



ANNUAL & Q4-2018 INVESTOR PRESENTATION

For the year and quarter ended December 31, 2018

February 22, 2019



Forward Looking Information

This presentation may contain forward-looking statements and statements regarding the business and anticipated financial performance of MCAN Mortgage Corporation and its subsidiaries. These statements are based on current expectations, and are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technology change, global market activity, interest rates, changes in government and economic policy and general economic conditions in geographic areas where MCAN operates.

Reference is made to the risk factors disclosed in MCAN's Annual Information Form for the year ended December 31, 2018 which are incorporated herein by reference. These and other factors should be considered carefully and undue reliance should not be placed on MCAN's forward-looking statements. Subject to applicable securities law requirements, MCAN does not undertake to update any forward-looking statements.



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Financial Highlights – Q4 2018

(for the year ended December 31, 2018)

\$1.22 Billion	\$0.15	\$3.5 Million	4.66%
Corporate Assets (down \$15mm from Q3-18)	Basic and diluted earnings per share (down from \$0.47 in Q4-17)	Net Income (down from \$10.8mm in Q4-17)	Return on Avg. Shareholders' Equity ^[1] (14.63% in Q4-17)

- Unrealized loss on marketable securities of \$4.2 million, consisting entirely of a reduction in the fair value of the real estate investment trust ("REIT") component of our marketable securities portfolio. This unrealized loss negatively impacted earnings per share by \$0.17. Subsequent to year end, the value of the marketable securities portfolio recovered, consistent with the broader market. In Q4 2017, we recorded an unrealized gain on marketable securities of \$2.3 million through accumulated other comprehensive income in accordance with IAS 39.
- Equity income from MCAP Commercial LP ("MCAP") decreased by \$2.2 million (40%) from Q4 2017 due to a reduced ownership interest and compressed spreads, which were consistent with the broader market.
- The Board of Directors declared a first quarter dividend of \$0.32 per share on February 22, 2019 paid March 29, 2019 to shareholders of record as of March 15, 2019.

¹Non-IFRS measure as defined in MCAN's Q4-2018 MD&A



Financial Highlights – Fiscal 2018

(for the year ended December 31, 2018)

