earnings per share in the prior year, a decrease of 21.2% basic and 18.8% diluted.

We declared a regular dividend of $0.075 per share for each month in the quarter, a total of $0.45 for the year to date, consistent with dividends of $0.45 for the comparable period.

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

Year	***Regular dividend***	***Special dividend***	***Total dividends paid***	***Earnings per share (basic)***
2019	$0.90	$0.06	$0.96	$0.97
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]	$1.08
2023	$0.90	$0.29	$1.19[1]	$1.18
2024	$0.90	to be determined	to be determined	to be determined

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

We had $884.4 million of mortgages receivable as at June 30, 2024, an increase of 0.9% from December 31, 2023. During the first quarter, $96.0 million of mortgage principal was advanced and $78.1 million was repaid. The portfolio had a weighted average remaining term of 8.7 months.

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

Revenues of $24.9 million, increase of 5.9% from comparative period

Earnings per share $0.26 basic and diluted

Strong, high quality mortgage portfolio

96.8% first mortgages

89.5% less than 75% loan-to-value

Mortgages receivable $884.4 million, up 2.0% over the quarter

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

Investment portfolio

Our mortgage portfolio consisted of 261 mortgage loans and aggregated $907.8 million as at June 30, 2024, an increase of 1.6% from December 31, 2023.

	As at June 30, 2024			As at December 31, 2023		
Property Type	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
High-rise residential[1]	21	$ 313,174	34.5%	22	$ 323,340	36.2%
Mid-rise residential[1]	21	165,852	18.3%	25	208,289	23.3%
Low-rise residential[1]	15	163,292	18.0%	14	153,561	17.2%
House and apartment[2]	177	132,000	14.5%	153	117,943	13.2%
Condominium corporation[3]	8	1,612	0.2%	10	1,786	0.2%
Residential portfolio	242	775,930	85.5%	224	804,919	90.1%
Commercial[4]	19	131,882	14.5%	19	88,640	9.9%
Mortgage portfolio	261	907,812	100.0%	243	893,559	100.0%
Accrued interest receivable		6,187			6,049	
Mortgage discount		(57)			(68)	
Unamortized origination fees		(239)			(207)	
Allowance for mortgage losses		(29,302)			(22,600)	
Mortgages receivable		$ 884,401			$ 876,733	

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.

	As at June 30, 2024			As at December 31, 2023		
Loan type	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
Term loans	256	$ 864,011	95.2%	237	$ 853,654	95.5%
Construction loans	5	43,801	4.8%	6	39,905	4.5%
	261	$ 907,812	100.0%	243	$ 893,559	100.0%

A summary of our mortgages by size is presented below.

	As at June 30, 2024			As at December 31, 2023		
Mortgage amount	**Number**	**Outstanding amount**	**% of Portfolio**	**Number**	**Outstanding amount**	**% of Portfolio**
(outstanding amounts in 000s)						
$0 - $2,500,000	188	$ 120,792	13.3%	169	$ 109,873	12.3%
$2,500,001 - $5,000,000	17	63,535	7.0%	19	72,477	8.1%
$5,000,001 - $7,500,000	18	113,703	12.5%	17	104,924	11.8%
$7,500,001 - $10,000,000	6	52,151	5.7%	8	69,035	7.7%
$10,000,001 +	32	557,631	61.5%	30	537,250	60.1%
	261	$ 907,812	100.0%	243	$ 893,559	100.0%

As at June 30, 2024, the average outstanding mortgage balance was $3.5 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 June 30, 2024, 86.9% of our portfolio was priced at floating rates, the majority with rate floors, down from 89.8% at December 31, 2023.

Location of underlying property	As at June 30, 2024				
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average loan to value	Weighted average interest rate
(outstanding amounts in 000s)					
Greater Toronto Area	186	$ 711,657	78.4%	60.9%	11.05%
Non-GTA Ontario	55	39,033	4.3%	65.5%	9.71%
British Columbia	20	157,122	17.3%	80.0%	10.71%
	261	$ 907,812	100.0%	64.4%	10.93%

Location of underlying property	As at December 31, 2023				
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average loan to value	Weighted average interest rate
(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%

We have an exceptionally high proportion of our portfolio invested in first mortgages (96.8%), which is one of our core strategies.

