MCAN FINANCIAL GROUP

ANNUAL INFORMATION FORM

FEBRUARY 24, 2025
FOR THE YEAR ENDED DECEMBER 31, 2024

MCANFINANCIAL.COM
TSX: MKP

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ABOUT THIS ANNUAL INFORMATION FORM

The information in this Annual Information Form ("AIF") is presented as at December 31, 2024, unless otherwise indicated, and except for information in documents incorporated by reference that have a different date. All references to dollar amounts and to "$" or "dollar" in this document are to Canadian dollars, unless indicated otherwise.

A CAUTION ABOUT FORWARD-LOOKING INFORMATION AND STATEMENTS

This AIF contains forward-looking information within the meaning of applicable Canadian securities laws. All information contained in this AIF, other than statements of current and historical fact, is forward-looking information. All of the forward-looking information in this AIF is qualified by this cautionary note. 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. Forward-looking information in this AIF includes, among others, statements and assumptions with respect to:

- the current business environment, economic environment and outlook;
- possible or assumed future results;
- our ability to create shareholder value;
- our business goals and strategy;
- the potential impact of new regulations and changes to existing regulations;
- the stability of home prices;
- the effect of challenging conditions on us;
- the performance of our investments;
- factors affecting our competitive position within the housing lending market;
- international trade, international economic uncertainties, failures of international financial institutions and geopolitical uncertainties and their impact on the Canadian economy;
- sufficiency of our access to liquidity and capital resources;
- the timing and effect of interest rate changes on our cash flows; and
- the declaration and payment of dividends.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information reflects management's current beliefs and is based on information currently available to management. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information, include, but are not limited to:

- our ability to successfully implement and realize on our business goals and strategy;
- government regulation of our business and the cost to us of such regulation;
- factors and assumptions regarding interest rates, including the effect of Bank of Canada actions already taken;
- the effect of supply chain issues;

- the effect of inflation;
- housing sales and residential mortgage borrowing activities;
- the effect of household debt service levels;
- the effect of competition;
- systems failure or cyber and security breaches;
- the availability of funding and capital to meet our requirements;
- investor appetite for securitization products;
- the value of mortgage originations;
- the expected spread between interest earned on mortgage portfolios and interest paid on deposits;
- the relative uncertainty and volatility of real estate markets;
- acceptance of our products in the marketplace;
- the stage of the real estate cycle and the maturity phase of the mortgage market;
- impact on housing demand from changing population demographics and immigration patterns;
- our ability to forecast future changes to borrower credit and credit scores, loan to value ratios and other forward-looking factors used in assessing expected credit losses and rates of default;
- availability of key personnel;
- our operating cost structure;
- the current tax regime; and
- operations within, and market conditions relating to, our equity and other investments.

External geopolitical conflicts and government and Bank of Canada economic policy have resulted in uncertainty relating to the Company’s internal expectations, estimates, projections, assumptions and beliefs, including with respect to the Canadian economy, employment conditions, interest rates, supply chain issues, international trade, inflation, levels of housing activity and household debt service levels. There can be no assurance that such expectations, estimates, projections, assumptions and beliefs will continue to be valid. The impacts that any further or escalating geopolitical conflicts will have on our business is uncertain and difficult to predict.

Reliance should not be placed on forward-looking information because it involves known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from anticipated future results expressed or implied by such forward-looking information. Factors that could cause actual results to differ materially from those set forth in the forward-looking information include, but are not limited to, the risk that any of the above opinions, estimates or assumptions are inaccurate and the other risks and uncertainties referred to in this AIF.

Subject to applicable securities law requirements, we undertake no obligation to publicly update or revise any forward-looking information after the date of this AIF whether as a result of new information, future events or otherwise or to explain any material difference between subsequent actual events and any forward-looking information. However, any further disclosures made on related subjects in subsequent reports should be consulted.

CORPORATE STRUCTURE

Name, Address and Incorporation

MCAN Mortgage Corporation doing business as ("d/b/a") MCAN Financial Group (the “Company”, “MCAN”, “our”, “us” or “we”) was incorporated under the *Trust and Loan Companies Act* (Canada) (the “Trust Act”), by Letters Patent dated January 11, 1991. We received our certificate to commence business from the Office of the Superintendent of Financial Institutions Canada (“OSFI”) on November 7, 1991.

As a Loan Company under the Trust Act, the Company is subject to the guidelines and regulations set by OSFI.

MCAN's wholly-owned subsidiary, MCAN Home Mortgage Corporation ("MCAN Home"), is an originator of residential mortgage products across Canada. MCAN Home was incorporated in the Province of Ontario.

MCAN is also a Canada Mortgage and Housing Corporation ("CMHC") approved National Housing Act ("NHA") mortgage-backed securities ("MBS") issuer.

The head and registered office of the Company is located at 200 King Street West, Suite 700, Toronto, Ontario, M5H 3T4.

We conduct our operations so as to continuously qualify as a Mortgage Investment Corporation ("MIC") for purposes of the *Income Tax Act* (Canada) (the "Tax Act").

We maintain registrations to accept term deposits from residents of all the Provinces of Canada that qualify for Canada Deposit Insurance Corporation ("CDIC") deposit insurance.

INTERCORPORATE RELATIONSHIPS

The Company consolidates the accounts of its wholly owned subsidiaries, after the elimination of intercompany transactions and balances, and accounts for its investment in MCAP Commercial LP ("MCAP"), an associate, using the equity method. An associate is an entity over which the Company has significant influence as defined by International Accounting Standard ("IAS") 28, *Investments in Associates and Joint Ventures*.

MCAN Home Mortgage Corporation

MCAN Home provides MCAN with an in-house residential mortgage origination source, underwriting capability, opportunities for future earnings due to mortgage renewal rights and CMHC-approved lender status.

Equity Investment in MCAP Commercial LP

MCAP is Canada's largest independent mortgage finance company with assets under management of $155 billion, serving many institutional investors and over 400,000 homeowners. MCAP is a strategic investment for MCAN and allows us to participate in the growth of MCAP that typically provides quarterly distributions on our investment.

As at December 31, 2024, the Company held a 13.88% equity interest in MCAP (December 31, 2023 - 13.73%), representing 4.0 million units held by MCAN (December 31, 2023 - 4.0 million units) of the total of 28.8 million outstanding MCAP partnership units (December 31, 2023 - 29.1 million units).

MCAP is provincially registered under the *Limited Partnerships Act* (Ontario). Our investment in MCAP had a net book value of $122.3 million as at December 31, 2024 (December 31, 2023 - $111.4 million).

We use the equity method of accounting for our investment in MCAP as we have significant influence over MCAP per IAS 28 as a result of our entitlement to a position on MCAP's board of directors.

Pursuant to the MCAP partnership agreement, the majority partner in MCAP has the right to acquire MCAN's entire partnership interest in MCAP at "fair market value", which would be determined by an independent valuator agreed upon by both parties.

THREE YEAR HISTORY

Business Activity

Assets totalled $4.08 billion as at December 31, 2022, an increase of 7% from December 31, 2021. Corporate assets totalled $2.28 billion, compared to $2.16 billion in 2021, an increase of 6%. Growth in both total assets and corporate assets was slightly muted as a result of management's focus on protecting the bottom line and our net interest margins, over asset growth, during the economic uncertainty of 2022. Our corporate mortgage portfolio totalled $1.94 billion, an increase of 7% from December 31, 2021. Securitization volumes totalled $426 million in 2022, a decrease of 41% from $724 million in 2021. All securitization volumes in 2022 consisted of insured residential mortgages. The decrease in securitization volumes is due to lower insured residential mortgage originations and a higher amount of sales of our insured residential mortgage commitments given the very tight and even negative securitization spreads seen during 2022. Notwithstanding the decrease in securitizations during the year, there was a net increase in our securitized mortgage portfolio of 11% from 2021 from continued originations of single-family mortgages and securitizations during the year, more than offsetting securitized mortgage maturities.

Assets totalled $4.74 billion as at December 31, 2023, an increase of 16% from December 31, 2022. Corporate assets totalled $2.76 billion, compared to $2.28 billion in 2022, an increase of 21%. Growth in both total assets and corporate assets was mainly due to growth in our corporate mortgage portfolio. Our corporate mortgage portfolio totalled $2.41 billion, an increase of 25% from December 31, 2022. Securitization volumes in 2023 were comprised of $359 million of insured residential mortgages and $150 million of off-balance sheet insured multi family mortgages, an increase of 20% overall, compared to $426 million insured residential mortgages and no multi family mortgages in 2022. The decrease in insured residential securitization volumes is due to lower insured residential origination volumes as a result of the higher interest rate environment, particularly for first time home buyers, who would be a significant portion of the borrowers of insured residential mortgages. Notwithstanding the decrease in securitizations during the year, there was a net increase in our securitized mortgage portfolio of 10% from 2022 from securitizations during the year, more than offsetting securitized mortgage maturities.

Assets totalled $5.35 billion as at December 31, 2024, a net increase of 13% from December 31, 2023. Growth in total assets was mainly due to growth in our securitized mortgage portfolio. Securitization volumes in 2024 were comprised of $803 million of insured residential mortgages and $94 million of off-balance sheet insured multi family mortgages, an increase of 76% overall, compared to $359 million insured residential mortgages and $150 million multi family mortgages in 2023. The increase in insured residential securitization volumes is due to the economic uncertainty and higher interest rate environment affecting the prior year's origination volumes. There was a net increase in our securitized mortgage portfolio of 25% from 2023 from securitizations during the year, more than offsetting securitized mortgage maturities. We participate opportunistically with securitizing multi family mortgages.

Corporate assets totalled $2.86 billion as at December 31, 2024, compared to $2.76 billion in 2023, a net increase of 4%. Our corporate mortgage portfolio totalled $2.46 billion as at December 31, 2024, an increase of 2% from December 31, 2023.

Financing Activity

The Company filed a prospectus supplement on October 6, 2021 to establish its at-the-market equity program (the "ATM Program") to allow the Company to issue up to $30 million of Common Shares from treasury to the public from time to time. The Company renewed its ATM Program on August 21, 2023 to continue to allow the Company to issue up to $30 million (the "Maximum Amount") of Common Shares from treasury to the public from time to time. The ATM Program renewal was established pursuant to a prospectus supplement dated August 21, 2023 to the Company's short form base shelf prospectus (the "Base Shelf Prospectus") dated August 14, 2023 (collectively, the "ATM Prospectus"). Sales of Common Shares through the initial ATM Program were made pursuant to and subject to the terms of an equity distribution agreement dated October 6, 2021 between the Company and Canaccord Genuity Corp. (the "Initial Distribution Agreement") and are currently made pursuant and subject to the terms of an equity distribution agreement dated August 21, 2023 between the Company and Canaccord Genuity Corp. (the "Distribution Agreement"). The volume and timing of distributions under the ATM Program are determined at MCAN's sole discretion and all sales are made through "at-the-market distributions" as defined in National Instrument 44-102 - *Shelf Distributions*. Common Shares are distributed under the ATM Program at the market prices prevailing at the time of sale, and therefore prices may vary between purchasers and over time.

The Company began issuing shares under the ATM Program in 2022. During 2022, the Company successfully sold 236,600 Common Shares at a weighted average price of $17.88 for gross proceeds of $4.23 million. During 2023, the Company successfully sold 153,400 Common Shares at a weighted average price of $16.12 for gross proceeds of $2.47 million. During 2024, we successfully sold 404,100 Common Shares at a weighted average price of $18.29 for gross proceeds of $7.39 million.

The ATM Program will end on the earlier of (i) September 15, 2025, and (ii) the date of distribution of the Maximum Amount, unless terminated prior to such date in accordance with the terms of the Distribution Agreement. The ATM Program is described in further detail in the Company's ATM Prospectus, which is available under our profile on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

On December 23, 2022, the Company announced the successful completion of a rights offering (the "December 2022 Rights Offering") to eligible holders of Common Shares which expired on December 20, 2022. The December 2022 Rights Offering was oversubscribed by 1.75 times. Upon closing of the December 2022 Rights Offering, MCAN issued 2,450,407 Common Shares at a price of $14.00 per Common Share for aggregate gross proceeds of $34.3 million. 1,826,553 Common Shares were issued under the basic subscription privilege and 623,854 Common Shares were issued under the additional subscription privilege.

On August 14, 2023, the Company filed and obtained a receipt for its Base Shelf Prospectus, renewing its existing base shelf prospectus. The Base Shelf Prospectus is valid for a 25-month period, during which time the Company is permitted to issue Common Shares, preferred shares, debt securities, subscription receipts, warrants and units in amounts, at prices and on terms based on market conditions at the time of sale and set forth in an accompanying prospectus supplement. The Company established the ATM Program under the Base Shelf Prospectus. The Company also conducted the March 2024 Offering (as defined below) under the Base Shelf Prospectus. A copy of the Base Shelf Prospectus is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

On March 28, 2024, the Company completed an overnight marketed offering of Common Shares (the "March 2024 Offering") to a syndicate of underwriters co-led by Canaccord Genuity Corp. and BMO Nesbitt Burns Inc. (collectively, the "Underwriters"). The Company issued 1,868,750 Common Shares at a price of $15.40 per Common Share for total gross proceeds to the Company of $28.8 million, which included the gross proceeds from the full exercise of the over-allotment option granted to the underwriters to purchase an additional 243,750 Common Shares. The Common Shares were offered in all provinces and territories of Canada pursuant to the Company's Base Shelf Prospectus and a prospectus supplement dated March 21, 2024 (the "Prospectus Supplement"). A copy of the Base Shelf Prospectus and Prospectus Supplement (collectively the "March 2024 Prospectus") are available under the Company's profile on SEDAR+ at www.sedarplus.ca. The net proceeds from the March 2024 Offering were used in the Company's residential mortgage lending and residential construction lending business.