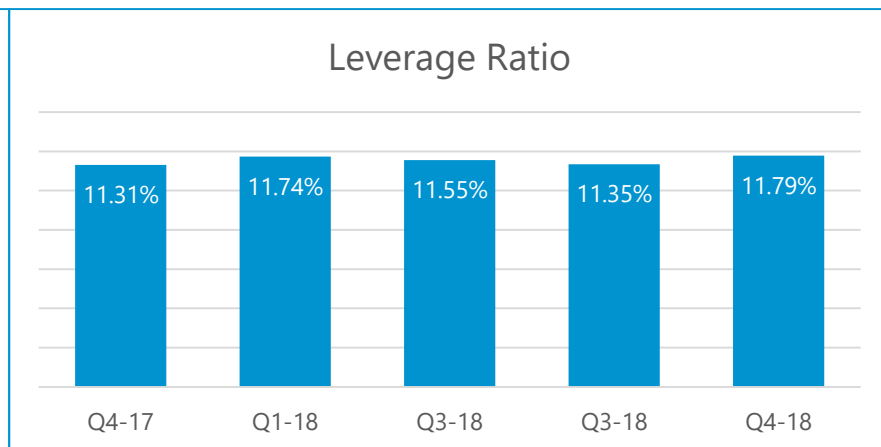
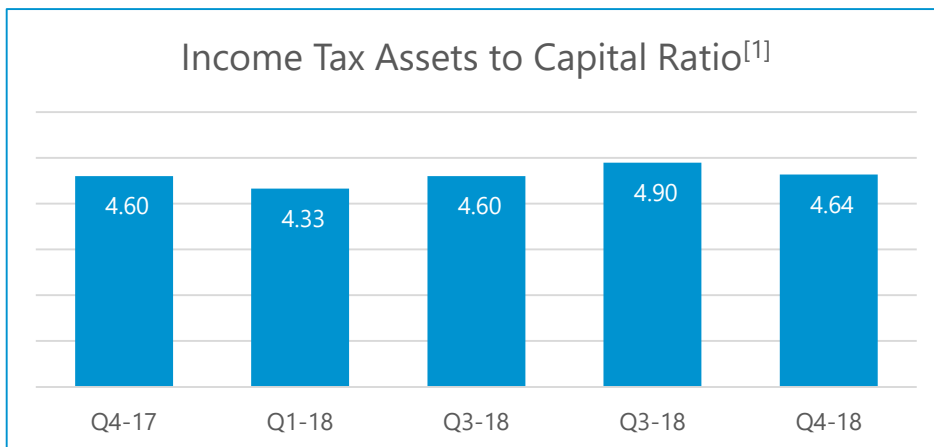
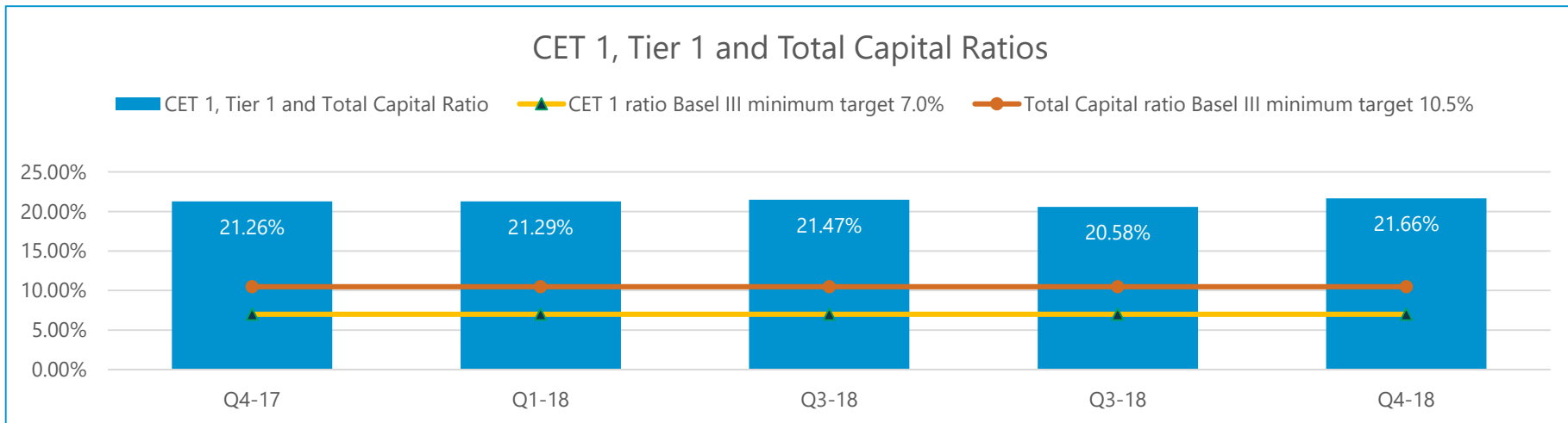
\$1.22 Billion	\$1.54	\$36.3 Million	11.90%
Corporate Assets (up \$42mm from Dec-17)	Basic and diluted earnings per share (down \$0.18 from 2017)	Net Income (down \$3.6mm from 2017)	Return on Avg. Shareholders' Equity ^[1] (13.75% in 2017)

- Unrealized net loss on securities of \$3.5 million relating to our marketable securities REIT portfolio, partially offset by \$2.6 million and \$0.4 million of realized and unrealized net gains on our investments in Crown Realty II Limited Partnership and the KingSett High Yield Fund, respectively.
- Equity income from MCAP decreased by \$1.2 million (9%) from 2017 due to a reduction in our ownership interest from 14.41% in 2017 to 13.71% at December 31, 2018 and compressed spreads.
- Net corporate mortgage spread income increased by \$0.9 million (3%) from 2017 due to the average corporate mortgage portfolio balance increasing by 2%, while the spread of corporate mortgages over term deposits^[1] remained unchanged at 3.07% from 2017.