As at June 30, 2024, the weighted average loan-to-value ratio in our mortgage portfolio was 64.4%, with 89.5% 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).

Type of mortgage	As at June 30, 2024			
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average interest rate
(outstanding amounts in 000s)				
First mortgages				
Conventional	230	$ 792,959	87.3%	11.03%
Non-Conventional	19	84,410	9.3%	9.53%
Other	8	1,612	0.2%	7.40%
	257	878,981	96.8%	10.88%
Second and third mortgages				
Conventional	2	17,978	2.0%	12.23%
Non-conventional	2	10,853	1.2%	12.93%
	4	28,831	3.2%	12.49%
	261	$ 907,812	100.0%	10.93%

Type of mortgage	As at December 31, 2023			
	Number of mortgages	Outstanding amount	Percentage outstanding	Weighted average interest rate
(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%
	235	845,476	94.6%	11.40%
Second and third mortgages				
Conventional	6	37,008	4.1%	12.11%
Non-conventional	2	11,075	1.3%	10.84%
	8	48,083	5.4%	11.81%
	243	$ 893,559	100.0%	11.42%

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 June 30, 2024 is 8.7 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 June 30, 2024, the weighted average loan-to-value ratio of the mortgage portfolio was considerably lower than that, at 64.4%, compared to 61.4% at December 31, 2023.

A typical loan in our portfolio has an interest rate of 8.99% to 13.99% per annum, a one or two-year term and monthly interest-only mortgage payments. Pricing on new loans during the second quarter typically ranged between 9.49% to 12.9%.

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 June 30, 2024 was $50.0 million (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 *Income Tax Act* (Canada) (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, 2023, which is available at www.sedarplus.ca.

Recent Developments

Atrium generated strong returns for shareholders in the second quarter of 2024 with earnings per share (EPS) of $0.26 compared with $0.27 posted in the first quarter of 2024 and the fourth quarter of 2023 . On a year-to-date basis, EPS of $0.53 is pacing well ahead of declared dividends of $0.45 as the business continues to produce consistent returns despite challenging real estate market conditions. Earnings for the quarter were driven by a record high mortgage portfolio balance which was partially offset by a lower portfolio mortgage rate and a higher provision for mortgage losses to recognize increased credit risk in the portfolio. The mortgage portfolio ended the quarter at a record $907.8 million which is up from the previous record of $893.6 million set at the fourth quarter of 2023. During the second quarter of 2024, mortgage principal advances of $96.0 million exceeded repayments of $78.1 million. While the broader lending market has become much more restrictive, Atrium continued to source high quality lending opportunities. The prospect of lower interest rates will help improve the outlook in the real estate market going forward; however, today's high interest rates, elevated construction costs, and stagnant economic growth continue to provide headwinds in the short term.

The mortgage portfolio weighted average interest rate of 10.93% at quarter end was down from 11.25% at the end of the first quarter of 2024. This decrease was driven by a 25bps Bank of Canada rate decrease on June 5, 2024 and the continued emphasis on sourcing lower risk profile loans which typically attract lower spreads. The Bank of Canada rate decrease was the first since raising rates by a total of 475 bps beginning in March 2022. Subsequent to quarter end, the Bank of Canada decreased rates again by 25bps on July 24, 2024. The total percentage of variable rate loans was 86.9% at quarter end which was relatively consistent with the first quarter of 2024 and the majority of these loans have rate floors in place. Lower rates have also reduced the cost of funding on the credit facility which is priced off prime and the market rate for Term Canadian Overnight Repo Rate Average (CORRA) loans. During the quarter, the average cost of borrowing on the credit facility was 7.33% which was down from 7.44% in the first quarter of 2024

and up from 6.96% in the prior year quarter. In 2023, prime rates moved up 75bps over the course of the year before peaking in the third quarter of 2023 and eventually decreasing by 25bps in the second quarter of 2024.

