

INVESTOR PRESENTATION 2020 ANNUAL & FOURTH QUARTER

February 23, 2021

MCAN Mortgage Corporation



FORWARD-LOOKING INFORMATION

This presentation may contain forward-looking information within the meaning of applicable Canadian securities laws, including 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 changes, global market activity, interest rates, changes in government and economic policy, general economic conditions in geographic areas where MCAN operates and the impact of, and responses to, COVID-19. Often, but not always, forward-looking information can be identified by the use of words such as “may,” “believe,” “will,” “anticipate,” “expect,” “planned,” “estimate,” “project,” “future,” and variations of these or similar words or other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters.

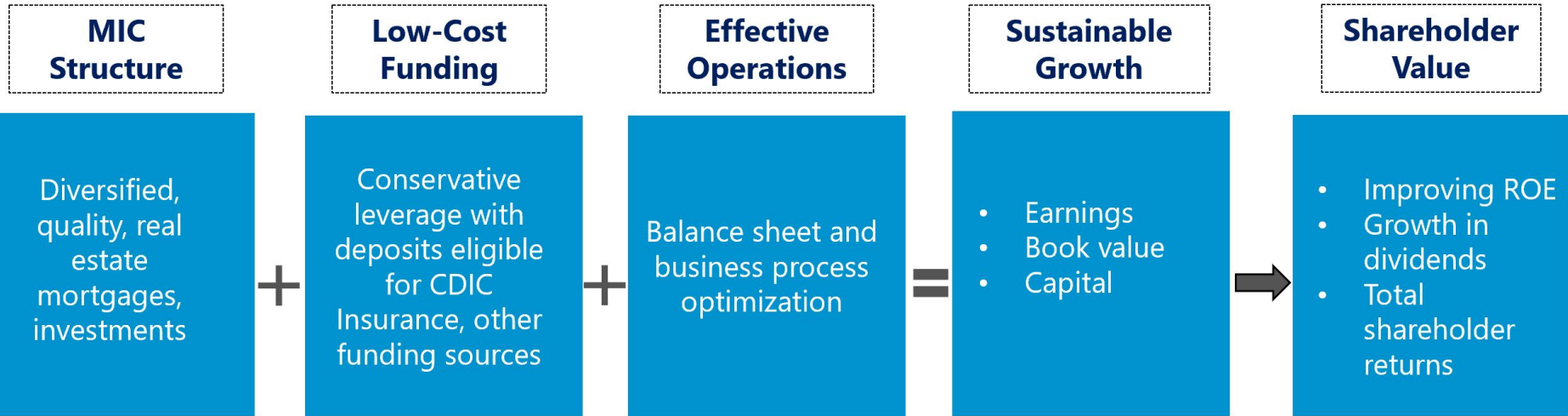
Reference is made to the risk factors disclosed in MCAN’s Management’s Discussion and Analysis of Operations for the year ended December 31, 2020 which can be found on SEDAR or at www.mcanmortgage.com. These and other factors should be considered carefully and undue reliance should not be placed on MCAN’s forward-looking statements. Subject to applicable securities law requirements, MCAN does not undertake to update any forward-looking statements.

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BUSINESS OVERVIEW

MCAN BUSINESS



Our focus since founding in 1991

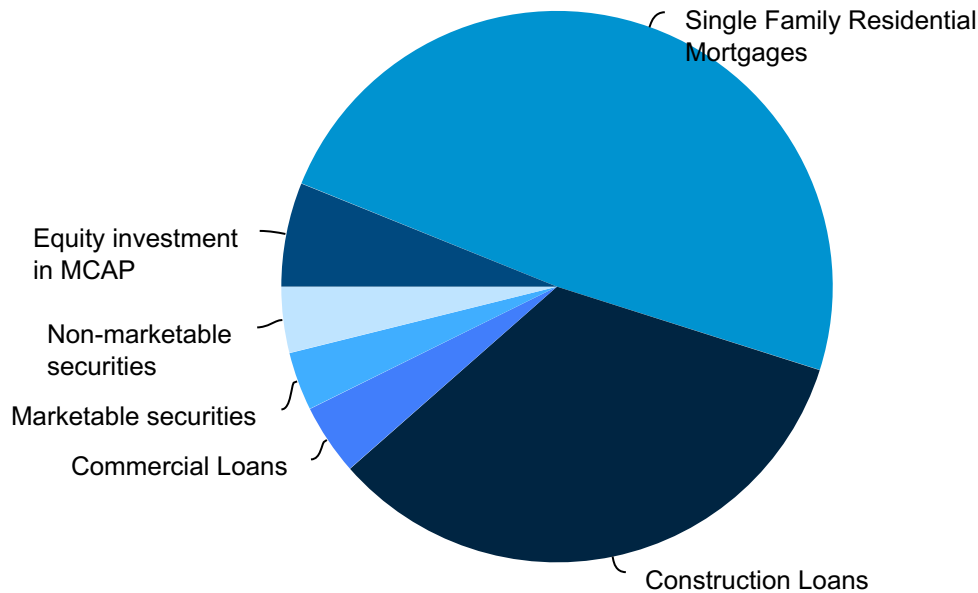
MCAN BUSINESS

COVID-19 Operating Impact

- Continue to seamlessly maintain operations with remote workforce
- Credit quality continues to remain strong
- Payment deferrals of up to six months were offered on existing mortgages for those eligible. No mortgages remaining in our payment deferral program at year-end. Measures implemented to support borrowers after their payment deferral periods ended.
- Strong operating platform, solid liquidity position
- Continued focus on prudent underwriting
- Focus on experienced construction borrowers in urban markets
- Continued monitoring of economy, operations and markets within which we operate