¹Non-IFRS measure as defined in MCAN's Q4-2018 MD&A



Strong Capital Position



[1] Income Tax Assets managed to a level of 5.75 times Income Tax Capital on a tax basis, below the Tax Act prescribed maximum Income Tax Assets to Capital Ratio of 6.00 times

[2] Non-IFRS measure as noted in MCAN's Q4-2018 MD&A; CET 1 = Common Equity Tier 1



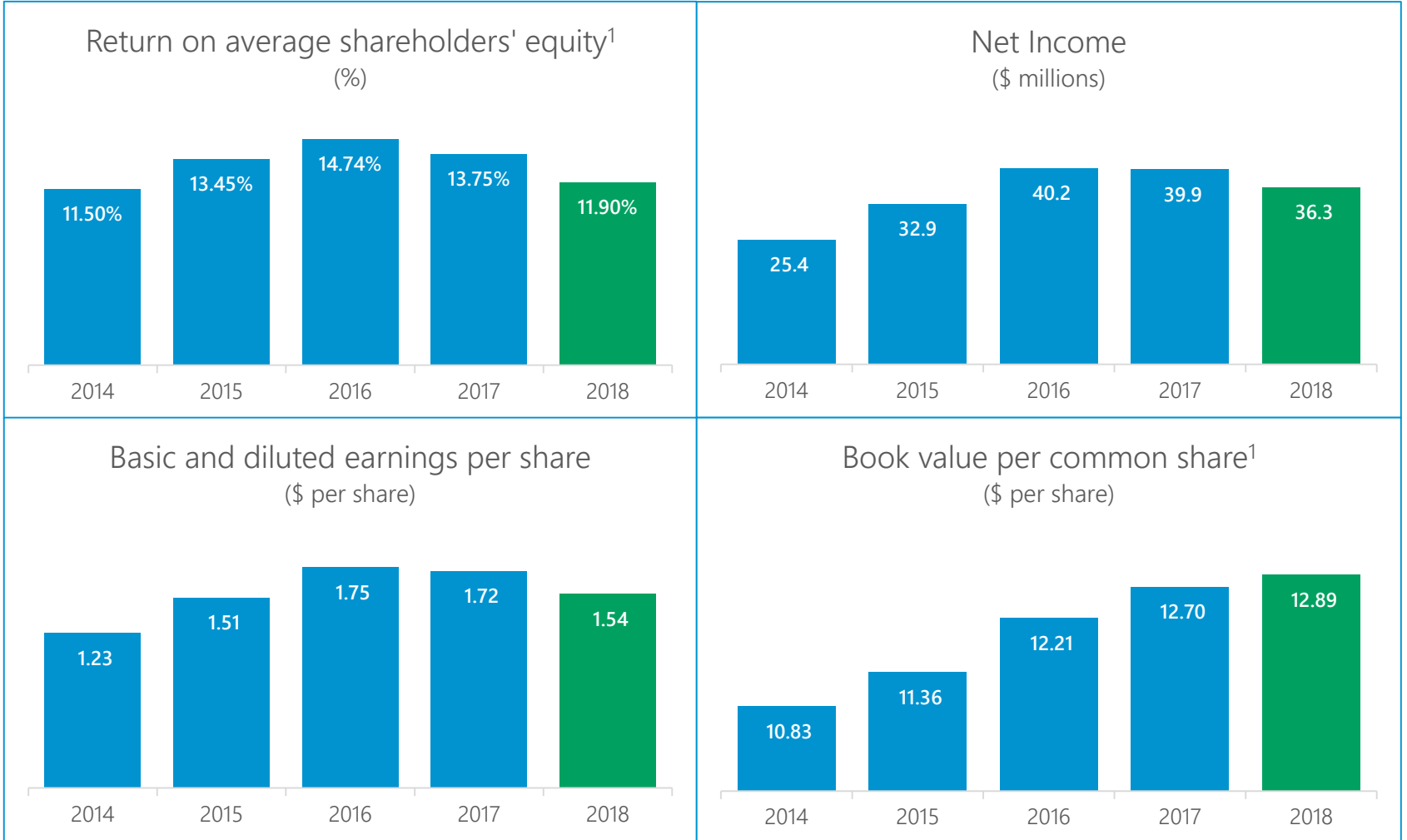