Atrium continued to employ a low leverage balance sheet at quarter end with shareholder capital representing 55.4% of total funding sources. On June 30, 2024, one convertible debenture totaling $25.3 million matured on a non-business day and was repaid in full using the credit facility on the first business day after quarter end. This maturity will reduce total debenture funding from $158.4 million to $133.1 million or to 15.0% of total funding sources. Atrium had ample capacity on its credit facility to absorb this maturity and will assess market conditions and funding requirements with respect to future issuances. On June 4, 2024, Atrium entered into an amendment to its credit facility to, among other things, add Royal Bank of Canada as a lender and increase the maximum balance available by $25,000 to $340,000. The lending syndicate supporting the credit facility now includes four of top six financial institutions in the country which is a testament to company's track record of success. The credit facility has ample capacity, especially considering that the facility has an accordion feature of $60 million which can increase the maximum availability to $400 million. This capacity provides a steady source of financing for growth and liquidity purposes.

The total allowance for mortgage losses at quarter end was 3.23% of the mortgage portfolio which increased from 2.81% in the first quarter of 2024. This increase was largely driven by higher provisions on loans classified in Stages 2 and 3. Loans classified in Stage 2 and Stage 3 are individually assessed for credit losses whereas loans classified in Stage 1 are assessed on a collective basis using the expected credit loss model. During the quarter, no new commercial or multi-family loans were included in Stages 2 and 3 and the total loans classified as Stages 2 and 3 decreased on a quarter-over-quarter basis from 15.5% to 14.8%. Inclusive of the migration of loans in Stage 2 to Stage 3, provisions were largely increased to reflect challenging real estate market conditions that have impacted underlying collateral values. The Stage 1 provision represented 1.05% of the mortgage portfolio and remained elevated given the soft macroeconomic outlook.

Atrium's top priority continues to be maintaining a high quality, resilient portfolio that can withstand the downturn in the credit cycle. At quarter end, 96.8% of mortgages were in first position and 89.5% of mortgages had an LTV less than 75%. The overall portfolio remained well secured with an LTV of 64.4% and a focus on key urban markets in Ontario and BC. While growth is not a top priority, the company has managed to source high quality lending opportunities to grow the portfolio over the first half of the year and produce consistent earnings despite prudent provisions to recognize higher credit risk. Going forward, the company continues to execute its strategy of targeting specific sectors which provide solid risk-adjusted returns within the context of the current economic environment. Management expects the market to remain soft for the balance of the year but lower interest rate levels and inflation will increasingly support stronger market fundamentals moving forward. The business remains well positioned to navigate through this downturn and to capitalize on new opportunities as they arise.

Results of Operations

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

Financial summary *(unaudited)*

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	$ 24,930	$ 23,548	$ 50,123	$ 47,255
Mortgage servicing and management fees	(2,170)	(2,052)	(4,246)	(4,106)
Other expenses	(244)	(332)	(650)	(776)
Recovery of prior mortgage loss	183	–	183	157
Provision for mortgage losses	(4,365)	(690)	(8,219)	(1,642)
Income before financing costs	18,334	20,474	37,191	40,888
Financing costs	(6,805)	(6,045)	(13,621)	(12,247)
Earnings and total comprehensive income	$ 11,529	$ 14,429	$ 23,570	$ 28,641
Basic earnings per share	$ 0.26	$ 0.33	$ 0.53	$ 0.66
Diluted earnings per share	$ 0.26	$ 0.32	$ 0.53	$ 0.63
Dividends declared	$ 9,971	$ 9,822	$ 19,902	$ 19,607
Mortgages receivable, end of period	$ 884,401	$ 817,421	$ 884,401	$ 817,421
Total assets, end of period	$ 885,569	$ 831,917	$ 885,569	$ 831,917
Shareholders' equity, end of period	$ 490,455	$ 489,010	$ 490,455	$ 489,010
Book value per share, end of period	$ 11.06	$ 11.19	$ 11.06	$ 11.19