The Company has a secured demand revolver facility from a Canadian Schedule I Chartered bank bearing interest at prime plus 0.25% (December 31, 2023 - prime plus 0.25%), with a facility limit of $220 million (December 31, 2023 - $220 million). The facility is due and payable upon demand.

The Company has an agreement with a Canadian Schedule I Chartered bank that enables the Company to execute repurchase agreements for liquidity purposes. This facility allows the Company to encumber certain eligible securities for financing purposes. As part of the agreement, the Company may sell assets to the counterparty at a specified price with an agreement to repurchase at a specified future date. The interest rate on the borrowings is driven by market spot rates at the time of borrowing.

The Company has a demand loan credit agreement with a Canadian Schedule I Chartered bank for a $100 million senior secured mortgage warehouse facility (December 31, 2023 - $100 million) at either prime plus 0.05% or bankers' acceptance rate plus 1.05%. The facility is used to fund insured residential mortgages prior to securitization activities.

Other Activity

On April 1, 2022, in conjunction with the Company's rebrand to MCAN Financial Group, the legal name of its wholly-owned subsidiary, XMC Mortgage Corporation, was changed to MCAN Home Mortgage Corporation.

On June 1, 2023, Karen Weaver retired as President, Chief Executive Officer and as a director of the Company as part of a planned leadership change. Derek Sutherland, Chair of the board of directors of the Company (the "Board") assumed the Interim Chief Executive Officer role until December 1, 2023. On December 1, 2023, Don Coulter assumed the role of President and Chief Executive Officer of the Company and became a director of the Company. On November 19, 2024, the Company announced the departure of Don Coulter as President, Chief Executive Officer and director of MCAN. Following Mr. Coulter's departure, Mr. Sutherland assumed the Interim Chief Executive Officer role, and will remain in such role until a permanent successor is appointed.

On April 24, 2024, the Company announced the departure of Floriana Cipollone as Senior Vice President and Chief Financial Officer. Vice President and Controller Peter Ryan was appointed Interim Chief Financial Officer. On October 1, 2024, Santokh Birk assumed the role of Senior Vice President and Chief Financial Officer.

DESCRIPTION OF THE BUSINESS

MCAN is a public company listed on the Toronto Stock Exchange ("TSX") under the symbol MKP. MCAN is a Loan Company under the Trust Act and also qualifies as a MIC under the Tax Act.

MCAN is the largest MIC in Canada and the only federally regulated MIC. MCAN provides sustainable growth and returns for our shareholders by leveraging our real estate expertise and providing our shareholders with unique access to investments in the Canadian real estate market and the returns that they generate. Our business includes real estate lending and investing, including residential mortgage lending, residential construction lending, non-residential construction and commercial lending, investing in a portfolio of REITs, and investing in and being invested in strategic private investments like (i) MCAP (privately-owned and Canada's largest independent mortgage finance company) in which we own an almost 14% interest; and (ii) non-marketable debt funds and equity-based real estate development funds. We provide a breadth of expertise in all facets of the real estate cycle that our shareholders benefit from. Our unique tax structure as a flow-through MIC allows us to not be taxed at the corporate level by distributing all of our taxable earnings annually to shareholders. It also means that 67% of our non-consolidated tax assets are to be held in residential mortgages and cash.

MCAN's lines of business include three divisions - MCAN Home, MCAN Capital and MCAN Wealth.

MCAN Home is our residential mortgage lender that partners exclusively with accredited mortgage professionals to offer both insured and uninsured mortgage solutions across Canada, primarily in Ontario, British Columbia and Alberta. MCAN Home operates through MCAN's wholly-owned subsidiary, MCAN Home Mortgage Corporation.

MCAN Capital focuses on unique financing and investment opportunities in construction and commercial loans, REITs, and private investment funds focused on lending to and developing Canadian communities. We also have an almost 14% equity interest in MCAP, Canada's largest privately-owned mortgage financing company.

MCAN Wealth offers investors CDIC insured investment solutions at competitive rates, differing term options, and with no fees.

MCAN's business model provides focused investing in products and markets where we have extensive expertise and that are not generally accessible to our shareholders, to generate attractive financial returns. We use our expertise to source our term deposits through a network of independent financial agents, as well as through a direct-to-consumer channel.

MCAN's primary sources of income are as follows:

For the years ended	**December 31, 2024**		**December 31, 2023**	
(amounts in thousands, except %)	**Amount**	**% of total**	**Amount**	**% of total**
Corporate assets:				
Mortgage interest	$ 191,706	64%	$ 165,997	68%
Equity income from MCAP Commercial LP	28,803	10%	22,010	9%
Non-marketable securities	7,723	3%	8,772	4%
Marketable securities	3,057	1%	3,625	1%
Net loss on securities	(6,343)	(2%)	(3,622)	(1%)
Fee and other income	8,133	3%	7,526	3%
	233,079	78%	204,308	83%
Securitization assets:				
Mortgage interest	63,163	21%	39,335	16%
Other securitization income	2,017	1%	2,234	1%
	65,180	22%	41,569	17%
Total Revenue	**$ 298,259**	**100%**	**$ 245,877**	**100%**

We separate our assets into corporate and securitization portfolios for reporting purposes. Corporate assets represent our core business and strategic investments. Securitization assets consist of mortgages securitized through the market MBS and Canada Housing Trust Canada Mortgage Bonds programs.

Term Deposits

MCAN is a federally regulated deposit taking institution. We issue term deposits that are eligible for CDIC deposit insurance. We source term deposits through (i) a broker distribution network across Canada consisting of third party deposit agents and financial advisors; and (ii) a digital direct-to-consumer GIC platform. We believe that our term deposits provide a reliable low-cost funding source that can be strategically matched against our corporate mortgage portfolio.

Derivatives and Hedging

MCAN utilizes hedging strategies to minimize interest rate risk to our lending portfolio, including cash flow hedging and fair value hedging.

We may enter into Government of Canada bond forward contracts to hedge interest rate risk arising from the impact of (i) movements in interest rates between the time insured residential mortgages are funded and the time that these mortgages are securitized; and (ii) movements in interest rates between the time term deposit funding is forecasted to be required and the time that the actual funding occurs.

We may enter into interest rate swaps to hedge interest rate risk arising from fair value changes in our fixed-rate term deposits due to movements in interest rates. Hedges are structured such that the fair value movements of the hedge instruments offset, within a reasonable range, the changes in fair value of the pool of term deposits due to interest rate fluctuations. The terms of our fair value hedges are generally less than 2 years but may go up to 5 years. The derivative instruments are settled at the time of maturity of the pool of term deposits.

Competitive Conditions

MCAN’s products compete with products offered by chartered banks, loan companies, trust companies, credit unions and other financial institutions and intermediaries in Canada. Some of these competitors hold a larger percentage of the Canadian mortgage market, have greater financial, technical and marketing resources and have greater brand recognition than MCAN. MCAN experiences competition in all aspects of its business, including price competition. If MCAN is unable to effectively compete in the market, there may be an adverse effect on MCAN's financial condition, results of operations and cash flows.

Seasonality

Mortgage origination levels in residential, construction and commercial lending are correlated with patterns in the Canadian real estate markets.

Supervision and Regulation

The activities of the Company are governed by the Trust Act and are supervised by OSFI. OSFI examines the affairs and business of each federally regulated financial institution to ensure compliance with regulations and to ensure each deposit taking institution is in sound financial condition. OSFI is responsible to the Minister of Finance for the administration of the Trust Act. OSFI's report of the examination of each federally regulated financial institution is submitted to the Minister of Finance.

The Company is also subject to regulation by CDIC, which insures certain deposits held at member institutions, and by the Financial Consumer Agency of Canada ("FCAC"). The FCAC is responsible for enforcing consumer related provisions of the federal statutes that govern financial institutions, including the Trust Act and its regulations. The Company is also subject to oversight by the Financial Transaction and Reports Analysis Centre of Canada, who, as Canada's financial intelligence unit, administers the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations. These regulations apply to all federally regulated financial institutions in Canada and set out the expectations and obligations related to detecting and deterring money laundering and the financing of terrorist activities.

Additionally, the activities of the Company are regulated under provincial laws in those provinces where it and its subsidiaries operate.

People

As at December 31, 2024, MCAN had 160 team members. Team members include full-time, part-time, contract and students, as applicable.

Our Environment, Social and Governance ("ESG") Program

People First. Purpose Driven. Performance Focused.

E	• Supporting sustainable residential communities by providing residential mortgages using **responsible underwriting and risk management** practices that are **environmentally compliant** • Providing capital and loans to real estate developers and investment funds who are **committed to community** and **environmentally responsible development**, primarily for **residential density development in urban communities close to mass transit** • Operational efficiency to **reduce our carbon footprint**
S	• **Lending to, and investing in**, the development of **more affordable housing** • **Investing in the communities** where our shareholders, customers, business partners and team members call home • Creating a **positive experience by tailoring products and offerings** for our stakeholders and customers to achieve their objectives
G	• Ensuring **strong governance and risk management practices** aligned with our role as a publicly traded regulated financial institution focused on all our stakeholders and their communities.

At the core of our ESG program is our management team and the Board, who navigate the risks and opportunities in our business within our established sustainability framework. Our management team, along with our Board, have built a strong risk and governance framework by which we do business. We believe these practices are essential for the Company's success. Information about our risk governance structure is included in the "Risk Governance and Management" section of this AIF.

We remain committed to supporting sustainable residential development projects, investing in our team culture and professional growth, and supporting local charities. The capital we provide for construction lending opportunities primarily focuses on affordable residential development projects in urban markets that are committed to net zero emissions frameworks by 2050, including Toronto, Vancouver and Calgary. We also work with partners who are committed to responsible corporate citizenship. Many of these partners consider ESG at every phase of the real estate lifecycle and recognize that this creates the greatest value for stakeholders. We continue to invest in learning and development opportunities for our team members and support various local charitable organizations. We also support our team members by providing a work environment that allows for a flexible working structure, and enhancing our wellness, benefit and compensation plans.

Our MCAN DRIVE values support lending a hand…

- To Canadians dreaming of home ownership and wealth creation through investment in Canadian real estate;
- To communities through support and investment in projects that connect, empower and revitalize;
- To developers committed to social responsibility and building a low carbon world by reducing waste, emissions, and energy consumption;
- To shareholders by providing transparency on ESG risks and opportunities, and actively managing and improving on reporting on ESG performance to ensure alignment with their vision; and
- To team members through the cultivation of a diverse, inclusive, and collaborative culture.

We are proud of our ESG journey to date. As we continue to evolve our ESG efforts, we plan to incorporate more education, measurements and further continued investments in environmental programs and our social impact. Some of our key achievements in 2024 are highlighted below:

E	• **>90%**: percentage of total capital committed in our construction and commercial businesses that is focused on density development • **>$55 million**: amount committed for investments in equity funds focused on environmental sustainability and adapting to climate change • Low environmental footprint of our operations, including a hybrid working model and mostly digital and paperless processes, allowing us to naturally have low Scope 1 and 2 emissions • **8,960**: number of trees planted under our partner program whereby we plant 4 trees for every deal funded under the program. Our tree plantings were done in British Columbia and Ontario regions impacted by fire and deforestation.