DIVERSIFIED QUALITY REAL ESTATE INVESTMENTS

MCAN's Real Estate Investments



\$1.56
Billion Total
Corporate
Assets

\$2.73
Billion
Total Assets

- 14.2 months average term to maturity of the corporate mortgage portfolio
- Data presented as at December 31, 2020

DEPOSIT FUNDING

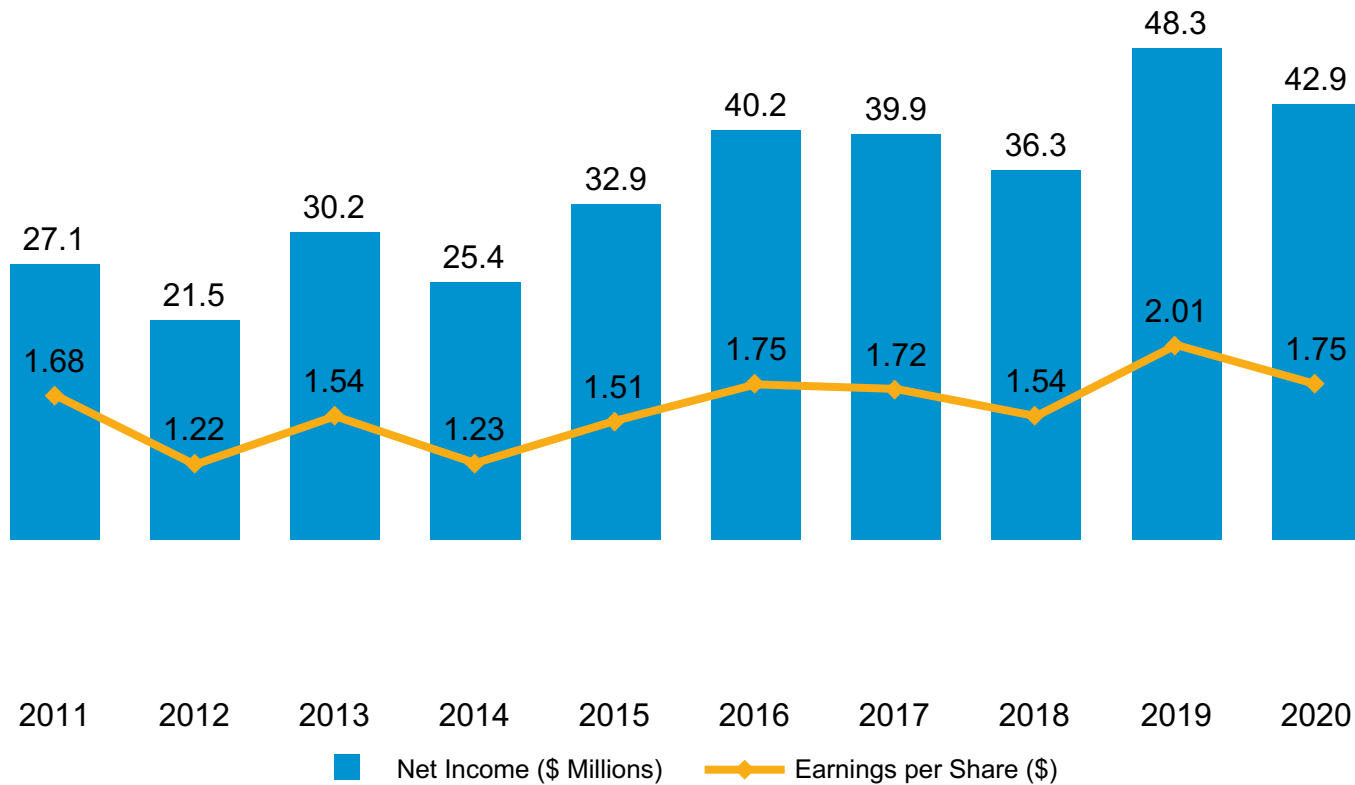
MCAN's Term Deposits:

- Since 1993
- Non-redeemable prior to maturity¹
- Eligible for CDIC insurance coverage
- \$1.23 billion at December 31, 2020
- 18.3 months average term to maturity



¹ Term deposits are non-redeemable prior to maturity except in the event of the death of a depositor or financial hardship