Summary of quarterly results *(unaudited)*

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue	$ 24,930	$ 25,193	$ 25,907	$ 25,412	$ 23,548	$ 23,707	$ 23,159	$ 20,634
Mortgage servicing and management fees	(2,170)	(2,076)	(2,206)	(2,153)	(2,052)	(2,054)	(2,131)	(2,056)
Other expenses	(244)	(406)	(282)	(241)	(332)	(444)	(270)	(292)
Recovery of prior mortgage losses	183	–	115	220	–	157	50	–
Provision for mortgage losses	(4,365)	(3,854)	(4,810)	(5,442)	(690)	(952)	(1,230)	(1,114)
Income before financing costs	18,334	18,857	18,724	17,796	20,474	20,414	19,578	17,172
Financing costs	(6,805)	(6,816)	(6,872)	(6,804)	(6,045)	(6,202)	(6,345)	(5,346)
Net income and comprehensive income	$ 11,529	$ 12,041	$ 11,852	$ 10,992	$ 14,429	$ 14,212	$ 13,233	$ 11,826
Basic earnings per share	$ 0.26	$ 0.27	$ 0.27	$ 0.25	$ 0.33	$ 0.33	$ 0.31	$ 0.27
Diluted earnings per share	$ 0.26	$ 0.27	$ 0.26	$ 0.25	$ 0.32	$ 0.31	$ 0.30	$ 0.27
Dividends declared	$ 9,971	$ 9,931	$ 22,634	$ 9,854	$ 9,822	$ 9,785	$ 19,707	$ 9,706

Results of operations – Three months ended June 30, 2024

For the three months ended June 30, 2024, mortgage interest and fees revenues aggregated $24,926, compared to $23,319 in the comparative period, an increase of 6.9%. Virtually all our revenues are mortgage interest; therefore, the increase in revenue is due to a higher mortgage portfolio balance in the current quarter partially offset by a slightly lower weighted average interest rate for the current quarter compared to the second quarter of 2023. The lower weighted average interest rate was driven by the composition of the loans in the mortgage portfolio compared to the prior period. 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 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 10.93% as at June 30, 2024, compared with 11.27% as at June 30, 2023. We generated net rental income of $4 for the three months ended June 30, 2024 from our investment property compared to net rental income of $229 for the three months ended June 30, 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 three months ended June, 30 2024 were $2,414, compared to $2,384 in the comparative period, an increase of 1.3%. This increase is primarily due to higher mortgage servicing and management fees which was partially offset by lower professional fees and higher adjustment to fair value of deferred share units. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated $2,170 for the three months ended June 30, 2024, compared with $2,052 in the comparative period. This increase was due to an increase 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. Professional fees for the three months ended June 30, 2024 were $59 compared to $109 in the comparative period due to higher legal fees associated with recovering proceeds from a loan in default in the prior year. The adjustment to the fair value of deferred share units was $(84) for the three months ended June 30, 2024 compared with $(68) for the comparative quarter due to a reduction in the company's stock price over the quarter which reduced the amount due to directors at quarter end. The recovery of prior mortgage loss was $183 in the quarter compared to $nil in the comparative period. The provision for mortgage losses was $4,365 in the quarter, for a total allowance of $29,302 as at June 30, 2024 compared to a provision of $690 in the comparative period and a total allowance of $12,348 as at June 30, 2023. The increases were due to a higher assessment of credit risk in the mortgage portfolio.

Financing costs for the three months ended June 30, 2024 were $6,805, compared to $6,045 in the same period of 2023, an increase of 12.6%. Coupon rate interest on convertible debentures was $2,157 for the three months ended June 30, 2024 compared to $2,163 for the comparative period. Accretion and other costs were $416 for the three months ended June 30, 2024 compared to $411 for the comparative period. The carrying amount of convertible debentures as at June 30, 2024 was $158,433, compared to $157,610 as at December 31, 2023. As at June 30, 2024, the 5.30% convertible debenture of $25,300 matured on a non-business day and was settled on the first business day after quarter end using the credit facility. Interest expense on the credit facility was $4,131 for the three months ended June 30, 2024, up from $3,375 for the comparative period. This increase is due to a higher weighted average cost of borrowing in the second quarter of 2024 (7.33%) compared to the second quarter of 2023 (6.96%) due to increases in market benchmark rates and a higher credit facility balance in the three months ended June 30, 2024 compared to the prior period.