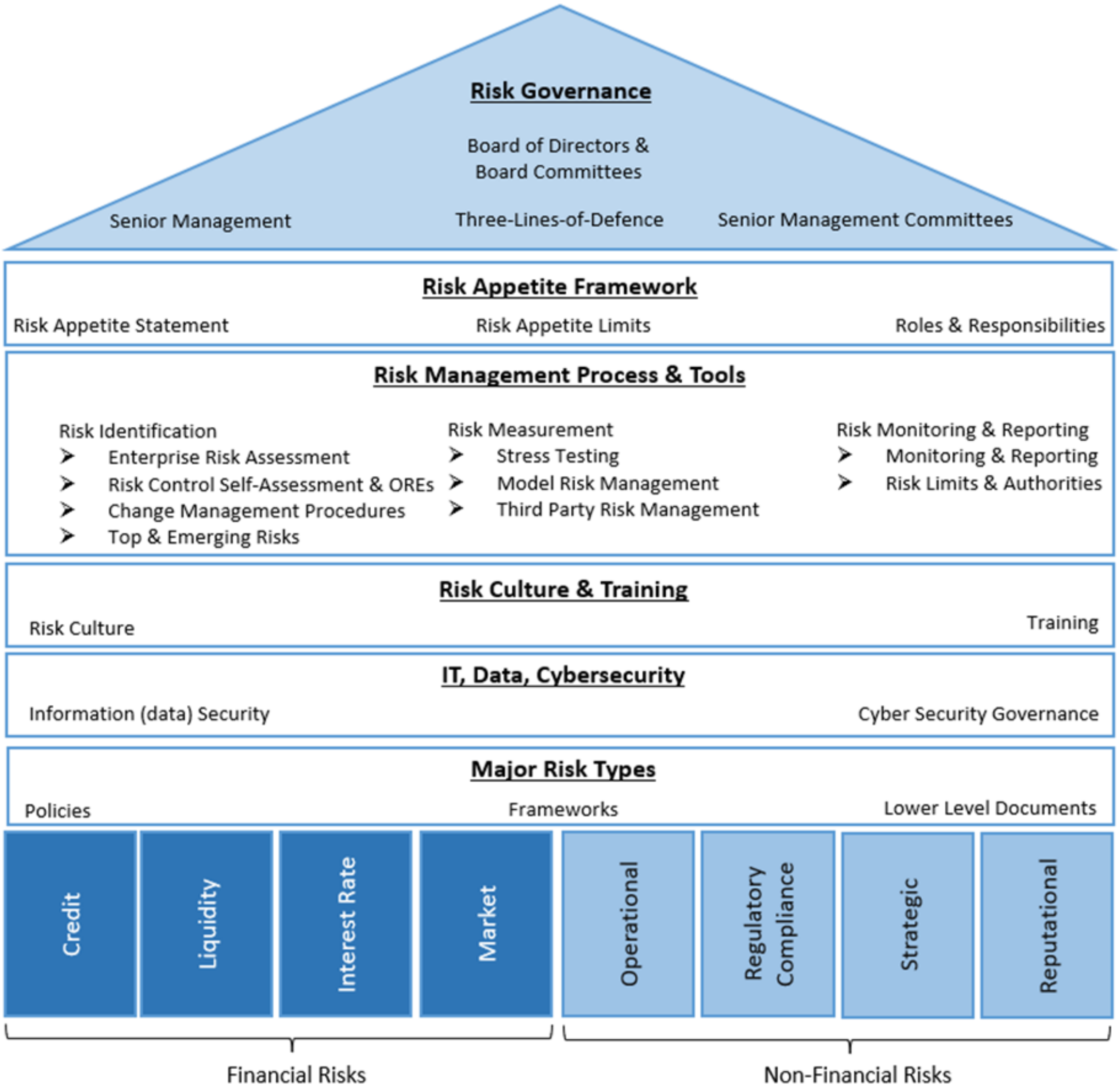
S	• **Top Mortgage Employer** for 2024 by Canadian Mortgage Professional
	• **Canada's Top Small and Medium Employers** for 2024 by Mediacorp Canada Inc.
	• **Canada's Most Admired™ Corporate Cultures** for 2024 – Mid-Market by Waterstone Human Capital
	• **Canadian Mortgage Award Excellence Awardee** for 2024
	    ◦ Business Development Manager of the Year
	    ◦ Underwriter of the Year
	• Recognized in 2024 **Great Places to Work™**:
	    ◦ Best Workplaces™ in Canada – 100-999 Employees
	• Recognized as one of Canada's **Innovative HR Teams** for 2024 by the Canadian HR Reporter
	• **>$25 million:** amount funded in our residential construction portfolio in affordable housing projects
	• **$77,500**: amount of free mortgage payments awarded to our customers as part of our partner program
	• **$67,000:** amount of cash donations made during the year
	    ◦ **$60,000** donated on behalf of our team members to our local communities
	    ◦ **$7,000** donated on behalf of our brokers and as part of our ICON Partner Program
	• **>60%**: percentage of team members who self-identify as a visible minority
	• **Team member volunteer days**, including participation in a Habitat for Humanity Build Day, Terry Fox run and three kit packing events to provide needs to charitable organizations within the communities we serve

G	• **100%**: percentage of independent Board members serving on the Audit Committee, Conduct Review, Corporate Governance and Human Resources Committee and Enterprise Risk Management and Compliance Committee • **67%**: percentage of independent Board members serving on the Information Technology Governance Committee • **100%**: percentage of active team members who have attested to the Code of Conduct • **100%**: percentage of director attendance at Board meetings • **7 out of 8**: number of Board members who are independent

RISK GOVERNANCE AND MANAGEMENT

Effective risk management and an established risk management framework support a strong risk culture and help the Company provide sustainable growth and returns while maintaining an appropriate balance between risk and return. The Enterprise Risk Management Framework ("ERMF") outlines the Company's risk management structure, including the Three-Lines-of-Defence model, which emphasizes accountability, and supports a common understanding among all key stakeholders of how the Company manages its risks.

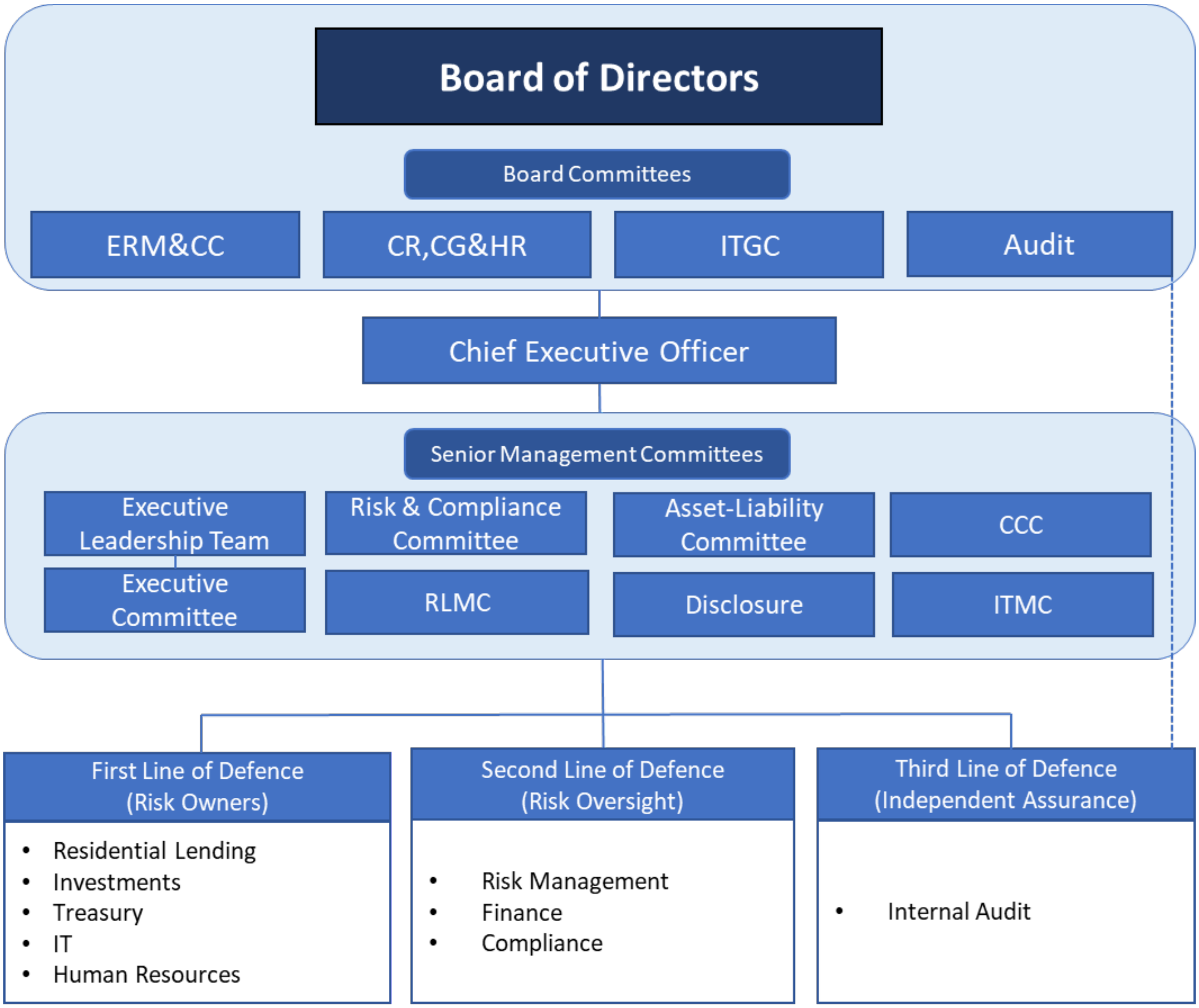
Roles and Accountabilities



Risk Governance

The Board oversees the design and implementation of our ERMF, while team members at all levels of the organization are accountable for managing day-to-day risks. The Board is supported by Board committees, senior management committees and an experienced senior management team.

MCAN's Risk Governance structure is illustrated in the following diagram:



Note: RLMC: Residential Lending Management Committee; CCC: Capital Commitments Committee; ITMC: Information Technology Management Committee

The Board oversees the Company's strategic direction, the implementation of an effective risk management culture and the internal control framework across the Company, both directly and indirectly, through its committees pursuant to a written mandate. The Board is responsible for overseeing the identification, measurement, monitoring and reporting of the major risks types affecting the business, and satisfying itself that management has implemented appropriate policies, procedures and practices to manage risks adequately and effectively.

The Enterprise Risk Management and Compliance Committee ("ERM&CC") is accountable for overseeing the management of the risk profile and the implementation of an effective risk management culture throughout the organization. The ERM&CC is accountable for reviewing and recommending the risk appetite framework ("RAF") for approval by the Board annually, regularly reviewing the risk profile against the Board-approved risk appetite, satisfying itself that policies are in place and operating effectively to manage the major risk types to which the Company is exposed, providing a forum for analysis of an enterprise view of top and emerging risks, regularly assessing the Company's capacity to withstand potential adverse events and ensuring management allocates appropriate resources to risk management.

The Audit Committee is accountable for the oversight of financial reporting, the adequacy and effectiveness of internal controls, and the performance of the finance and internal audit functions.

The Information Technology ("IT") Governance Committee ("ITGC") is accountable for the oversight of the Company's technology and digital transformation plan, technology risks and risk management plans including cyber security, and the data strategy and data management plan.

The Conduct Review, Corporate Governance and Human Resources Committee is accountable for the oversight of corporate governance and conduct, including potential conflicts of interest, policies, practices and processes, Board and management succession, development and compensation, and the effectiveness of the Board and its committees.

The Board is supported by management level committees, including, but not limited to:
- Executive Leadership Team: provides oversight of key strategic activities with the primary focus on the market, business development and alignment with the strategy and annual plan.
- Executive Committee: ensures the orderly flow of business, provides governance over business activities, and oversees strategic, emerging and reputational risk.
- Risk and Compliance Committee ("RCC"): provides a forum for enterprise-wide risk management and compliance oversight and facilitates objective and independent challenge over risk taking activities. The RCC provides oversight of the Company's risk profile, risk mitigation strategies, and reviews business activities in relation to the established risk appetite framework.
- Asset-Liability Committee ("ALCO"): provides a forum for oversight and management of assets and liabilities of the Company in the context of balance sheet structure and size. ALCO serves as an important component of liquidity and interest rate risk management by providing strategic direction of these risk types.
- Capital Commitments Committee ("CCC"): mandated to govern, evaluate and approve construction & commercial lending activities and investments in marketable & non-marketable securities.

Three-Lines-of-Defence

The Three-Lines-of-Defence model is employed to provide clarity with respect to the risk management structure and assigns roles and accountabilities to enhance effective risk management and control.

<u>First Line (Business Units):</u>
- Accountable for known and emerging risks and is accountable for planning, directing and controlling the day-to-day operations of their respective business unit and establishing appropriate internal controls for managing risk.
- Accountable for identifying, measuring, monitoring, and reporting risks within established risk appetite, regulatory guidelines and relevant policies and frameworks.
- Accountable for escalating risk issues and promoting a strong risk culture within their respective business unit.

<u>Second Line (Oversight Functions):</u>
- Provides independent objective oversight of the First Line of Defence through monitoring and challenge.
- Accountable for objectively identifying, measuring, monitoring and reporting known and emerging risks on an enterprise-wide basis and escalating risk issues in a timely manner to the Board and/ or senior management.
- Identifies and assesses relevant regulatory changes and develops and implements risk measurement tools.

- Promotes a strong risk culture and establishes effective training material.
- Monitors and reports on compliance with the RAF and ensures compliance with the ERMF and related policies and procedures.

  These activities are overseen by the following business functions and individuals:

  - The Risk function, under the leadership of the Chief Risk Officer ("CRO"), provides independent oversight, governance and objective challenge with respect to identifying, measuring, monitoring and reporting on enterprise-wide risks. The CRO has accountability for maintaining and managing the RAF, which includes reporting on significant business risks and for fostering a strong risk culture throughout the Company.

  - The Chief Compliance Officer, Chief Anti Money Laundering Officer & Privacy Officer is accountable for identifying, measuring, monitoring and reporting on the Company's compliance with applicable laws and regulations as well as identifying and ensuring controls are adequately designed to mitigate risks, including compliance and regulatory risk.

  - The Finance function, under the leadership of the Chief Financial Officer ("CFO"), is accountable for the accuracy and integrity of the Company's accounting and financial reporting systems, including financial internal controls, financial statements, planning and budgeting systems and all other financial matters. The CFO is accountable for developing and monitoring performance and compliance against the Company's capital management strategy.

Third Line (Internal Audit):

- Independent from both the First and Second Lines of Defence and headed by the Chief Audit Executive who reports to the Chair of the Audit Committee.
- Provides reasonable assurance to senior management and the Board that the First and Second Lines of Defence are effectively managing and controlling risks.
- Reviews the design and use of risk management tools, programs and systems in both the First and Second Lines of Defence to ensure compliance with the ERMF, related policies and procedures, and applicable laws and regulations, including the appropriateness of independent challenge.