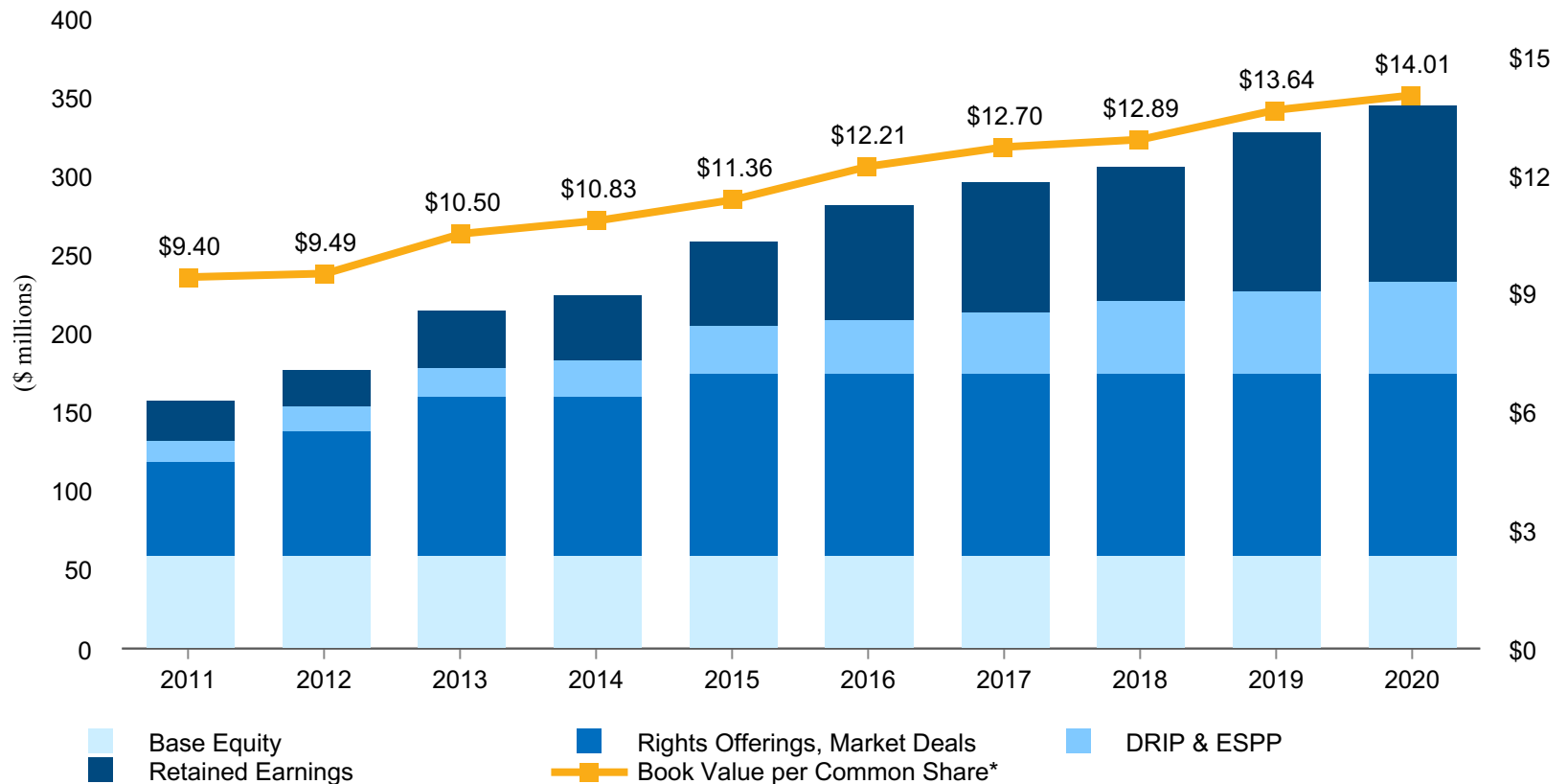
10 YEAR HISTORY OF NET INCOME AND EARNINGS PER SHARE