Net income and comprehensive income for the three months ended June 30, 2024 was $11,529, a decrease of 20.1% from net income and comprehensive income of $14,429 for the same period in the prior year. Basic and diluted earnings per common share were $0.26, for the three months ended June 30, 2024, compared with $0.33 and $0.32

basic and diluted earnings per share for the comparable period.

During the three months ended June 30, 2024, we funded mortgages receivable aggregating $101,948. Of those advances, $94,248 were first mortgages, representing 92.4% of the total loans funded. British Columbia advances were $17,017, non-GTA Ontario were $3,195 and the remaining $81,736 were for mortgages on properties located in the Greater Toronto Area. There were $80,223 of repayments during the period.

Results of operations – Six months ended June 30, 2024

For the six months ended June 30, 2024, mortgage interest and fees revenues aggregated $50,107, compared to $46,829 in the comparative period, an increase of 7.0%. Virtually all our revenues are mortgage interest, therefore, the increase in revenue is due to a higher mortgage portfolio balance in the current quarter as well as a higher weighted average interest rate in the current period compared to the first six months of 2023. The higher weighted average interest rate was driven by higher benchmark rates compared to the prior period. 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 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 10.93% at June 30, 2024, compared with 11.27% at June 30, 2023. We generated net rental income of $16 for the six months ended June 30, 2024 from our investment properties compared to net rental income of $426 for the six months ended June 30, 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 six months ended June 30, 2024 were $4,896, compared to $4,882 in the comparative period. This increase is primarily due to higher mortgage servicing and management fees which was partially offset by lower professional fees; transfer agent, regulatory fees and investor relations; and share-based payments. Mortgage servicing and management fees paid (that is, the management fee plus HST) aggregated $4,246 for the six months ended June 30, 2024, compared with $4,106 in the comparative period. This increase was due to an increase in the mortgage portfolio balance in the current period 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. Professional fees for the six month period ended June 30, 2024 of $118 decreased from $169 in the comparable period due to increased legal fees associated with recovering proceeds from a loan in default in the prior year. Transfer agent, regulatory fees and investor relations expense for the six months ended June 30, 2024 $124 compared to $169 in the comparative period due to an expenditure for investment research. Share-based payments for the six month period ended June 30, 2024 was $171 compared to $185 in the comparative period due to the timing of employee grants and turnover. Recovery of prior mortgage losses in the six month period ended June 30, 2024 was ($183) compared to ($157) in the comparable period. The provision for mortgage losses was $8,219 in the period, for a total allowance of $29,302 at June 30, 2024 compared to a provision of $1,642 in the comparative period for a total allowance of $12,348 at June 30, 2023. The increases were due to a higher assessment of credit risk in the mortgage portfolio.

Financing costs for the six months ended June 30, 2024 were $13,621, compared to $12,247 in the same period of 2023, an increase of 11.2%. Coupon rate interest on convertible debentures was $4,314 for the six months ended June 30, 2024 compared to $4,320 for the comparative period. Accretion and other costs were $837 for the six months ended June 30, 2024 compared to $821 for the comparative period. Interest expense on the credit facility was $8,189 for the six months ended June 30, 2024, up from $6,894 for the comparative period. This increase is due to a higher weighted average cost of borrowing in the first half of 2024 (7.39%) compared to the first half of 2023 (6.84%) due to increases in market benchmark rates and a higher credit facility balance in the six month period ended June 30, 2024 compared to the prior period.

Net income and comprehensive income for the six months ended June 30, 2024 was $23,570, a decrease of 17.7% from net income and comprehensive income of $28,641 for the same period in the prior year. Basic and diluted earnings per common share were $0.53, for the six months ended June 30, 2024, compared with $0.66 and $0.63 basic and diluted earnings per share for the comparable period in the previous year.

During the six months ended June 30, 2024, we funded mortgages receivable aggregating $187,169. Of those advances, $178,802 were first mortgages, representing 95.5% of the total loans funded. British Columbia advances were $20,453, $7,600 were non-GTA Ontario and the remaining $159,116 were for mortgages on properties located in the Greater Toronto Area. There were $172,915 of repayments during the period.