Risk Appetite

The RAF governs the risk activities undertaken by the Company on an enterprise-wide basis. The RAF articulates the aggregate level and types of risk MCAN is willing to accept, or to avoid, in order to achieve its business objectives.

Key inputs into the RAF include MCAN's strategy and risk capacity, while the foundational components include risk appetite statements, risk appetite limits, and roles and accountabilities for the Board and senior management in relation to overseeing the implementation and monitoring of the RAF.

MCAN's overarching risk appetite statement is as follows:

1. Focus on sustainable and stable growth of earnings;
2. Maintain a conservative liquidity profile and a strong capital base;
3. Satisfy MIC requirements while under chosen MIC status;
4. Maintain balance in our corporate mortgage portfolio for managed risk and returns;

5. Maintain access to adequate funding and capital markets at all times;
6. Ensure sound management of regulatory compliance and operational risk and maintain a strong risk culture; and
7. Ensure financial and operational resiliency in a stressed scenario.

MCAN's RAF includes risk appetite metrics to measure and monitor whether MCAN is operating within its established risk appetite.

Risk Culture

Risk culture is the system of values and behaviours present in an organization that shapes risk decisions of management and team members. Within MCAN's Three-Lines-of-Defence risk governance structure, all team members at all levels of the organization are responsible for managing the day-to-day risks that arise in the context of their role. Senior management plays a critical role in shaping risk culture by communicating the importance of risk management and ensuring that team members are aware of how their behaviors may impact the organization. MCAN's risk culture is further promoted through one of our core DRIVE values, "Risk managers are in all of us", which is embedded as a core element of team member performance and compensation.

Stress Testing

Stress testing is a key risk management tool that supplements risk management practices by (i) providing an assessment of our effectiveness and capacity to withstand potential adverse events, including an increase in unemployment rates, rising interest rates, and a decline in real estate prices; and (ii) aiding in refining our risk limits and chosen strategies to mitigate the impact of potential adverse events. At least quarterly, MCAN conducts enterprise-wide stress testing covering a wide range of risks and correlations among risks.

Results of stress testing are interpreted in the context of our risk appetite and our specific risk appetite metrics including metrics for capital ratios, liquidity ratios, earnings volatility and level of stress losses. Enterprise-wide stress testing, recovery, capital and financial planning processes are integrated within the Company.

Monitoring and Reporting

Risk monitoring and reporting are key components of MCAN's ERMF and allow both the Board and senior management to execute their oversight and challenge responsibilities with respect to business operations. Risk management reports risk exposures to senior management and the ERM&CC on a quarterly basis, to ensure business operations are within established risk appetite limits, policy level limits and policy guidelines. Reports include an enterprise-wide view of risks, risk profile, trend analysis, emerging risks, stress testing, including scenarios and sensitivity analysis, and ad hoc reporting, as applicable.

Major Risk Types

The specific risk factors set out in this AIF could materially adversely affect us and should be considered when deciding whether to make an investment in the Company and its Common Shares. The risks and uncertainties described in this AIF and the information incorporated by reference herein are those we currently believe to be material, but they are not the only ones we face. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future financial condition and results of operations. If any of such risks or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material actually occur or become material risks, our business, financial condition, results of operations and prospects, and consequently the price of the Common Shares, could be materially and adversely affected. In all these cases, the market price of the Common Shares could decline, and investors in the Company could lose part or all of their investment.

MCAN's major risk types include: Liquidity & Funding, Credit, Interest Rate, Market, Operational, Regulatory Compliance, Strategic and Reputational risk. Incidents related to these risks can adversely affect our ability to achieve our business objectives or execute our business strategies, and may result in a loss of earnings, capital and/or damage to our reputation. The ERMF addresses these risks by establishing effective policies, limits, and internal controls to monitor and mitigate these risks.

Liquidity and Funding Risk

Liquidity risk is the risk that cash and liquid assets are insufficient to honour all cash outflow commitments (both on- and off-balance sheet) as they come due. Funding risk is the risk that available sources of liquidity and long term funding are insufficient to sustain business growth or mitigate funding gaps.

On a daily basis, we monitor our liquidity position to ensure that the level of liquid assets held, together with our ability to raise new deposits and other funding sources, are sufficient to meet our commitments, deposit maturity obligations, and other financial obligations.

On a monthly basis, we plan out our funding using a 12-month rolling forecast of expected business growth and balance sheet obligations. This provides us with a forward-looking perspective on the adequacy of our funding and liquidity channels.

Stress testing is performed using multiple scenarios incorporating simultaneous impacts to the Company's funding sources and uses. MCAN's stress testing is designed to assess the viability of liquidity and funding channels, as well as contingency funding to remain within Board-approved liquidity risk limits. As at December 31, 2024 and 2023, the Company held sufficient funding and liquidity to meet all requirements under the stress test scenarios.

The Board is accountable for the approval of the Liquidity Risk Management Framework ("LRMF"). The LRMF establishes a framework to maintain sufficient funding and liquidity, including holding a portfolio of high-quality liquid assets to meet commitments as they come due. The LRMF provides guidance for the daily, monthly and quarterly analyses that are performed by management, and includes a framework for daily funding requirements, gap analysis between assets and liabilities, deposit concentration levels, liquidity risk limits, and stress testing requirements, in alignment with both the standards set under the Trust Act and regulations and guidelines issued by OSFI. Further to the LRMF, the Company maintains a Contingency Funding Plan that details the strategies and action plans to respond to stress events that could materially impair its access to funding and liquidity.

ALCO, which is comprised of management, is accountable for liquidity management oversight. On a monthly basis, or more frequently as required, ALCO reviews the Company's funding and liquidity risk profile, including funding strategies, performance against established liquidity risk limits, stress testing and contingency funding plan status. Results of the monitoring of liquidity risk are reported to the Board and any exceptions or breach of key limits are immediately reported by ALCO to the ERM&CC. As at December 31, 2024 and 2023, the Company was in full compliance with the LRMF, key liquidity risk limits and regulatory requirements.

We have access to liquidity through our ability to issue term deposits eligible for CDIC deposit insurance. These term deposits also provide us with the ability to fund asset growth as needed.

The Company maintains a secured demand revolver facility to meet its short-term obligations as required. Under the facility, there is a sublimit for issued letters of credit, which may be used to support the obligations of borrowers to municipalities in conjunction with construction loans. The facility limit is currently $220 million.

We also have an agreement with a Canadian Schedule I Chartered bank that enables the Company to execute repurchase agreements for liquidity purposes. This facility provides liquidity and allows the Company to encumber certain eligible securities for financing purposes. As part of the agreement, the Company may sell assets to the counterparty at a specified price with an agreement to repurchase at a specified future date. The interest rate on the borrowings is driven by market spot rates at the time of borrowing. The Company will execute these repurchase agreements to provide alternative sources of liquidity when it is efficient and effective to do so.

We have a credit agreement with a Canadian Schedule I Chartered bank for a $100 million senior secured mortgage warehouse facility. The facility is used to fund insured residential mortgages prior to securitization activities. This facility provides improved funding in response to our continued growth.

We have an agreement with MSLP, a wholly-owned subsidiary of MCAP, whereby the Company can sell to MSLP insured residential mortgage commitments. This agreement provides liquidity and the opportunity to fund other core business activities in line with our strategy.

The Company continues to enhance monitoring of its liquidity risk profile, its funding markets such as the term deposit and securitization markets and its liquidity risk position.

OSFI's Liquidity Adequacy Requirements guideline currently establishes two minimum standards based on the Basel III framework with national supervisory discretion applied to certain treatments: the Liquidity Coverage Ratio ("LCR") and Net Cumulative Cash Flow ("NCCF") metrics. As at December 31, 2024, we were in compliance with the LCR and NCCF metrics.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a counterparty, for any reason, to fully honour its financial or contractual obligations to the Company, primarily arising from our investments and lending activities. Fluctuations in interest rates may impact real estate values and may also reduce the net realizable value of the collateral property to the Company. These risks may result in defaults and credit losses, which may result in a loss of earnings.

Credit risk is managed through risk management policies and procedures that emphasize the quality and diversification of our investments and lending activities. Credit policies include credit risk limits in alignment with the RAF. These credit risk limits include, but are not limited to, concentration by asset class, geographic region, dollar amount and borrower. These policies are amended on an ongoing basis and approved by the Board to reflect changes in market conditions and risk appetite.

CCC, which is comprised of management, is accountable for decision-making on credit risk issues and provides oversight of proposed investments for the construction, commercial and marketable and non-marketable securities portfolios.

Credit and commitment exposure are closely monitored by the First and Second Lines of Defence. The RCC, which is comprised of management, monitors and challenges credit risk exposures, monitors portfolio and underwriting quality and performance against credit risk limits on a quarterly basis. The ERM&CC reviews all material risks affecting the Company on a quarterly basis, which includes the identification, assessment, and monitoring of material credit risks.

We identify potential risks in our mortgage portfolio by way of regular review of market and portfolio metrics, which are a key component of quarterly market reports provided to the Board by management. Existing risks in our mortgage portfolio are identified by arrears reporting, portfolio diversification analysis, post funding monitoring and risk rating trends of the entire mortgage portfolio. The aforementioned reporting and analysis provide adequate monitoring of and control over our exposure to credit risk.

We assign a credit score and risk rating for all mortgages at the time of underwriting based on the assessed credit quality of the borrower and the value of the underlying real estate. Risk ratings are reviewed annually at a minimum, and more frequently whenever there is an amendment, or a material change such as a default or impairment.

As part of our credit risk management process, we monitor our loan portfolio for early indicators of potential concern. The “monitored/arrears” category includes construction and commercial loans that may experience events such as slow sales, cost overruns or are located in geographic markets in which concerns have arisen. Loans in this category are included in stage 2. Considering factors such as borrower equity, portfolio LTV ratios and project liquidity, as at December 31, 2024 there have been no indications at the portfolio level of potential loss of principal in excess of the allowances for credit losses recorded for mortgages in stage 1 and 2. For further information on the Company's staging, refer to the Company's 2024 Annual Report available on SEDAR+ at www.sedarplus.ca and on our website at www.mcanfinancial.com.

As a response to economic uncertainty, the Company has increased the frequency of monitoring and reporting of our credit risk profile, including enhanced arrears reporting and pipeline monitoring. Real estate prices may continue to be impacted by macroeconomic headwinds, which may adversely impact asset values and the ability for borrowers to make timely payments on mortgages.

The maximum credit exposure on our individual financial assets is equal to the carrying value of the respective assets, except for our corporate mortgage portfolio, where maximum credit exposure also includes outstanding commitments for future mortgage fundings and our investments in non-marketable securities, where maximum credit exposure includes our total remaining commitments.

Credit Risk - Impairment Assessment Under IFRS 9, Financial Instruments (“IFRS 9”)

Impairment calculations are based on forward-looking Expected Credit Loss ("ECL") methodology. ECL is composed of 3 submodels; Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”). Each of these submodels produce quarterly projections of the respective metric under various macroeconomic scenarios. For further information on the Company's

IFRS 9 impairment assessment and measurement approach, refer to the Company's 2024 Annual Report available on SEDAR+ at www.sedarplus.ca and on our website at www.mcanfinancial.com.

Probability of Default

PD is an estimate of the likelihood of default over a given time horizon. The PD model is comprised of (i) forward-looking macroeconomic projections and (ii) internal risk rating-based segmentation. Forward-looking macroeconomic projections are built utilizing statistical regression to determine relationships between default rates and macroeconomic variables. Internal risk rating-based segmentation views the portfolio by internal risk rating and credit scores to provide PD differentiation at the borrower level.

Loss Given Default

LGD is an estimate of the loss arising in the case where a default occurs. LGD is built utilizing statistical regression to determine a relationship between LGD and macroeconomic variables, using external LGD data from comparable historical portfolios to forecast LGD under macroeconomic scenarios. Like the PD model, the construction and commercial LGD model also segments the portfolio by internal risk ratings to differentiate LGDs at the borrower level. The uninsured single family LGD model segments the portfolio by loan to value ratios to differentiate LGDs at the borrower level as well.

Exposure at Default

EAD is the estimate of exposure at a future default date at the borrower level, taking into account expected changes in the exposure after the reporting date. EAD is the borrower level exposure in the event of default, determined by forecasting advances and repayments on the portfolio. The forecast is determined utilizing historical advance and repayment trends and is segmented by product type. EAD is forecasted up to the expected lifetime of each individual loan, capped at 12 months for IFRS 9 stage 1 loans.

Grouping Financial Assets Measured on a Collective Basis

The Company calculates ECLs either on a collective or specific basis for the corporate mortgage portfolio based on the line of business. ECLs are calculated on a specific basis for all mortgages in stage 3 and are calculated on a collective basis for all mortgages in stage 1 and stage 2.

Analysis of Inputs into the ECL Model Under Multiple Economic Scenarios

As part of the model input process, macroeconomic data are obtained from third party sources (e.g. rating agencies, bank economic forecasts, etc.), and our Risk Management department assesses the quality of data and assumptions in the Company's ECL models including determining the weights attributable to the multiple scenarios.