MCAN'S CAPITAL HISTORY

10 Year History - Capital Growth and Book Value per Share

Q4 2020
book value
\$14.01
per share*

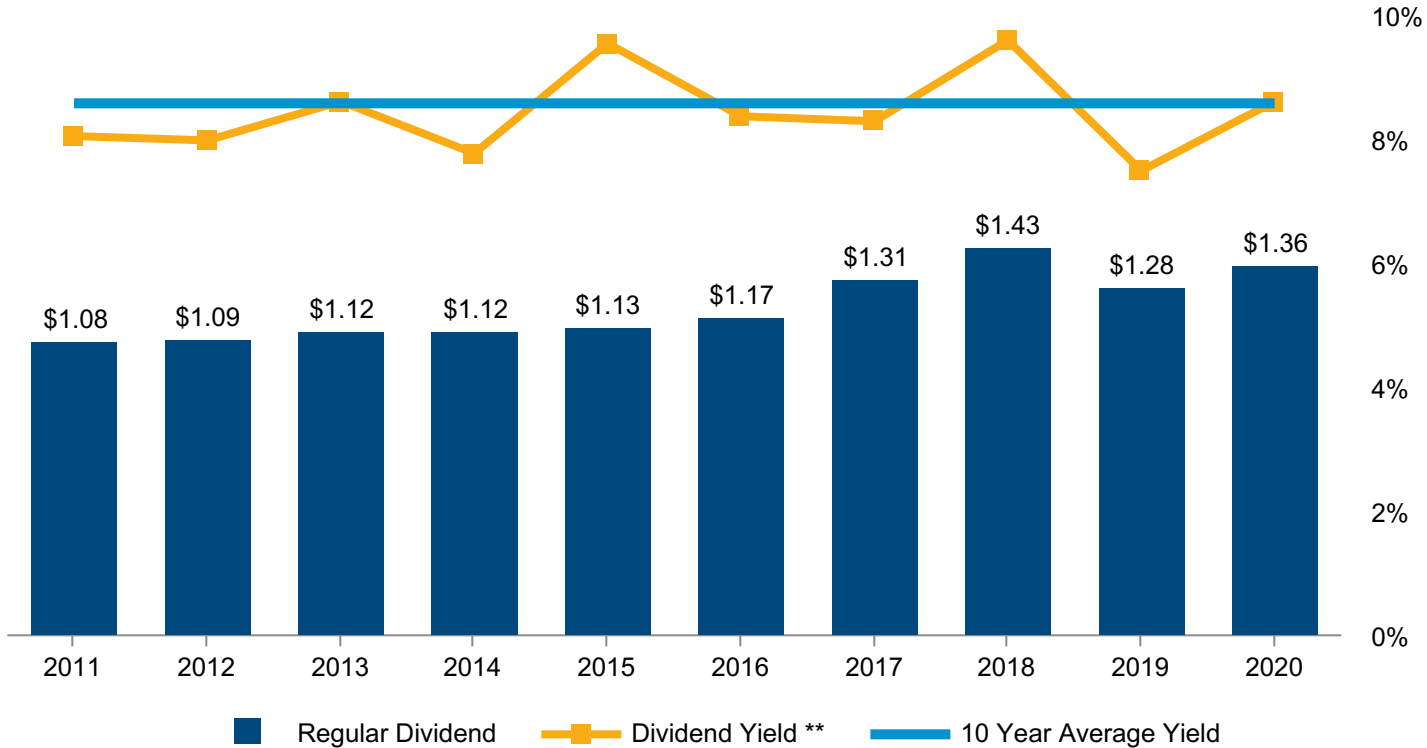


* Non IFRS measure as defined in MCAN's 2020 MD&A

Declared Q1 2021 cash dividend of \$0.34 per share and special stock dividend of \$0.85 per share

10 YEAR HISTORY DIVIDEND GROWTH & YIELD

8.59%
10 year average yield**



** MKP CN Equity - Dividend Indicated Yield – Gross; monthly data 2011 to 2020

INVESTMENT STRATEGY

INVESTMENT STRATEGY

MCAN is a strategic investor in the Canadian real estate market with a diversified portfolio of mortgages, real estate secured lending products and equity investments

- MIC focus is investments in residential mortgages and residential construction loans
- Focus on first time / first move-up home buyers characterized by:
 - lower price points and product
 - lower price volatility
 - steady product absorption based on demographics
- Residential mortgage borrowers include customers with credit challenges or who are self-employed
- Predominantly major urban and surrounding markets
- Portfolio yield enhanced through select commercial loans and real estate related investments, including our investment in MCAP Commercial LP

INVESTMENT STRATEGY

Diversification is a key component of MCAN's overall risk profile and strategy

- MCAN's portfolio is diversified by:
 - asset category
 - product type
 - origination source
 - geographic and market segments
 - borrowers
- Portfolio composition is actively monitored and adjusted for:
 - changes in MCAN's overall risk profile and risk appetite
 - shifts in targeted portfolio concentrations
 - emerging market risks and opportunities
 - changes in the competitive landscape
 - changing economic indicators

INVESTMENT STRATEGY

Residential Construction Approach

MCAN uses lending discipline to effectively mitigate and manage risks inherent in residential construction lending

- Invest in markets where deep experience and knowledge exists
- Leverage strategic relationships to provide added market and work-out expertise
- Prefer markets where an approved originator has "boots on the ground"
- Target experienced borrowers with a successful track record of project completion and loan repayment
- Presales and other prudent loan structuring
- Strategic use of select land development loans as a "feeder product"
- Life cycle of construction lending commences with site acquisition

INVESTMENT STRATEGY

Strategic Partner Model

- MCAN selects strategic partner relationships with a clear alignment of interests, market approach and risk perspective
- MCAN leverages its in house expertise in loan origination and underwriting
- Strategic partners provide servicing and work-out expertise

2020 ANNUAL & Q4 HIGHLIGHTS

2020 PERFORMANCE: HIGHLIGHTS

		2020	2019
Mortgage Interest - Corporate Assets	↑	\$64.1 million	\$56.4 million
Net Investment Income - Corporate	↓	\$60.3 million	\$64.9 million
Net Investment Income - Securitization	↔	\$4.0 million	\$4.0 million
Net Gain (Loss) on Marketable Securities	↓	\$(9.1) million	\$14.0 million
Provision for (Recovery of) Credit Losses	↓	\$2.1 million	\$(0.5) million
Net Income	↓	\$42.9 million	\$48.3 million
Basic and Diluted Earnings per Share	↓	\$1.75	\$2.01
Return on Average Shareholders' Equity*	↓	13.13%	15.11%
Spread of Corporate Mortgages over Term Deposit Interest and Expense*	↔	2.62%	2.62%

- Average corporate mortgage portfolio rate* decreased to 5.25% in 2020 from 5.41% in 2019, primarily due to re-balancing of the balance sheet, increased market competition and drop in rates on the primarily floating rate construction portfolio.
- Weighted average term deposit interest and expense* rates decreased to 2.63% in 2020 from 2.79% in 2019, mainly due to the drop in the Bank of Canada overnight rate.
- During 2020, we recorded a \$9.1 million net loss on Marketable Securities, relating almost entirely to unrealized fair value losses on our REIT portfolio due to COVID-19. Realized gains in 2020 amounted to \$296 thousand compared to realized gains of \$6.3 million in 2019.