Annual Dividend Trend

2019 Dividend Amounts:
\$0.32 paid Jan-02-19
\$0.32 to be paid Mar-29-19





Key Metrics: Annual Trend Charts

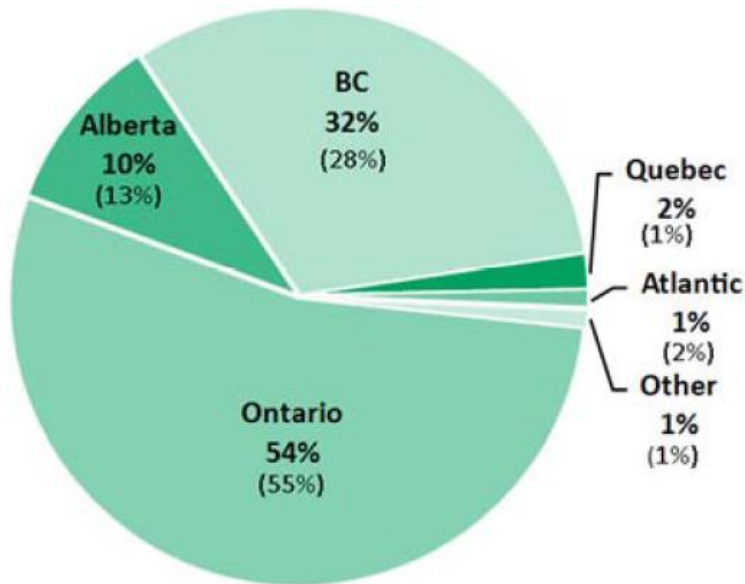


¹Return on average shareholders' equity (ROE) and book value per common share are defined as Non-IFRS measures as noted in MCAN's Q4-2018 MD&A



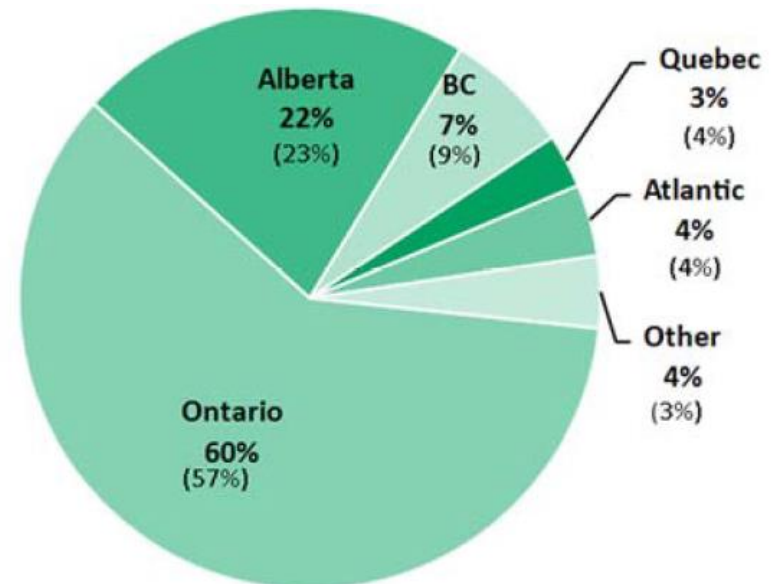
Mortgage Portfolio Geographic Distribution