Interest Rate Risk

Interest rate risk is the potential impact of changes in interest rates on our earnings and capital. Interest rate risk arises when our assets and liabilities, both on- and off-balance sheet, have mismatched repricing and maturity dates. Changes in interest rates where we have mismatched repricing and maturity dates may have an adverse effect on our financial condition and results of operations.

The Interest Rate Risk Management Framework, which is reviewed and approved by the Board, provides guidance on MCAN's interest rate risk measurement tools, including stress testing, roles and accountabilities, and monitoring and reporting requirements. Additionally, it establishes interest rate risk limits and articulates appetite for interest rate exposures.

We evaluate our exposure to a variety of changes in interest rates across the term spectrum of our assets and liabilities including both parallel and non-parallel changes in interest rates. By managing and strategically matching the terms of corporate assets and term deposits, we seek to reduce the risks associated with interest rate changes. In conjunction with liquidity management policies and procedures, we also manage cash flow mismatches. ALCO reviews our interest rate exposure on a monthly basis using a duration-based framework to measure structural risk and sensitivity analysis based on various scenarios. This information is also formally reviewed by the Board each quarter.

We are exposed to interest rate risk on: (i) movements in interest rates between the time residential mortgages are committed to borrowers and the time that the mortgage is funded; (ii) movements in interest rates between the time insured residential mortgages are funded and the time that these mortgages are securitized; (iii) movements in interest rates between the time term deposit funding is forecasted to be required and the time that the actual funding occurs; and (iv) movements in interest rates during the term of the fixed-rate term deposits and floating rate construction and commercial portfolios. To manage these risks, we may employ various hedging strategies.

Market Risk

Market risk is the exposure to adverse changes in the value of financial assets. Market risk includes price risk on marketable securities, execution risk and real estate values, among others. Any changes in these market risk factors may negatively affect the value of our financial assets, which may have an adverse effect on our financial condition and results of operations. We do not undertake trading activities as part of our regular operations, and therefore are not exposed to risks associated with activities such as market making, arbitrage or proprietary trading.

Our marketable securities portfolios are susceptible to market price risk arising from uncertainties about future values of the securities. We manage the equity price risk through diversification and limits on both individual and total securities. Portfolio reporting is submitted to management on a regular basis and to the Board on a quarterly basis.

Our non-marketable securities portfolios are focused on equity and debt investments in Canadian real estate focused funds. The portfolio is susceptible to the overall outlook of the real estate market, execution risk from respective fund managers, and other market conditions, such as spreads, housing prices, land prices, construction costs and adverse changes in interest rates or capitalization rates.

Operational Risk and Resiliency

Operational risk is the potential for loss resulting from people, inadequate or failed internal processes, systems, or from external events. Operational resilience is the ability to deliver operations, especially critical operations, through disruption.

The Operational Risk Management and Resiliency Framework ("ORMRF") covers all components of MCAN's operational risk management, including processes and control activities to ensure adherence with business and regulatory requirements. The ORMRF sets out an integrated approach to identify, measure, monitor, manage and report on known and emerging operational risks. Management and the Board review operational risk on a quarterly basis. Complementing the ORMRF is the Crisis Management Framework which serves to enable operational resiliency in stressed and crisis scenarios.

Third Party Risk

Within operational risk, third party risk is the risk of third parties failing to provide goods and services or otherwise carrying out activities in accordance with their arrangements. This risk also considers similar risks as it relates to fourth and fifth parties. We outsource the majority of our construction and commercial mortgage origination, mortgage servicing and collections to MCAP and other third parties. There is a risk that the services provided by third parties will fail to adequately meet our standards and expose MCAN to negative outcomes.

The Company's Third-Party Risk Management Framework incorporates the relevant requirements of OSFI Guideline B-10, Third-Party Risk Management Guideline. We regularly review our critical third-party relationships to determine if an arrangement is critical and to assess the overall risk inherent in that arrangement. All third-party arrangements are subject to a risk management program, which includes detailed monitoring activities. If a third-party arrangement is critical, it is subjected to an enhanced risk management program.

Technology and Cybersecurity Risk

Technology risk encompasses the risk of IT systems, tools, and practices being unable to support business and user needs. Cyber security risk is the risk of loss of confidentiality, integrity, or availability of information, data, or information (or control) systems as a result of actions taken by internal or external malicious actors. In particular, the cybersecurity threat landscape remains elevated globally, where threat actors are increasingly utilizing sophisticated tools and technologies to disrupt business operations. Any such system failure or material data loss, either accidental through misconfiguration or purposeful through threat actors, could generate disruption to business practices, create financial loss, and damage MCAN's reputational risk profile.

The IT Management Committee, which is comprised of management, is accountable for overseeing technology and cybersecurity risk management activities and reports cyber security, system performance, and technology change management risks to the Audit Committee. The Vice President, IT reports on the technology and cyber risk profile to the ITGC. We also leverage third parties to provide cyber security insurance, incremental technical expertise, infrastructure and security monitoring support, and periodic cyber security assessment assistance, such as vulnerability/ penetration testing and broader risk assessments. These activities are complemented by crisis management plans, including a Cyber Security Incident Response Plan, Disaster Recovery Plan, and process-level Business Continuity Plans, all of which are supported by an executive Crisis Management Team.

Strategically, MCAN continues to invest in its technology and data infrastructure to enhance operational processes, resiliency, cyber security, analytical capabilities, and digital-first customer offerings.

Data Risk Management

Data risk is the risk of data being improperly sourced, stored, accessed or retained, due to gaps in data management practices or model governance, resulting in suboptimal decision-making, regulatory scrutiny, reputational harm, and financial impacts.

Management leverages data-driven insights to inform strategic decision-making, underscoring the importance of investing in our data infrastructure. These investments ensure we have robust, reliable, and timely data to support our operations and strategic initiatives. Concurrently, we are enhancing our control environment to strengthen governance, risk management, and compliance processes.

Process Risk Management

Process risk is the risk that business processes are unable to readily adapt when needed or be optimally executed due to system limitations, inflexible process design, or poor execution, resulting in operational or customer-facing disruptions.

Management is dedicated to enhancing our processes to increase throughput while ensuring the continuity of business operations. We have established comprehensive risk frameworks, including business continuity plans, to mitigate potential disruptions and safeguard our customers from adverse impacts. Additionally, management continually invests in our process infrastructure to improve service delivery and reduce risk. This proactive approach helps us maintain operational resilience and strive to deliver seamless experiences for our customers.

Regulatory Compliance Risk

Regulatory compliance risk arises from the Company's potential non-conformance with existing and new laws, rules, regulations, prescribed practices, or ethical standards in any jurisdiction in which it operates. Regulatory compliance risk also arises from the exercise of discretionary oversight by regulatory or other competent authorities that may adversely affect the Company, including by limiting the products or services that the Company provides, restricting the scope of its operations or business lines, limiting pricing and availability of products in the market, increasing the ability of competitors to compete with its products and services or requiring it to cease carrying on business. The Company's failure to comply with applicable laws and regulations may result in sanctions and financial penalties that could adversely impact its earnings and damage its reputation. Increasing regulations and expectations, both globally and domestically, have increased the cost and resources necessary to meet regulatory expectations for the Company.

The Company's Chief Compliance Officer, Chief Anti Money Laundering Officer & Privacy Officer independently oversees the adequacy of, adherence to, and effectiveness of day-to-day compliance procedures in alignment with the Company's Regulatory Compliance Management Framework. Additionally, the Risk and Compliance Committee and the Board review and effectively challenge regulatory compliance risk-related reports on a quarterly basis.

Legislative and Regulatory Change

MCAN is impacted by federal, provincial and municipal decision-making bodies, each of which continue to evolve their expectations or legislation to address systemic risks, such as debt serviceability, housing supply, climate change, and key sub-categories of operational risk (e.g. technology and cyber risk, third party risk, resiliency, etc.). Legislative and regulatory changes have the potential to both positively and negatively impact operational capacity or financial performance.

MCAN continues to remain abreast of the evolving regulatory and legislative landscape and maintains regular correspondence with regulators and industry partners.

Strategic Risk

Strategic risk is the risk of loss due to fluctuations in the external business environment, or failure to adjust strategies and business activities to adapt or respond appropriately. Strategic risk factors include the evolving business environment, an inability to proactively evolve business strategies or poor execution of strategic objectives.

Strategic risk is managed by the Chief Executive Officer and management. The Board approves the Company's strategies at least annually and regularly reviews results and needed changes as applicable against those strategies. Strategies are aligned to be consistent with the RAF, regulatory and other internal requirements.

Business and Economic Environment

MCAN's business is both directly and indirectly impacted by macroeconomic forces such as unemployment rates, economic growth, consumer confidence, geopolitical tensions and interest rate changes. Canadian borrowers continue to be faced with affordability challenges, which place stress on mortgage qualifications and household debt serviceability.

Conversely, MCAN's business model has strong underlying fundamentals and is supported by an ongoing housing supply/demand imbalance, legislative changes favourable to housing developments, and forward looking outlook of reduced interest rates which will help with debt serviceability. These fundamentals support the longer-term resiliency of the Canadian housing market. Nonetheless, with an uncertain geopolitical and macroeconomic environment for 2025, we continue to monitor increased uncertainty related to the economy and potentially the housing market.

Capital Adequacy Risk

Capital adequacy risk is the risk that the Company does not hold sufficient capital to manage Company-wide risks and unexpected financial losses. The Company's capital adequacy risk is monitored and managed by the Chief Financial Officer and overseen by the Board.

Competition Risk

MCAN competes with other mortgage, construction, and commercial lenders. In a decreasing interest rate environment, volumes in housing sales and new housing starts may increase creating an environment of increased competition for available new originations. MCAN remains focused on maintaining its competitive position while driving retention of its existing borrowers.

Furthermore, the Company's operations and income are a function of the interest rate environment, the availability and acceptance of mortgage products at reasonable yields and the availability of term deposits at reasonable cost. The availability and acceptance of mortgage products for the Company and the yields therein are dependent on market competition. If the Company is unable to compete successfully against our current or future competitors or raise term deposits to fund our lending activities at reasonable rates, there may be an adverse effect on our financial condition and market presence.

Qualification as a Mortgage Investment Corporation

If for any reason the Company does not maintain our qualification as a MIC under the Tax Act, taxable dividends and capital gains dividends paid by MCAN on our Common Shares will cease to be fully or partly deductible in computing income for tax purposes. MCAN's RAF notes the satisfaction of MIC requirements as one of its core risk appetite statements.

Reputational Risk

Reputational risk is a risk of loss or adverse impacts resulting from damages to MCAN's reputation.

The loss of reputation can greatly affect shareholder value through reduced public confidence, a loss of business, legal action, or increased regulatory oversight. Reputation refers to the perception of the enterprise by various stakeholders. Typically, key stakeholder groups include investors, borrowers, depositors, team members, suppliers, regulators, brokers and strategic partners. Perceptions may be impacted by various events including financial performance, specific adverse occurrences from events such as cybersecurity issues, unfavourable media coverage, and changes or actions of the Company's leadership. Failure to effectively manage reputational risk can result in reduced market capitalization, loss of client loyalty, reduced access to deposit funding and the inability to achieve the Company's strategic objectives.

The Company believes that the most effective way to safeguard its public reputation is through embedding successful processes and controls, along with the promotion of appropriate conduct, risk culture and risk management. Reputational risk is mitigated by management of the underlying risks in the business and is monitored and reported to the Board on a quarterly basis.

ESG Risks

ESG risks are the environmental, social and governance factors that may affect a company's financial position or reputation. For MCAN, this includes: (i) considering environmental stewardship in our decision-making; (ii) equity, diversity, and inclusion in our people; and (iii) behaviours aligned to our values that promote integrity in our workplace at all levels.

Environmentally, MCAN minimizes both its direct and indirect emissions as a hybrid organization with a minimal physical geographic footprint. We further mitigate these risks by complying with all applicable environmental laws.

We also consider in our decision-making, key social risk factors across demographic changes, housing affordability, and diversity, equity, and inclusion. MCAN is focused on lending on residential density developments in urban communities close to mass transit. Management also cultivates an inclusive and diverse team supported by a set of comprehensive policies and programs that promote ethical behaviours, team culture, career development, volunteerism, and community giving.

MCAN maintains strong governance practices across all risk types through management and Board committees, that have a strong and diverse mix of expertise across the Three-Lines-of-Defence. Additionally, MCAN is committed to accurate and transparent disclosures and meeting all applicable regulatory expectations as they evolve. These are further supported by a mix of policies and procedures to maintain integrity and ethical practices across the entire organization.

MCAN monitors broader ESG expectations across its stakeholder network and reviews its own ESG practices regularly. MCAN acknowledges that should ESG expectations evolve faster than MCAN's ability to adapt, negative sentiment could emerge and impact the willingness of investors, customers, or strategic partners to participate in our products, services, or common share ownership.

Other Risk Factors

New Loan-to-Income Supervisory Measure

OSFI has introduced a new loan-to-income ("LTI") supervisory measure aimed at reducing the proportion of highly leveraged loans in the mortgage market. This regulatory change across the industry is designed to enhance the stability of the financial system by limiting the amount of debt relative to borrowers' income. The implementation of the LTI measure presents several challenges for financial institutions, which include, but are not limited to:

- Operational Adjustments: Institutions must adapt their lending practices to comply with the new LTI limits, which may require changes to their underwriting processes and risk assessment frameworks.
- Monitoring Investments: Ensuring adherence to the LTI measure will necessitate increased investment and dedicated ongoing costs in technology and staff training to ensure institutions remain compliant with the measure.
- Potential for Reduced Loan Volumes: The restriction on high LTI loans could result in a decrease in the volume of new mortgage originations. This may impact the overall profitability of financial institutions.