* Non IFRS measure as defined in MCAN's 2020 MD&A

2020 PERFORMANCE: CAPITAL, LEVERAGE & DIVIDENDS

	2020	2019
CET 1 Ratio*,***	21.67%	22.52%
Total Capital Ratio*,***	22.02%	22.52%
Leverage Ratio*	10.17%	12.58%
Income Tax Assets to Capital Ratio*	5.09	4.93
Dividends per Share	\$1.36	\$1.28

- The Board declared a first quarter cash dividend of \$0.34 per share and a special stock dividend of \$0.85 per share both to be paid March 31, 2021 to shareholders of record as of March 15, 2021.
 - As a MIC, we are entitled to deduct the dividends that we pay to shareholders from our taxable income so that we pay no income taxes at the corporate level. The special stock dividend represents the true up of our regular dividends to taxable income for 2020, net of loss carryforwards used.

* Non IFRS measure as defined in MCAN's 2020 MD&A

*** Effective March 31, 2020, the total capital ratio includes Tier 2 capital comprising Stage 1 and Stage 2 allowances on our mortgage portfolio. Further, in accordance with OSFI's transitional arrangements for capital treatment of expected loss provision, a portion of Stage 1 and Stage 2 allowances that would otherwise be included in Tier 2 capital are included in CET 1 capital. The adjustment to CET 1 capital will be measured each quarter as the increase in Stage 1 and Stage 2 allowances relative to December 31, 2019. The increase is subject to a scaling factor that will decrease over time and is currently set at 70% in fiscal 2020, 50% in fiscal 2021 and 25% in fiscal 2022. Prior period ratios have not been restated.

2020 PERFORMANCE: QUARTERLY HIGHLIGHTS

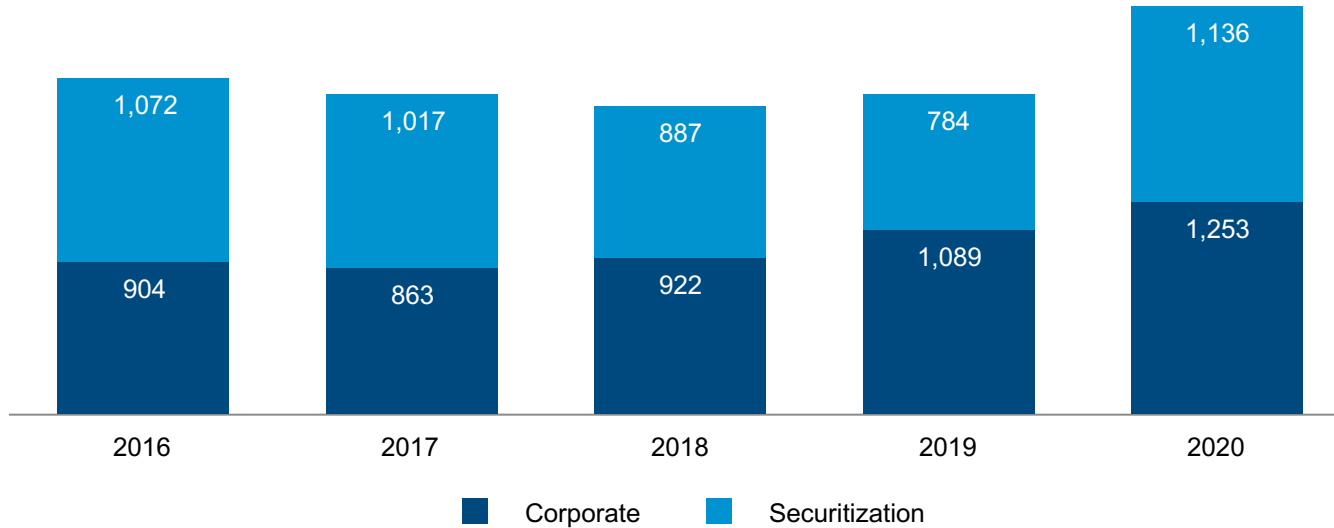
	QoQ	Q4 2020	Q3 2020	Q2 2020	Q1 2020
USF Balance	↑	\$532 million	\$491 million	\$444 million	\$437 million
USF Originations	↑	\$122 million	\$94 million	\$52 million	\$71 million
ISF Originations	↑	\$218 million	\$196 million	\$102 million	\$100 million
Corporate Assets	↔	\$1.56 billion	\$1.57 billion	\$1.40 billion	\$1.43 billion
Book Value per Common Share*	↑	\$14.01	\$13.46	\$12.88	\$12.90

* Non IFRS measure as defined in MCAN's 2020 MD&A

- USF portfolio increased \$41 million (8.4%) from Q3 2020
- USF originations increased \$29 million (31%) from Q3 2020
- ISF originations increased \$22 million (11%) from Q3 2020