**Corporate Mortgages
As at Q4-18 (as at Q4-17)**



**Total \$922 million as at Q4-18
(\$863 million as at Q4-17)**

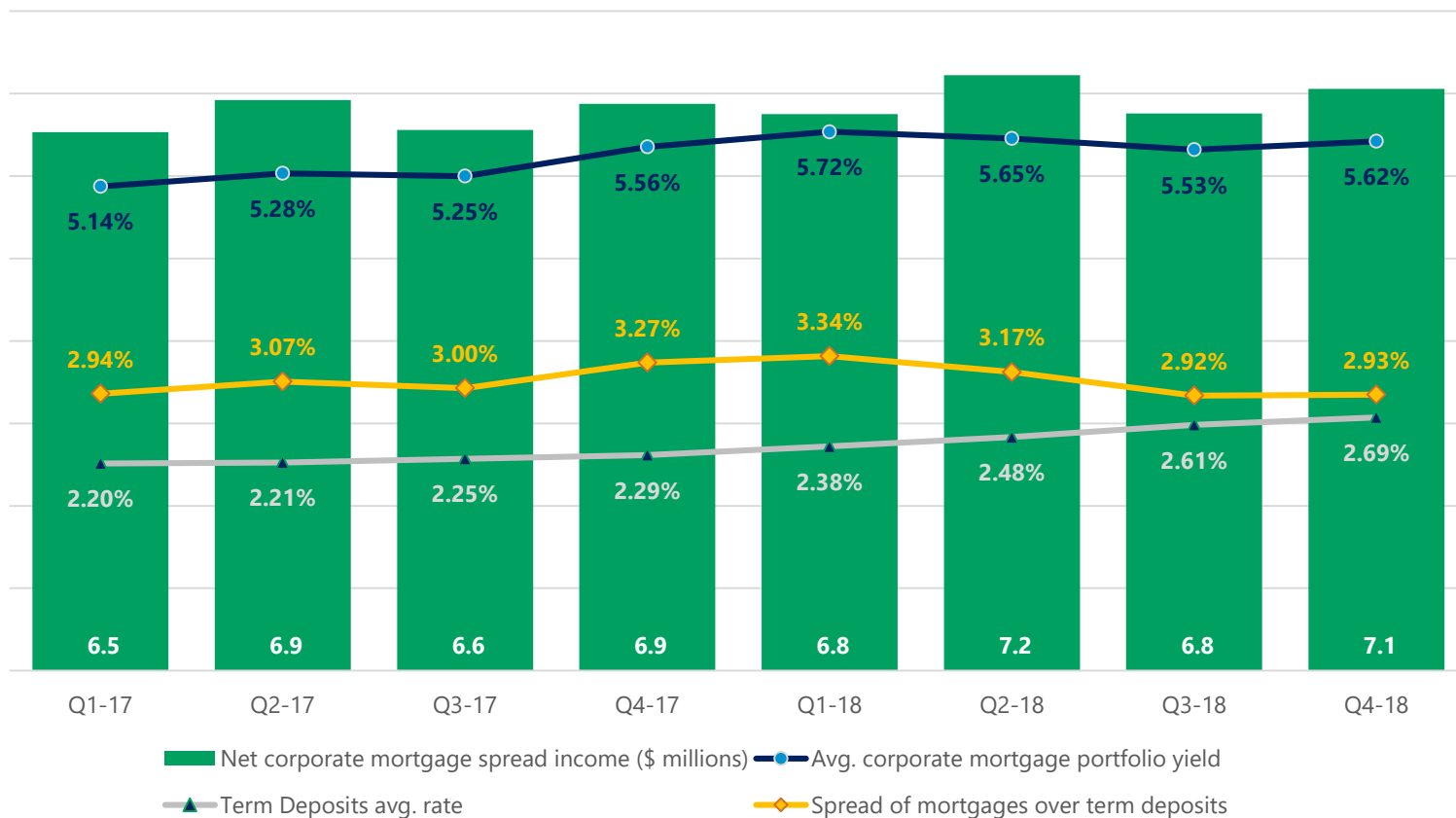
**Securitization Mortgages
As at Q4-18 (as at Q4-17)**