To address and mitigate these impacts, MCAN has strengthened its risk management frameworks to better assess and manage credit risk associated with mortgage lending. We will be developing and adjusting lending products that comply with the new LTI limits while meeting needs of borrowers and will proactively engage with OSFI to provide feedback on the implementation of the LTI measure. With these actions, we believe MCAN will be able to navigate the challenges posed by the new LTI limit and continue to support Canadians in accessing the housing market.

Geopolitical Risk

The recent tariff threats by the United States of America aimed at Canada pose significant risks that could adversely affect macroeconomic factors such as employment rates and gross domestic product growth. These tariffs could lead to reduced trade volumes, increased costs for Canadian importers and reduced demand for exporters, and potential retaliatory measures, which may result in job losses and slower economic growth, as well as the risk of inflation. For financial institutions, this economic uncertainty could translate into higher credit risk, reduced loan demand, and increased volatility in the housing market as consumer confidence wanes. Consequently, the overall profitability and stability of financial institutions may be impacted, necessitating robust risk management and strategic adjustments to navigate these challenges effectively.

To mitigate this risk, MCAN is evaluating its portfolio for weaknesses and stress-testing locations vulnerable to tariff increases. This analysis will inform management's strategy to effectively manage and mitigate risk if this geopolitical risk continues to escalate. With a strong liquidity and capital position, high level of credit quality, and our strategy of continued diversification of our lending portfolio and funding base, we believe we are well positioned for an uncertain economic and geopolitical environment.

Climate-related Risks

MCAN's climate-related risks are physical risks (e.g. weather events, longer term climate shifts, etc.) associated with our new originations and underlying portfolio, and transition risks associated with evolving consumer, legislative, or regulatory sentiment as the market transitions to a low greenhouse gas emissions economy.

To mitigate incremental climate physical risk impacts on our portfolio at origination, our underwriting practices restrict new lending on properties that are at higher risk of environmental harm (e.g. flood, forest fire, contamination, etc.). By extension, our current portfolio is regularly stress tested to analyze the potential impacts on assets in the geographic regions that are more prone to physical climate events, which assists our decision-making on geographic diversification and risk appetite.

MCAN's climate transition risk profile is subject to legislative or regulatory guidance, such as the recent OSFI Climate Risk Management expectations. Through 2025, MCAN will begin measuring direct emissions (scope 1 and 2). Furthermore, as part of our existing business activities, we perform an environmental assessment during our construction underwriting and monitor approved projects to ensure they proceed as planned (e.g., site remediation, municipal environmental compliance, etc.).

General Litigation

In the ordinary course of business, MCAN and its service providers (including MCAP), their subsidiaries and related parties may be party to legal proceedings that may result in unplanned payments to third parties.

To the best of our knowledge, we do not expect the outcome of any existing proceedings to have a material adverse effect on the consolidated financial position or results of operations of the Company.

Risks Relating to the ATM Program

There are a number of risks relating to making an investment in the Common Shares pursuant to the Company's ATM Program which prospective purchasers should carefully consider prior to making any investment decision. Such risks are set out in detail under the heading "Risk Factors" in the ATM Prospectus, which is available under our profile on SEDAR+ at www.sedarplus.ca, and which risk factors are herein incorporated by reference into this AIF.

DIVIDEND POLICY AND RECORD

Our dividend policy is to pay out substantially all of our taxable income to our shareholders. As a MIC under the Tax Act, we are entitled to deduct dividends paid up to 90 days after year end from taxable income. Regular dividends are taxable to our shareholders as interest income. In addition, as a MIC, we can pay certain capital gains dividends, which are taxed as capital gains to our shareholders. We intend to continue to declare dividends on a quarterly basis. The Company has generally paid out dividends in cash but has the option to pay out its dividends in the form of cash or shares. In the event of a significant increase in taxable income relative to accounting income, the Company may look to pay out a combination of regular dividends in the form of cash and special dividends in the form of cash or shares. This is consistent with our dividend policy and our obligations as a MIC, while at the same time providing a cost effective source of capital for the Company to support future growth and business operations.

Regular cash dividends and special stock dividends per share over the past three years were as follows:

For the Years Ended December 31	2024	2023	2022
First quarter - regular cash	$ 0.39	$ 0.36	$ 0.36
Second quarter - regular cash	0.39	0.36	0.36
Third quarter - regular cash	0.39	0.38	0.36
Fourth quarter - regular cash	0.39	0.38	0.36
Total regular cash dividends	**1.56**	**1.48**	**1.44**
First quarter - special stock	—	—	0.97
Total regular cash and special stock dividends	**$ 1.56**	**$ 1.48**	**$ 2.41**

On February 24, 2025, the Board declared a first quarter regular cash dividend of $0.41 per share to be paid March 31, 2025 to shareholders of record on March 14, 2025.

Subject to financial results, capital requirements, available cash flow, the Trust Act and any other factors that our Board may consider relevant, we expect to continue to declare a quarterly dividend on the Common Shares on an ongoing basis. The amount and timing of the payment of any dividends are not guaranteed and is subject to the discretion of our Board.

Dividend Reinvestment Plan

On November 14, 2011, we announced that we had received approval from the TSX to amend and restate our dividend reinvestment plan effective November 11, 2011 (the “DRIP”) to, among other things, provide eligible participants with a 2% discount on the purchase of Common Shares issued from treasury. Pursuant to the amended terms of the DRIP, the discount is effective until further notice from MCAN. Notwithstanding the foregoing, we continue to reserve the right to deliver Common Shares purchased on the open market, in which case the discount would not apply.

Pursuant to the DRIP, cash dividends paid to participating holders of Common Shares (less any applicable withholding taxes) are automatically reinvested in Common Shares purchased by Computershare Trust Company of Canada (“Computershare”), as agent, at our discretion, either (i) on the open market at market prices or (ii) from treasury at the weighted average trading price for the five days preceding the relevant dividend payment date less a discount of 2% until further notice from MCAN.

There are no commissions, service charges or brokerage fees payable by participants under the DRIP, except where purchases of Common Shares under the DRIP are made on the open market. Such purchases are made through registered brokers whose fees are included in determining the average weighted cost to participants of Common Shares so purchased. All other administrative costs of the DRIP, including the fees and expenses of Computershare, as agent, are borne by MCAN.

A copy of the DRIP and a form permitting registered shareholders to elect to participate in or withdraw from the DRIP are available by calling our Corporate Secretary at (416) 572-4880, and a copy of the DRIP is available on our website at www.mcanfinancial.com or on SEDAR+ at www.sedarplus.ca. Beneficial owners of Common Shares must make arrangements with the financial institution or stock brokerage through which they hold their Common Shares to participate in the DRIP. Once a registered holder or a beneficial owner has enrolled in the DRIP, participation continues automatically unless terminated by the participant in accordance with the terms of the DRIP.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized share capital consists of an unlimited number of Common Shares with no par value. These Common Shares are the only voting securities of MCAN.

As at December 31, 2024 there were 38,717,004 Common Shares outstanding (December 31, 2023 - 35,431,938). As of the date hereof, the number of Common Shares outstanding is 38,901,213. The holders of Common Shares are entitled to receive notice of, and to attend and vote at all meetings of the shareholders of the Company. Generally, each Common Share provides one vote per Common Share. However, pursuant to MCAN's by-laws and the Trust Act, the directors of MCAN are to be elected through cumulative voting in certain circumstances. Under the cumulative voting system, each holder of Common Shares has the right to cast a number of votes equal to the number of votes attached to the Common Shares held by such shareholder multiplied by the number of directors to be elected at any meeting of shareholders. A holder of Common Shares may cast all such votes in favour of one nominee or distribute them among the nominees in any manner.

Subject to the Trust Act, the holders of Common Shares of the Company shall be entitled to receive in each financial year of the Company, any dividends declared at the discretion of the directors.

Subject to the Trust Act, in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Common Shares shall be entitled to receive the remaining assets of the Company.

Pursuant to the Tax Act, if any shareholder or related group of shareholders acquires more than 25% of the Common Shares, we will no longer qualify as a MIC.

Changes to our share capital over the past two years are analyzed in Note 18 to our 2024 consolidated financial statements for the year ended December 31, 2024, contained in our 2024 Annual Report, which is incorporated by reference in this AIF. Our 2024 Annual Report is available on SEDAR+ at www.sedarplus.ca and on our website at www.mcanfinancial.com.

MARKET FOR SECURITIES

Trading Price and Volume

MCAN's Common Shares are listed and posted for trading on the TSX under the trading symbol "MKP". The volume of Common Shares traded during 2024 was 10,288,140 compared to 4,286,598 in 2023. The range of trading prices during 2024 was $15.30 to $19.86 (2023 - $14.30 to $16.82).

The monthly high and low closing prices and trading volumes for the periods indicated below were as follows:

Month in 2024	Volume Traded	High ($)	Low ($)
January	672,276	16.45	15.75
February	590,472	16.94	15.90
March	1,242,185	16.97	15.30
April	496,410	15.95	15.42
May	723,892	16.24	15.57
June	653,329	16.58	15.52
July	679,109	17.07	16.06
August	590,231	17.60	16.47
September	1,097,527	18.15	17.26
October	1,134,903	18.90	17.88
November	1,048,026	19.86	18.01
December	1,359,780	19.78	17.79

Prior Sales

The following table summarizes the issuance of unlisted securities by MCAN in the most recently completed financial year.

Date Issued	Type of Security[1]	Amount Issued	Price
March 6, 2024	Performance Share Units	4,694	$16.6742
March 6, 2024	Restricted Share Units	4,694	$16.6742
May 28, 2024	Performance Share Units	57,872	$15.9979
May 28, 2024	Restricted Share Units	28,065	$15.9979
August 21, 2024	Performance Share Units	1,116	$17.3455
August 21, 2024	Restricted Share Units	1,674	$17.3455
October 8, 2024	Performance Share Units	7,050	$18.0495
October 8, 2024	Restricted Share Units	3,021	$18.0495

[1] MCAN Performance Share Units and Restricted Share Units were issued to members of management as equity-based compensation.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To our knowledge, there are no Common Shares that are in escrow or that are subject to a contractual restriction on transfer.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

As at December 31, 2024, as a group, the directors and executive officers of MCAN beneficially owned, directly or indirectly, or exercised control or direction over 1,453,876 Common Shares, representing a 3.76% interest in MCAN.

Directors

Information concerning our directors as at December 31, 2024, and their municipalities of residence and principal occupations, is as shown in the table below. The term of office of each of the directors will expire at the close of the next annual general and special meeting of the Company's shareholders.

Name and Municipality of Residence	Director Since	Principal Occupation for the Last Five Years	Common Shares Owned and/or Controlled as at December 31, 2024 [13]	Approximate Percentage of Common Shares
BONNIE AGOSTINHO [1,3,4] Burlington, Ontario, Canada	May 2022	Corporate Director, MCAN Financial Group [5]	8,851	0.02 %
BRIAN W. CHU [2,3] Toronto, Ontario, Canada	May 2021	Corporate Director, MCAN Financial Group [6]	14,718	0.04 %
JOHN E. COKE [1,2] Toronto, Ontario, Canada	May 2021	Corporate Director, MCAN Financial Group [7]	47,426	0.12 %
GLENN DORÉ [1,2] Montreal, Quebec, Canada	May 2020	President, Teff Administration Inc. [8]	204,240	0.53 %
PHILIP GILLIN [1,3] Toronto, Ontario, Canada	May 2020	Corporate Director, MCAN Financial Group [9]	13,294	0.03 %
KAREN MARTIN [1,3,4] Toronto, Ontario, Canada	May 2024	Interim Chief Financial Officer, Northwest Healthcare Properties REIT	48,329	0.12 %
GAELEN MORPHET [2,3] Toronto, Ontario, Canada	January 2018	President, Morphet Family Wealth Advisors Inc. [11]	29,320	0.08 %
DEREK SUTHERLAND [4] Toronto, Ontario, Canada	May 2017	Interim Chief Executive Officer, Chair of the Board, MCAN Financial Group [12]	758,178	1.96 %

1. Member of the Audit Committee.
2. Member of the Conduct Review, Corporate Governance & Human Resources Committee.
3. Member of the Enterprise Risk Management and Compliance Committee.
4. Member of the Information Technology Governance Committee.
5. Prior to her retirement, Ms. Agostinho was with Canadian Tire Financial Services from 2002 until 2023, most recently having held the role of Chief Information Officer.
6. Prior to his retirement in 2024, Mr. Chu was a Founding Partner of Bogart Robertson & Chu LLP since 1991.
7. Prior to his retirement in 2020, Mr. Coke served as Managing Director with BMO Capital Markets since 1997.
8. Teff Administration Inc. is an asset management company primarily involved in third party asset management for residential and commercial default portfolios.
9. Prior to his retirement in 2019, Mr. Gillin was Executive Vice President and Portfolio Manager at Bentall GreenOak (a member of the Sun Life Group of companies).
10. Prior to her retirement in 2024, Ms. Martin was Interim Chief Financial Officer of NorthWest Healthcare Properties REIT (2023-2024), and EVP & Treasurer of Element Fleet Management (global fleet management company).
11. Ms. Morphet has been President, Morphet Family Wealth Advisors Inc., working with Cinnamon Investments ULC and other family offices, since November 2022. Prior to November 2022, Ms. Morphet was Chief Investment Officer of Cinnamon Investments ULC since January 2018.
12. Mr. Sutherland serves as the President of Canadazil Capital Inc. (risk advisory and transaction due diligence).
13. The information as to Common Shares owned, directly or indirectly, or over which control or direction is exercised has been furnished by the respective directors.