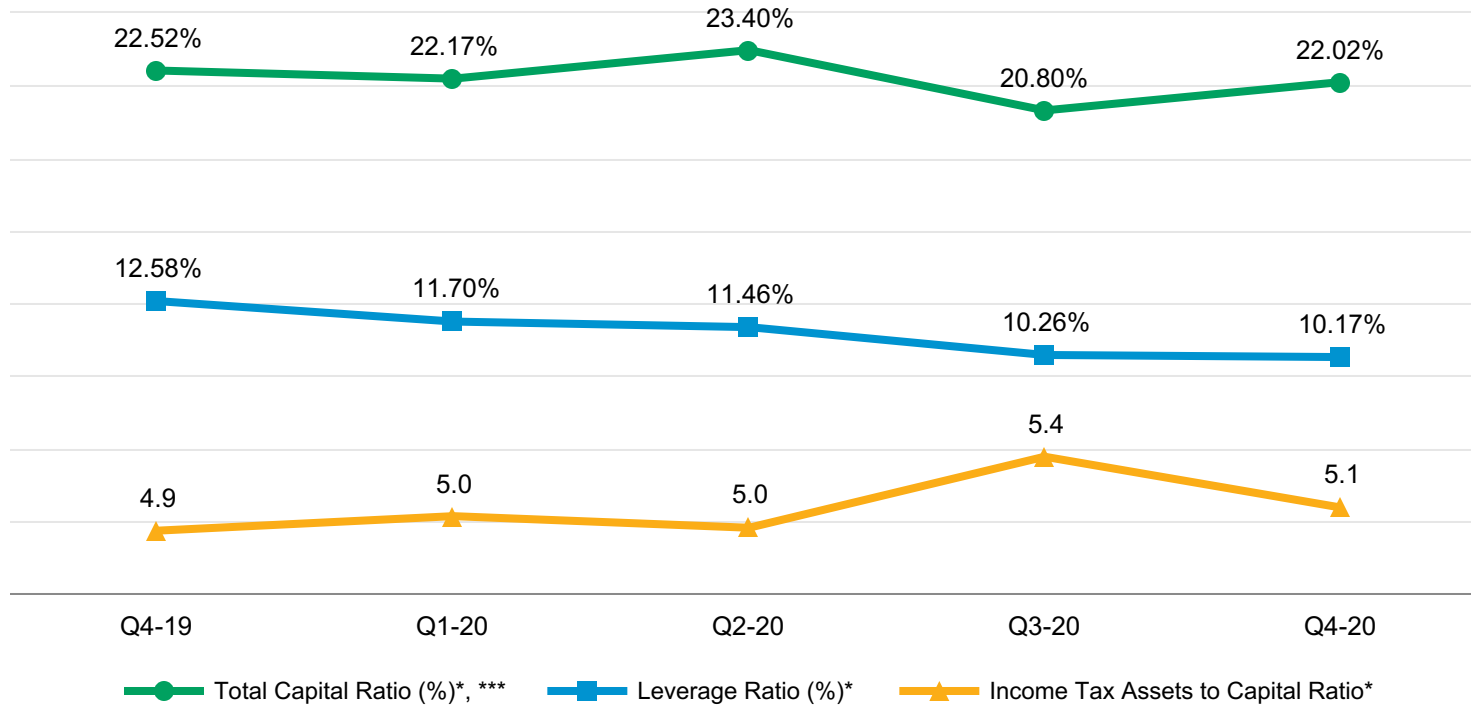
TOTAL MORTGAGE PORTFOLIO

Mortgages - Corporate and Securitization
(\$ millions)



(\$ millions)	2020	2019	Change	2018	Change
Single Family	\$ 706	\$ 538	31 %	\$ 375	88 %
Construction & Commercial	\$ 547	\$ 551	(1)%	\$ 548	— %
Total Corporate Mortgages	\$ 1,253	\$ 1,089	15 %	\$ 923	36 %
Securitization	\$ 1,136	\$ 784	45 %	\$ 887	28 %