**Total \$887 million as at Q4-18
(\$1,017 million as at Q4-17)**



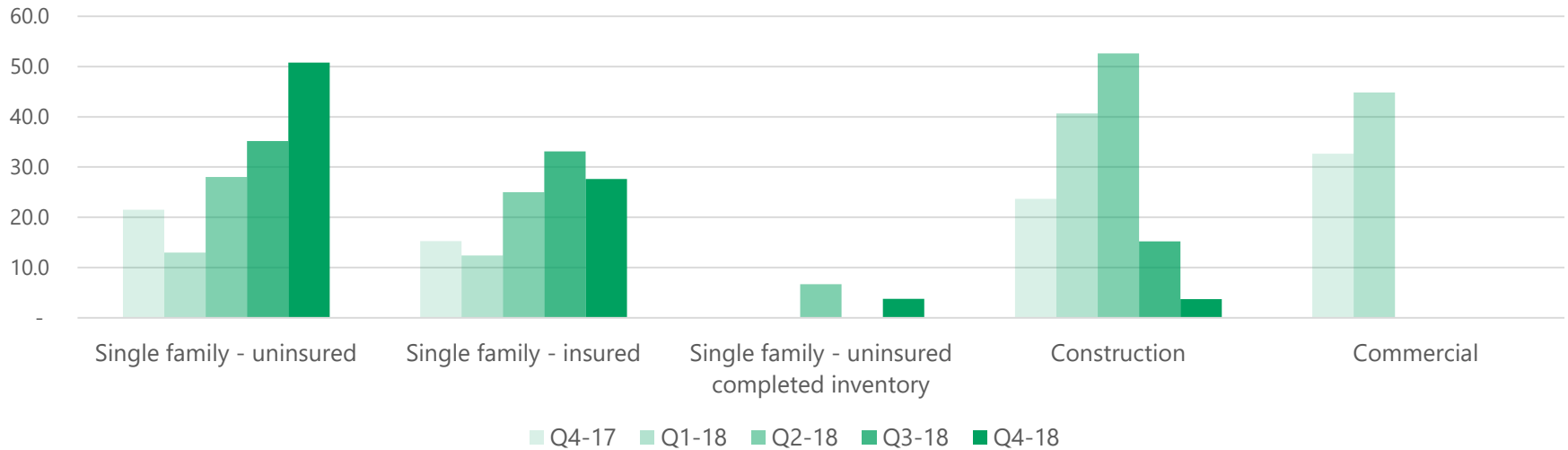
Corporate Net Spread – Quarterly Trend





Corporate Originations – Quarterly Trend

Originations (\$ millions)