Executive Officers[1]

Information concerning our executive officers as at December 31, 2024, and their municipalities of residence and principal occupation is as shown in the table below.

Name and Municipality of Residence	Office	Principal Occupation for the Last Five Years	Common Shares Owned and/or Controlled as at December 31, 2024 [2]	Approximate Percentage of Common Shares
DEREK SUTHERLAND [3] Toronto, Ontario, Canada	Interim Chief Executive Officer	Mr. Sutherland was appointment Interim Chief Executive Officer in November 2024, Mr. Sutherland serves as Chair of the Board of Directors of MCAN Financial Group and as President of Canadazil Capital Inc.	758,178	1.96 %
SANTOKH BIRK Toronto, Ontario, Canada	Senior Vice President and Chief Financial Officer	Prior to his appointment as Senior Vice President and Chief Financial Officer in October 2024, Mr. Birk worked at Home Trust Company as Senior Vice President, Finance & Chief Accounting Officer. Prior to this, Mr. Birk held progressively senior positions at HSBC.	20,687	0.05 %
CARL BROWN Toronto, Ontario, Canada	Senior Vice President, Investments and Corporate Development	Prior to his appointment as Senior Vice President, Investments and Corporate Development in April 2022, Mr. Brown held the role of Vice President, Investments for MCAN.	59,148	0.15 %
AVISH BUCK Toronto, Ontario, Canada	Senior Vice President and Chief Operating Officer	Prior to June 2020, Mr. Buck worked at First National Financial as Vice President, Operations and at several investment firms in the capacity of financial reporting, investor relations and audit.	37,017	0.10 %
AARON CORR Toronto, Ontario, Canada	Vice President and Chief Risk Officer	Prior to his appointment as Vice President and Chief Risk Officer in February 2022, Mr. Corr held the role of Director, Enterprise Risk Management for MCAN. Prior to joining MCAN, Mr. Corr held progressive positions in the financial services industry at a Canadian bank.	19,355	0.05 %
MICHELLE LIOTTA Toronto, Ontario, Canada	Vice President, Human Resources	Prior to her appointment as Vice President, Human Resources in October 2022, Ms. Liotta worked at BMO Financial Group as a Senior Human Resource Business Partner. She held various senior leadership positions within their HR practice across multiple HR disciplines.	15,532	0.04 %

[1] Executive officers are defined as the Chief Executive Officer and his direct reports that are in charge of a principal business unit, division, or function or a policy-making function.
[2] The information as to Common Shares owned, directly or indirectly, or over which control or direction is exercised has been furnished by the respective executive officers.
[3] On November 19, 2024, MCAN announced the departure of Don Coulter as President, Chief Executive Officer and director of MCAN. Following Mr. Coulter's departure, Mr. Sutherland assumed the Interim Chief Executive Officer role, and will remain in such role until a permanent success is appointed.

Additional Disclosure Relating to Directors and Executive Officers

To our knowledge, no director or executive officer of MCAN is, or has been in the last ten years, a director, chief executive officer or chief financial officer of any company (including MCAN) that, (i) was subject to an order that was issued while that person was acting in that capacity, or (ii) was subject to an order that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity, other than Mr. Gillin, who was a director of CHC Student Housing Corporation ("CHC") from October 9, 2014 to March 5, 2018. On May 5, 2017, CHC was granted a management cease trade order by the Ontario Securities Commission as a result of CHC's inability to file its audited annual financial statements, management's discussion and analysis and related certifications for the fiscal year ended December 31, 2016 on or before May 1, 2017, as required under applicable securities laws. The order was lifted on July 4, 2017. Due to a disagreement relating to the company’s corporate strategy, Mr. Gillin resigned as a director of CHC on March 5, 2018.

For the purposes of the above paragraph, “order” means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To our knowledge, no director or executive officer of MCAN or a shareholder holding a sufficient number of securities of MCAN to affect materially the control of MCAN, (i) is or has been within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, except for Mr. Gillin, who joined the board of Toronto Artscape Inc., a not-for-profit organization on September 3, 2019. Mr. Gillin resigned from the board of Toronto Artscape Inc. on February 5, 2024, shortly after it entered into receivership.

To our knowledge, no director or executive officer of MCAN, or a shareholder holding a sufficient number of securities of MCAN to affect materially the control of MCAN has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are no existing or potentially material conflicts of interest of which we are aware between MCAN or any of its subsidiaries and any director or officer of MCAN or any director of officer of any of its subsidiaries.

AUDIT COMMITTEE INFORMATION

The primary purpose of the Audit Committee (the “Committee”) is to assist the Board in its oversight role with respect to:

1. the effectiveness of MCAN’s internal controls environment including over business processes and financial reporting;
2. the quality and integrity of MCAN’s financial information;
3. MCAN’s compliance with legal and regulatory requirements pertaining to financial disclosure;
4. the meeting of MCAN’s reporting issuer obligations;
5. the independent auditor’s performance, qualifications and independence; and
6. the performance of MCAN’s Finance and Internal Audit functions.

The Audit Committee’s role and accountabilities are outlined in Schedule “A” to this AIF.

Among other things, the Audit Committee is responsible for pre-approving all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be provided by the independent auditor. When appropriate, the Audit Committee may delegate to the Chief Financial Officer and the Chair of the Audit Committee the authority to grant pre-approvals of audit and permitted non-audit services, provided that such authorization does not exceed $100,000 for the Chief Financial Officer and an additional $100,000 for the Chair of the Audit Committee in a calendar year, for a total aggregate pre-approval authority of $200,000 during a calendar year, and the full Audit Committee shall be informed of such pre-approvals at its next scheduled meeting.

As at December 31, 2024, the members of the Audit Committee were John Coke (Chair), Bonnie Agostinho, Glenn Doré, Philip Gillin and Karen Martin. All members of the Audit Committee are, for the purposes of *National Instrument 52-110 - Audit Committees*, considered to be independent and financially literate. The following is a description of the education and experience of each member of the committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee.

Mr. Coke is an experienced financial services executive, having retired in December 2020 after a 41-year career with BMO Capital Markets where he served as a Managing Director since 1997. For the past 30 years, Mr. Coke was responsible for evolving a nascent Canadian Financial Institutions Group into a highly diversified growing business with a differentiated market lending position. Mr. Coke has also provided strategic and financing advice to a wide range of companies including working closely with MCAN and its predecessors over the last 30 year period. Mr. Coke is a member of the Institute of Corporate Directors.

Ms. Agostinho is a member of the Institute of Corporate Directors and a graduate of the Directors Education Program at the Rotman School of Management (University of Toronto). Prior to her retirement, Ms. Agostinho was with Canadian Tire Financial Services since 2002, serving most recently as Chief Information Officer. As Chief Information Officer, she was responsible for IT strategy, managing day-to-day operations and capital program execution. Ms. Agostinho currently also serves as a Corporate Director for the Technical Standards & Safety Authority.

Mr. Doré obtained his CPA, CA designation in 1990 and holds a Bachelor of Arts (Political Science) from Bishops University. Mr. Doré has been President of Teff Administration Inc. (an asset management company) since 1994. From 1994 until 2017, Mr. Doré was partner and operator of various Immigrant Investor Programs in Canada and the United States and has worked closely with MCAN on various businesses and projects since 1990.

Mr. Gillin holds the CPA designation. He has a Master of Business Administration from the Schulich School of Business, York University, and a Bachelor of Arts from the University of Western Ontario. Mr. Gillin started his career in the real estate business in 1979 and retired in 2019. Most recently, he was Executive Vice President and Portfolio Manager of Bentall GreenOak (a member of the Sun Life Group of companies).

Ms. Martin (CPA, CFA) is an independent corporate director in the financial services sector. In addition to MCAN Financial, Ms. Martin serves on the boards and audit committees of specialty finance company ECN Capital, Real Matters Inc., and Propel Holdings. Ms. Martin served in senior executive management, treasury and finance positions in growing and complex public and private financial services companies for over 35 years. Ms Martin's roles included Interim Chief Financial Officer of NorthWest Healthcare Properties REIT (November 2023-April 2024); EVP & Treasurer (2012–2019) at Element Fleet Management; and Xceed Mortgage Corporation and Canadian Imperial Bank of Commerce. Ms. Martin holds the professional independent director designation (ICD.D) from the Institute of Corporate Directors.

AUDIT FEES

Fees paid to the Company's auditor, Ernst & Young LLP, for the past two years are as follows. Amounts listed below represent the amount billed in the year.

Category	2024	2023
Audit Fees	$ 903,108	$ 525,087
Audit-Related Fees [1]	109,610	107,000
Tax Fees [2]	38,872	60,595
All Other Fees [3]	5,650	47,973
Total Fees	$ 1,057,240	$ 740,655

1. Audit-Related Fees include AMF (Autorité des marchés financiers), CMHC, FSRAO (Financial Services Regulatory Authority of Ontario), and British Columbia FSA (Financial Services Authority) compliance procedures.
2. Tax Fees include tax planning, review of tax returns and tax advice.
3. Other Fees includes consulting services.

LEGAL PROCEEDINGS

In the ordinary course of business, MCAN and its service providers (including MCAP), their subsidiaries and related parties may be party to legal proceedings that may result in unplanned payments to third parties. The Company is not currently directly involved in any outstanding, threatened, pending or, to the knowledge of the Company, contemplated, material litigation.

REGULATORY ACTIONS

In the ordinary course of business, MCAN may be subject to penalties or sanctions imposed by regulatory authorities from time to time in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulations but which are not, individually or in the aggregate, material, nor would they likely be considered important to a reasonable investor making an investment decision.

During the 2024 financial year, MCAN did not face any penalties imposed by securities regulatory authorities, or enter into any settlement agreements with a court relating to Canadian provincial and territorial securities legislation or with a Canadian provincial or territorial securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

A number of insiders of the Company participated in the December 2022 Rights Offering that expired on December 20, 2022. Pursuant to the basic subscription privilege under the December 2022 Rights Offering, 1,826,553 Common Shares were distributed at a price of $14.00 per Common Share. Of these Common Shares, 318,426 were distributed to persons who are insiders of MCAN and 1,508,127 were issued to the remaining subscribers under the basic subscription privilege. Pursuant to the additional subscription privilege under the December 2022 Rights Offering, 623,854 Common Shares were distributed at a price of $14.00 per Common Share. Of these Common Shares, 127,426 were distributed to persons who are insiders of MCAN and 496,428 were issued to the remaining subscribers under the additional subscription privilege.

On November 29, 2022, KingSett Canadian Real Estate Income Fund LP ("CREIF") announced that it acquired 165,000 Common Shares, representing approximately 0.5% of the outstanding Common Shares at the time at a price of $16.61 per Common Share for an aggregate purchase price of $2,740,650 on the TSX. This resulted in CREIF beneficially owning approximately 10.5% of the outstanding Common Shares. On August 1, 2023, CREIF announced that it acquired 311,516 Common Shares, representing approximately 0.9% of the outstanding Common Shares at the time, at a price of $16.05 per Common Share for an aggregate purchase price of $5,000,000 pursuant to a private agreement. This resulted in CREIF beneficially owning approximately 12.85% of the outstanding Common Shares. CREIF acquired the Common Shares for investment purposes.

Further information related to Interest of Management and Others in Material Transactions may be found in the "Indebtedness of Directors and Executive Officers" section of our 2024 and 2023 Management Information Circulars, herein incorporated by reference. Such Management Information Circulars are available on our profile on SEDAR+ at www.sedarplus.ca and on our website at www.mcanfinancial.com. For the year ended December 31, 2024, we are not aware of any instances where a director, executive officer, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of outstanding voting securities, or any of their associates or affiliates has or had any material interest, direct or indirect, in any transaction during the current financial year that has materially affected or will materially affect the Company.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, located in Toronto, Ontario, is our transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the only material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year which are currently in effect are as follows:

On November 11, 2010, MCAN and MCAP entered into an amended mortgage acquisition agreement, which replaces the mortgage origination and servicing agreement dated October 20, 2006 between the parties. Pursuant to the agreement, MCAP originates and services investment mortgages (which are intended to be held by MCAN on a long-term investment basis) for MCAN. The agreement also sets forth certain terms applicable to a sale of investment mortgages by MCAN, in that MCAP has certain rights of first refusal to assist with such sale. Origination and servicing rates are set forth in the agreement and vary depending upon the type of mortgage that is being originated and serviced. Either party may terminate the agreement on 90 days' notice.

On October 6, 2021, the Company entered into the Initial Distribution Agreement with Canaccord Genuity Corp., as agent, pursuant to which the Company may issue and sell from time to time Common Shares having an aggregate sales price of up to $30 million in each of the provinces and territories of Canada in connection with its initial ATM Program. The Company renewed the ATM Program on August 21, 2023 and entered into the current Distribution Agreement with Canaccord Genuity Corp. on that date. The Distribution Agreement is described in more detail in the ATM Prospectus, and the Initial Distribution Agreement, Distribution Agreement and ATM Prospectus are available under our profile on SEDAR+ at www.sedarplus.ca.