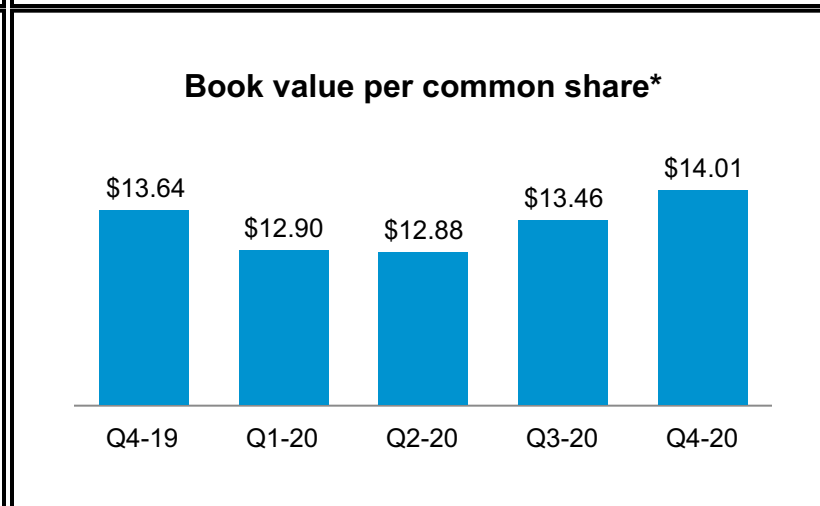
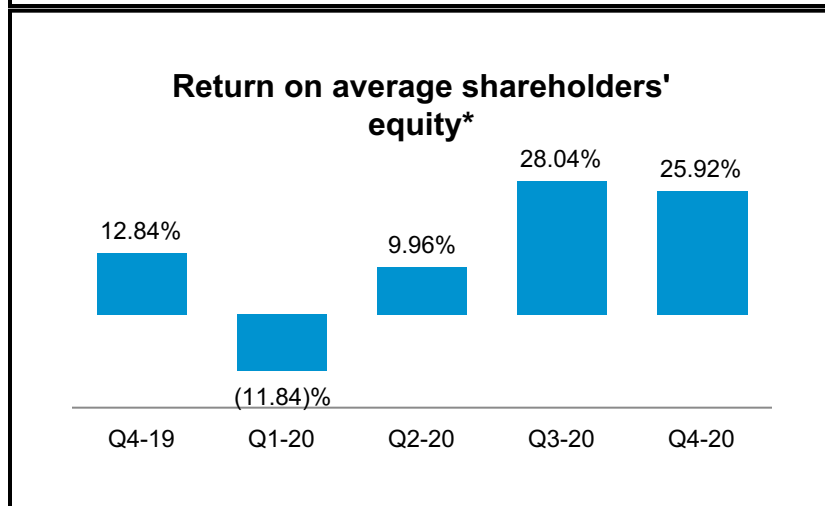
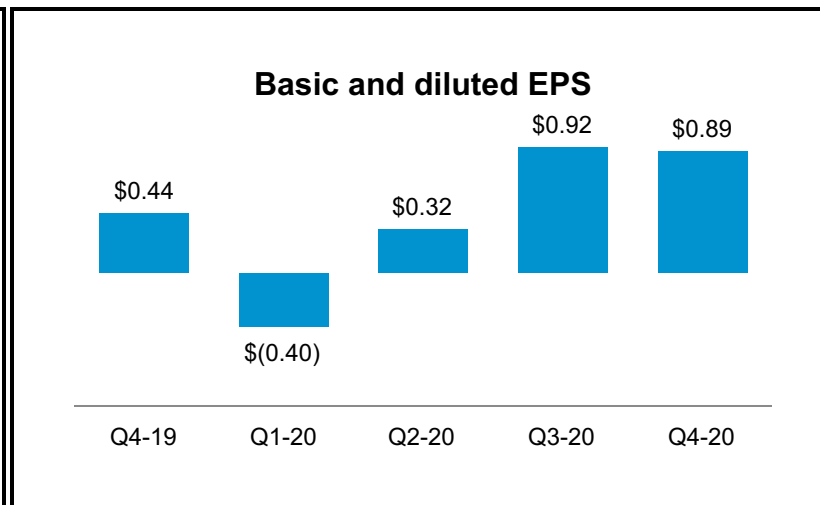
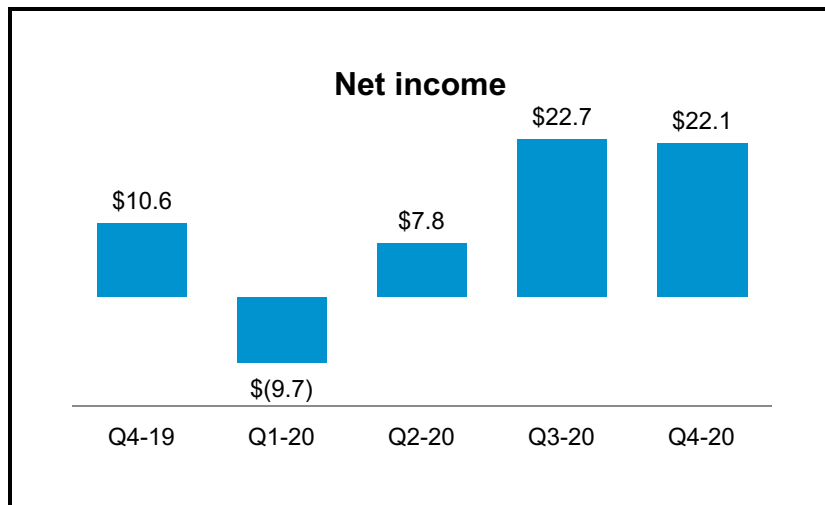
STRONG CAPITAL POSITION