Liquidity and capital resources

As at June 30, 2024, we had borrowings under the credit facility (excluding unamortized and prepaid financing costs) of $222,890. 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 June 30, 2024, we had five series of convertible debentures outstanding, with a total carrying amount of $158,433 and a face value (and maturity value) of $163,293. For additional information on the operating credit facility and the debentures, please refer to Notes 7 and 9, respectively, of our accompanying interim 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 June 30, 2024, total balance sheet debt was 44.6% of total assets (December 31, 2023 – 45.1%).

Changes in financial position

Cash used in investing activities during the six month period ended June 30, 2024 consisted of advances of principal on mortgage loan investments of $174,353 less principal repayments received of $159,751, for net cash repayments of mortgage loan investments of $14,602.

Borrowings under our operating credit facility (excluding unamortized and prepaid financing costs) increased to $222,890 at June 30, 2024, from $218,281 at December 31, 2023, due to the increase in our portfolio.

Accounts payable and accrued liabilities, including accrued convertible debenture interest, was $10,821 at June 30, 2024 compared to $5,025 at December 31, 2023. Dividends payable was $3,327 at June 30, 2024, down from $16,047 at December 31, 2023 as the December 31, 2023 balance included the special dividend for 2023 that was paid on February 29, 2024 of $0.29 per share.

Share capital increased to $483,267 at June 30, 2024 from $478,903 at December 31, 2023, primarily due to the issuance of common shares under the dividend reinvestment plan.

Contractual obligations

Contractual obligations due at June 30, 2024 were as follows:

As at June 30, 2024	Total obligation	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
Borrowings under credit facility	$241,242	$ 16,940	$224,302	$ –	$ –
Accounts payable and accrued liabilities	7,424	7,424	–	–	–
Accrued convertible debenture interest	3,397	3,397	–	–	–
Dividends payable	3,327	3,327	–	–	–
Convertible debentures	184,861	60,926	43,005	80,930	–
Total contractual obligations	$440,251	$91,014	$267,307	80,930	$ –

We have commitments to advance additional funds under existing mortgages of $25,990 and for new mortgages of $6,990 at June 30, 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 June 30, 2024, we had $11,885 (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 June 30, 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 $2,170 (including HST) for the three month and $4,241 for the six month period ended June 30, 2024 (three and six month period ended June 30, 2023 – $2,033 and $4,047). 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 three and six month period ended June 30, 2024, CMCC reimbursed the company for share-based payments of $23 and $46 respectively related to grants under the company's DSIP (three and six months ended June 30, 2023 – $31 and $63).

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 six month period ended June 30, 2024 was $36 (six month period ended June 30, 2023 – $33).

During the three and six month period ended June 30 2024, the company recognized net mortgage interest and fees of $nil and $nil (three and six month period ended June 30, 2023 – $62 and $377) from borrowers over which a director and/or officer of the company has joint control.

Critical accounting estimates and policies

Our interim consolidated financial statements for the three and six month period ended June 30, 2024 are prepared in accordance with Canadian generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRS), as set out in Part I of the CPA Canada *Handbook*. The preparation of interim consolidated financial statements in accordance with IFRS 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 interim 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 interim 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 interim consolidated financial statements for the three and six month period ended June 30, 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 interim 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 International Accounting Standards Board 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 interim 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* (IFRS 7), 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 interim 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 June 30, 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 44,364,040 were issued and outstanding at June 30, 2024, and 44,409,047 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 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 six month period ended June 30, 2024, the company did not purchase any common shares under the NCIB for a total cost of $nil (six month period ended June 30, 2023 nil and $nil, respectively; 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 mortgage 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, 2023 which is incorporated herein by reference and is available at www.sedarplus.ca and at 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, 2023 which is available at www.sedarplus.ca and at 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 interim consolidated financial statements as at June 30, 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, 2023, is available on SEDAR+ at www.sedarplus.ca. You may also obtain further information about us from our website at www.atriummic.com, by telephone at (416) 867-1053, or by email at info@atriummic.com.