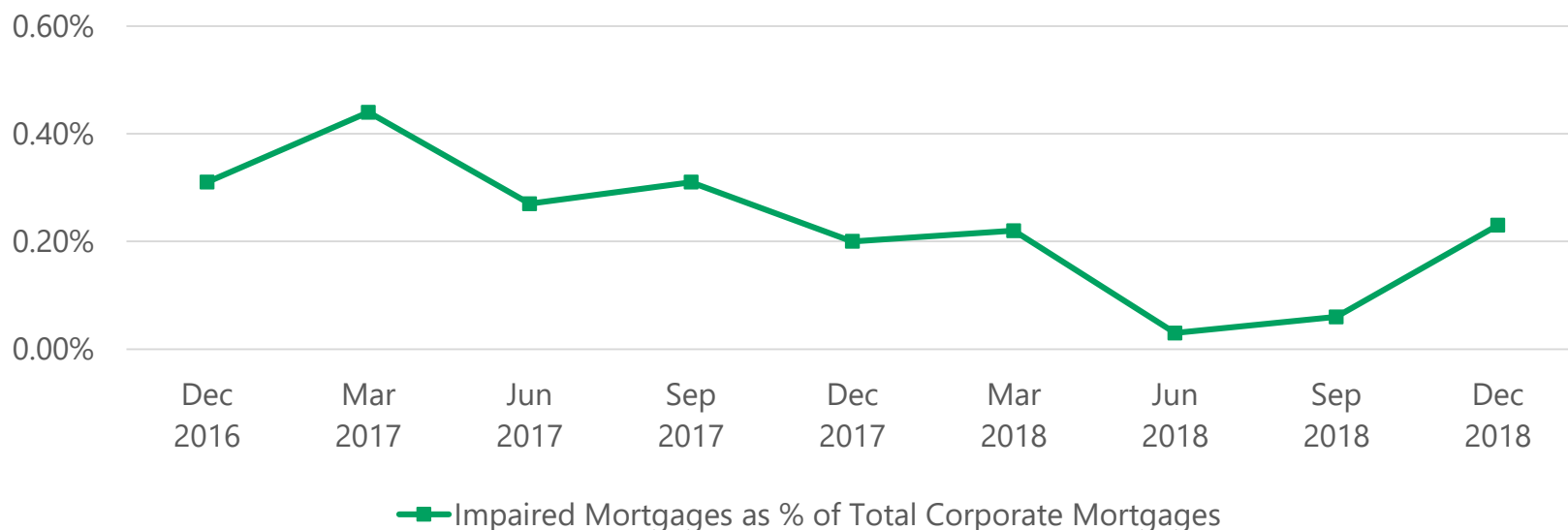


Originations (\$ millions)	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18
Single family - uninsured	21.53	12.99	28.01	35.17	50.81
Single family - insured	15.25	12.42	24.96	33.11	27.63
Single family - uninsured completed inventory	-	-	6.68	-	3.80
Construction	23.67	40.64	52.60	15.20	3.70
Commercial	32.64	44.82	-	-	-
Total Corporate Originations	93.08	110.87	112.26	83.48	85.93



Credit Quality & Risk Management

(quarterly history up to December 31, 2018)



- Impaired total mortgage ratio^[1] was 0.12%, compared to 0.03% at September 30, 2018.
- Impaired corporate mortgage ratio^[1] was 0.23%, compared to 0.06% at September 30, 2018.
- Total mortgage arrears^[1] were \$16.0 million, compared to \$16.9 million at September 30, 2018.

[1] Non-IFRS measure as defined in MCAN's Q4-2018 MD&A; Chart data source: MCAN's Q4-2018 and prior years' annual reports.



Outlook

Continuing to adapt our business to:

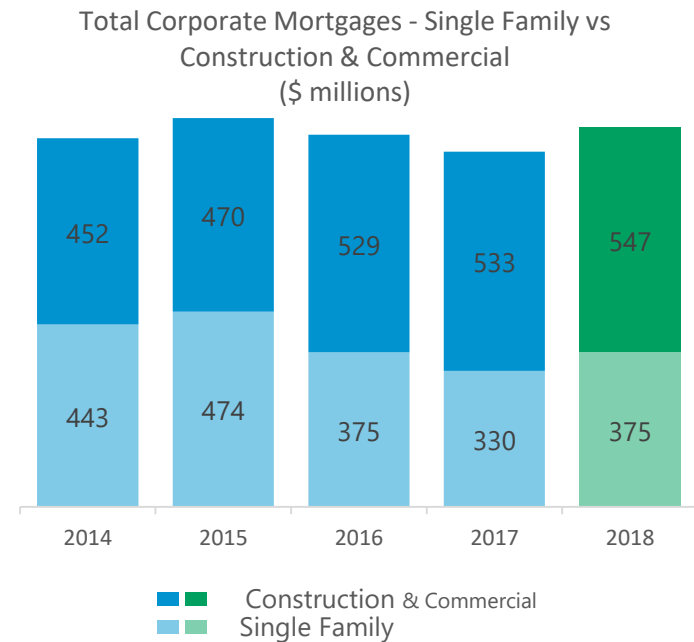
- changing market dynamics
- uncertainty in the housing market
- the impact of increasing rates
- the overall economy and related risk factors

Actions for growth in Single family business:

- Programs to attract potential mortgages through the brokerage community
- Increased internal sales capabilities
- Increased single family acquisitions

Opportunities in 2019:

- Strong capital position and asset capacity
- Management team with deep industry and Company experience
- Prudent near term strategy given our view of the current risks to the Canadian economy and housing markets





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