* Non IFRS measure as defined in MCAN's 2020 MD&A

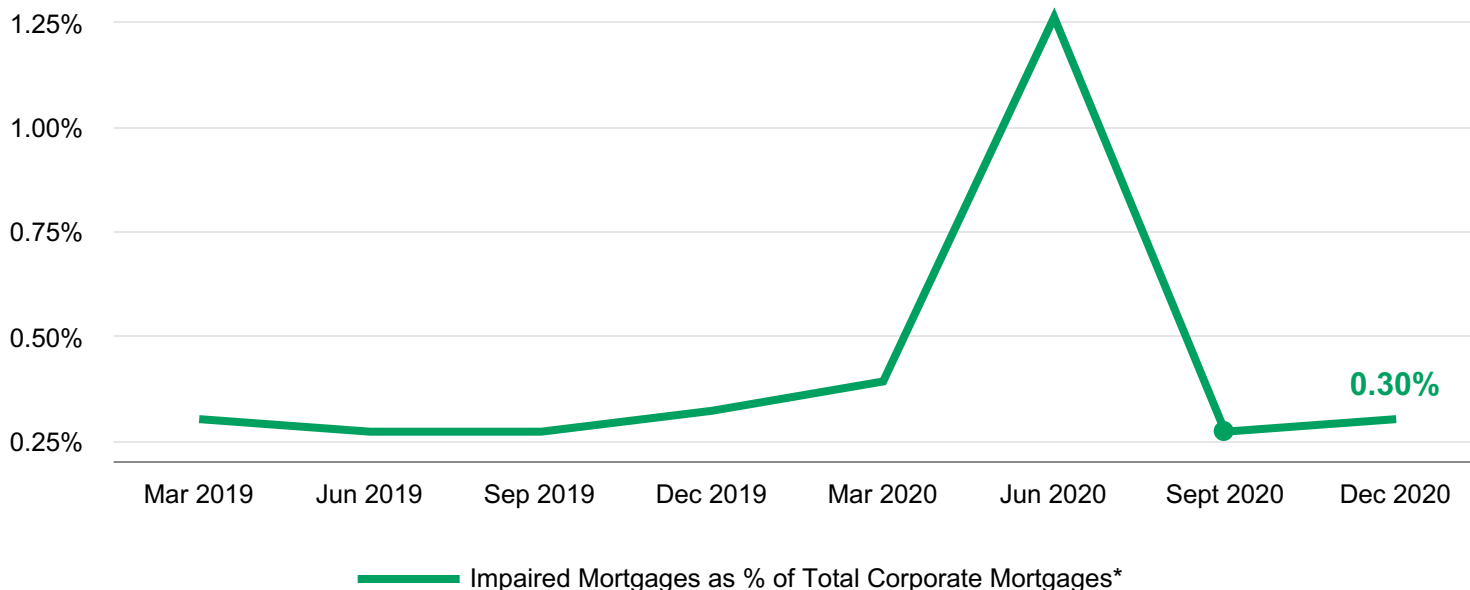
*** Effective March 31, 2020, the total capital ratio includes Tier 2 capital comprising Stage 1 and Stage 2 allowances on our mortgage portfolio. Prior period ratios have not been restated. For further information, refer to MCAN's 2020 MD&A

KEY METRICS: QUARTERLY TREND CHARTS



* Non IFRS measure as defined in MCAN's 2020 MD&A

PORTFOLIO CREDIT QUALITY



The impaired corporate mortgage ratio* was 0.30% at December 31, 2020 compared to 0.27% at September 30, 2020 and 0.32% at December 31, 2019. The increase in the impaired corporate mortgage ratio at June 30, 2020 mainly relates to one construction mortgage where an asset recovery program was initiated. In Q3 2020, we received full recovery of past due interest and principal. The impairment of this construction mortgage was not related to COVID-19.

* Non IFRS measure as defined in MCAN's 2020 MD&A

MCAN'S MISSION AND OBJECTIVES



MCAN'S MISSION



- Our mission at work every day is to provide sustainable growth and returns for all of our stakeholders:
 - through relationship-driven mortgage lending and investing;
 - anchored by delivering quality work through an expert, engaged and committed team; and
 - focused on servicing our customers, both internal and external, and our partners' needs.

LONG TERM OBJECTIVES

- Sustained annual growth of assets 10%
- Sustained ROE 13-15%
- Sustained and prudent dividend growth

ENVIRONMENTAL SOCIAL GOVERNANCE

Our values and culture are rooted in our people – customers, colleagues and communities - and we are committed to good environmental, social and governance practices. Our objective over time is to advance these initiatives throughout our business operations with a focus on:

ENVIRONMENTAL

- working with real estate development partners as part of our investment strategy, that are committed to responsible corporate citizenship
- working with originators to source lending opportunities supported by local governments or CMHC sponsored community-based lending
- reducing the environmental footprint in our office

SOCIAL

- cultivating an inclusive and diverse team, including having an Executive Officer Diversity Policy
 - Globe and Mail's Report on Business "Women Lead Here" awards honouree for 2020
 - proud of our diverse workforce where our diversity surveys indicate that > 70% of respondents identified as diverse ethnicities and > 50% as women
- being supportive by working with borrowers most affected by the COVID-19 pandemic by instituting deferral and other programs
- creating a supportive work environment and benefits for team members during the COVID-19 pandemic
 - our fully remote operations during COVID-19 will be supported post-COVID-19, allowing for a flex working structure
- enriching the development of our team including professional development, volunteer days and a robust benefits plan
 - introduced an Executive Leadership Development program
- supporting various charitable organizations

GOVERNANCE

- sustainable infrastructure that ensures that strong governance practices and protocols, including high ethical standards through our Code of Conduct, are embedded within MCAN
- strong governance and risk culture supported by an integrated risk management framework, including our Three-Lines-of-Defence model

Footnotes and References

- [*] Non IFRS measure as defined in MCAN's 2020 MD&A
- [**] MKP CN Equity - Dividend Indicated Yield – Gross; monthly data 2011 to 2020
- [***] Effective March 31, 2020, the total capital ratio includes Tier 2 capital comprising Stage 1 and Stage 2 allowances on our mortgage portfolio. Further, in accordance with OSFI's transitional arrangements for capital treatment of expected loss provision, a portion of Stage 1 and Stage 2 allowances that would otherwise be included in Tier 2 capital are included in CET 1 capital. The adjustment to CET 1 capital will be measured each quarter as the increase in Stage 1 and Stage 2 allowances relative to December 31, 2019. The increase is subject to a scaling factor that will decrease over time and is currently set at 70% in fiscal 2020, 50% in fiscal 2021 and 25% in fiscal 2022.
- CET 1 = Common Equity Tier 1
- Data source of charts and other financial information: MCAN's 2020 MD&A and historical quarterly and annual reports

Contact Information



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