On March 19, 2024, the Company entered into an underwriting agreement with the Underwriters in connection with the March 2024 Offering (the "Underwriting Agreement"). The Underwriting Agreement is described in more detail in the March 2024 Prospectus, and the Underwriting Agreement is available under our profile on SEDAR+ at www.sedarplus.ca.

INTEREST OF EXPERTS

Ernst & Young LLP, the external auditor of MCAN, reported on our 2024 consolidated financial statements. At the time of preparing its report on the 2024 consolidated financial statements, Ernst & Young LLP was independent of MCAN in accordance within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information about MCAN is available on our website at www.mcanfinancial.com and under our profile on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, securities authorized for issuance under equity compensation plans and interests of insiders in material transactions, is contained in our 2024 and 2023 Management Information Circulars. Additional financial information is provided in our consolidated financial statements and MD&A in our 2024 Annual Report for the year ended December 31, 2024.

Copies of this AIF, as well as copies of our 2024 Annual Report for the year ended December 31, 2024 and the 2024 and 2023 Management Information Circulars, may be obtained from:

MCAN Financial Group
200 King Street West
Suite 600
Toronto, ON M5H 3T4

Attn: Corporate Secretary

Email: mcanexecutive@mcanfinancial.com

SCHEDULE A - MANDATE OF THE AUDIT COMMITTEE

Role

The primary purpose of the Audit Committee (the "Committee") is to assist the Board in its oversight role with respect to:

1. the effectiveness of MCAN's internal controls environment, including over business processes and financial reporting;
2. the quality and integrity of MCAN's financial information;
3. MCAN's compliance with legal and regulatory requirements pertaining to financial disclosure;
4. the meeting of MCAN's reporting issuer obligations;
5. the independent auditor's performance, qualifications and independence; and
6. the performance of MCAN's Finance and Internal Audit functions.

Composition and Operations

1. The Committee shall consist of at least three directors appointed annually by the Board.

2. No member of the Committee shall be an officer or employee of MCAN, its subsidiaries or affiliates. All members of the Committee shall be independent. A majority of the members of the Committee will not be affiliated with MCAN as such term is defined in the *Trust and Loan Companies Act* (Canada).

3. Each member of the Committee shall satisfy the applicable independence, proficiency and experience requirements of the laws, regulations and guidelines governing MCAN, the applicable stock exchange(s) on which MCAN's securities are listed, applicable securities regulatory authorities and MCAN's Director Independence Policy.

4. The Board shall appoint one member of the Committee as the Committee Chair.

5. Each member of the Committee shall be financially literate as such qualification is defined by applicable laws, regulations and guidelines and interpreted by the Board in its business judgement.

6. The Committee shall meet at least quarterly and as many additional times as necessary. The Committee shall report to the Board on its activities after each of its meetings.

7. The Committee strives for consensus, but the affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution.

Specific Duties

Oversight of the Independent Auditor

1. Recommend to the Board the appointment, reappointment or removal of the independent auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for MCAN, subject to required shareholder approval.

2. Review and discuss with management and the independent auditor, prior to the annual audit, the scope, planning, materiality and staffing of the annual audit. Satisfy itself that the audit plan is risk-based and addresses all of the relevant activities over a measurable cycle, that the work of the independent auditor and the internal auditor is coordinated and recommend to the Board the engagement letter.

3. Review, approve and recommend to the Board the compensation of the independent auditor and ensure that the audit fee is not affected by inappropriate levels of materiality, inappropriate scope limitations or inappropriate consideration of the significant audit risks.

4. Provide oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services (including resolution of disagreements between management and the independent auditor regarding financial reporting). Ensure that the independent auditor reports directly to the Committee.

5. Pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be provided by the independent auditor.

6. When appropriate, the Committee may delegate to the CFO and the Chair of the Committee the authority to grant pre-approvals of audit and permitted non-audit services, provided that such authorization does not exceed $100,000 for the CFO and an additional $100,000 for the Chair of the Committee in a calendar year, for a total aggregate pre-approval authority of $200,000 during a calendar year, and the full Committee shall be informed of such pre-approvals at its next scheduled meeting.

7. Evaluate the qualifications, performance and independence of the independent auditor, including:

    i. reviewing and evaluating the lead partner on the independent auditor's engagement with MCAN;

    ii. reviewing and evaluating the structure and governance of the independent audit firm;

    iii. considering whether the independent auditor's quality controls are adequate and address the most recent and relevant CPAB Big Four inspection findings;

    iv. reviewing and evaluating the independent audit firm's procedures to ensure that it is aware of regulatory requirements affecting MCAN that could impact the auditor's work;

    v. considering whether the provision of permitted non-audit services is compatible with maintaining the independent auditor's independence;

    vi. reviewing with the independent auditor its annual independence letter and, in the event that the independent auditor has not changed for many years, considering the possibility of familiarity or self-interest bias;

    vii. addressing any concerns raised by regulatory authorities or other stakeholders regarding the independent auditor's independence; and

    viii. considering the overall effectiveness of the annual audit.

8. At least annually, complete an assessment of the overall quality of the independent auditor, including obtaining and reviewing a report from the independent auditor regarding:

    i. the independent auditor's internal quality-control procedures;

    ii. any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditor;

iii. any steps taken to deal with any such issues; and

iv. all relationships between the independent auditor and MCAN.

9. No less frequently than every five years, complete a comprehensive review of the independent auditor using the guidance tool issued by CPA Canada.

10. Present the Committee's conclusions with respect to the independent auditor to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the independent auditor.

11. Review with management annually the process for tendering the external audit.

12. Ensure that the independent auditor delivers all communications proposed in its annual audit plan as well as all communications to the Audit Committee as required by Canadian Generally Accepted Auditing Standards.

13. Ensure the rotation of the lead audit partner having primary responsibility for the audit as required by applicable laws, regulations, guidelines or professional standards.

14. Review and approve hiring policies regarding partners and employees or former partners and employees of the present and former independent auditor.

15. Establish and maintain free and open communication with the independent auditor, including meeting separately with the independent auditor to assess the adequacy and effectiveness of MCAN's internal control systems, and report to the Board on the effectiveness of the independent audit process.

16. Review and discuss with management at least annually the risk of the independent auditor withdrawing from the audit and contingency plans related thereto.

Financial Reporting

17. Review and discuss with management and the independent auditor the annual audited financial statements, including any climate-related financial disclosure, the independent auditor's report thereon, any changes to the audit scope or strategy, and any other returns or transactions required to be reviewed by the Committee and report to the Board prior to approval by the Board and publication of earnings.

18. Review and discuss with management MCAN's quarterly financial statements, including any climate-related financial disclosure, prior to approval by the Board and publication of earnings.

19. Review and discuss with management and the independent auditor, as appropriate, the annual and quarterly disclosures made in management's discussion and analysis, including any climate-related financial disclosure, prior to approval by the Board and publication.

20. Review such returns as the Office of the Superintendent of Financial Institutions may specify.

21. Discuss with management no less frequently than annually the procedures taken by management with respect to the design, implementation and operating effectiveness of the overall internal control environment including internal controls over financial reporting and for the prevention and detection of fraud and error.

22. Review, evaluate and approve the procedures established under item 21.

23. Review such investments and transactions that could adversely affect MCAN's well-being as the independent auditor or any officer of MCAN may bring to the attention of the Committee.

24. At least annually, review and discuss with management and the independent auditor significant financial reporting issues and judgements made in connection with the preparation of MCAN's financial statements, including:

    i. key areas of risk for material misstatement of the financial statements, including critical accounting estimates or areas of measurement uncertainty;

    ii. whether the independent auditor considers estimates to be within an acceptable range and the rationale for the final valuation decision and whether it is consistent with industry practice;

    iii. any significant changes in MCAN's selection or application of accounting principles and practices suggested by the independent auditor, internal audit personnel or management and assess whether MCAN's accounting practices are appropriate;

    iv. any major issues as to the adequacy and effectiveness of MCAN's internal controls; and

    v. any special steps adopted in light of material control deficiencies.

25. At least annually, review and discuss with management and the independent auditor the findings of the independent auditor's work in completing the annual audit, including:

    i. critical accounting policies and practices to be used;

    ii. the independent auditor's view on significant matters that arose during the audit, including any issues that involved significant judgements and/or estimates;

    iii. alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;

    iv. any significant difficulties encountered by the independent auditor over the course of the audit;

    v. the nature and levels of misstatements identified during the audit;

    vi. any issues or concerns of the independent auditor related to undertakings given by management in its letter of representation;

    vii. any findings or recommendations of the independent auditor related to deficiencies in MCAN's internal controls over financial reporting; and

    viii. other material written communications between the independent auditor and management, such as any management letter.

26. At least annually, review and discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on MCAN's financial statements.

27. Periodically review and recommend to the Board the Disclosure Policy, which governs the release of information about MCAN and requires timely, accurate and fair disclosure of such information in compliance with all legal and regulatory requirements.

28. Review all financial public disclosure documents, including information contained in earnings press releases, Investor Presentations, Annual Information Forms, Annual Reports and Management Information Circulars prior to approval by the Board.

29. Review and discuss with the CEO and the CFO the procedures undertaken in connection with the CEO and CFO certifications for the annual and interim filings with applicable securities regulatory authorities.

30. Review disclosures made by the CEO and CFO arising from their certification process for the annual and interim filing with applicable securities regulatory authorities about any significant deficiencies or material weaknesses in the design or operation of internal controls which could adversely affect MCAN's ability to record, process, summarize and report financial data, and any fraud involving management or other employees who have a significant role in MCAN's internal controls.

31. At least quarterly, discuss with management any legal matters that may have a material impact on the financial statements, operations and assets of MCAN and any material reports or inquiries received by MCAN or any of its subsidiaries from regulators or governmental agencies with respect to financial statements.

Oversight of the Finance Function

32. Together with the Conduct Review, Corporate Governance & Human Resources Committee, ensure an annual review of the mandate of the Chief Financial Officer.

33. At least annually, review the budget, structure and resources of the Finance function, prior to approval by the Board.

34. Together with the Conduct Review, Corporate Governance & Human Resources Committee, ensure an annual performance evaluation of the Chief Financial Officer and assess the effectiveness of the Chief Financial Officer and the Finance function and report to the Board thereon.

35. Review the results of periodic independent reviews of the Finance function, including Treasury, Securitization and Term Deposits.

36. At least quarterly, meet separately with the Chief Financial Officer to assess the adequacy and effectiveness of the internal control systems and to obtain reasonable assurance that the controls are effective and report to the Board thereon.

Oversight of the Internal Audit Function

37. Champion the IA Function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives. Support the Chief Audit Executive (CAE) through regular, direct communications, including meeting at least quarterly with the CAE without management present to discuss significant and sensitive matters (if any) and report to the Board thereon.

38. At least annually, discuss and approve the IA Charter, which includes the IA Mandate and the scope and types of IA services, prior to approval by the Board. This should consider both the input of the CAE and senior management on key topics that should be included to enable an effective IA Function, and capture any material changes affecting the organization, including the type, severity, & interdependencies of risks.

39. Establish a direct reporting relationship with the CAE and IA Function to enable it to fulfill the approved IA Charter. Require the CAE role be positioned at a level in the organization that enables IA services and responsibilities to be performed without interference from Management and ability to escalate to the Board when necessary.

40. Together with the Conduct Review, Corporate Governance & Human Resources Committee, (1) authorize the appointment and removal of the CAE and (2) review and approve the CAE Mandate (Role Profile) at least annually. Confirm the CAE has the necessary qualifications, experience, and competencies to carry out the roles and responsibilities outlined in the CAE Mandate and manage the IA Function effectively.

41. Work with senior management to enable the IA Function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the IA Mandate. This includes making quarterly inquires of senior management, as represented by the CEO, and the CAE to determine whether any restrictions on the IA Function's scope, access, authority, or resources limit the IA Function's ability to carry out its responsibilities. Engage with senior management to ensure the IA Function is free from interference when determining its scope, performing audits, and communicating results.

42. At least annually, review the independence of the CAE and IA Function. Acknowledge and document any actual or potential impairments to the IA Function's independence when approving CAE roles or responsibilities that are beyond the scope of internal auditing. Engage with senior management and the CAE to establish appropriate safeguards if CAE roles and responsibilities impair or appear to impair the IA Function's independence.

43. At least annually, discuss with the CAE to understand how the IA Function is fulfilling its Mandate. Set expectations with the CAE for:
    i. The frequency with which the Board wants to receive communications
    ii. The criteria for determining which issues should be escalated to the Board
    iii. The process for escalating matters of importance to the Board

44. Regularly communicate the Board's perspective on the organization's strategies, objectives, and risks to assist the CAE with determining IA priorities.

45. At least annually, review and approve the annual IA Plan, which outlines:
    i. The IA Strategy and Performance Objectives,
    ii. The scope of Planned Audits, including the degree of co-ordination between internal assurance providers and External Auditor (as applicable)
    iii. The Structure, Resources, and Budget of the IA Function.

    The Board should satisfy itself that the IA Plan is risk-based and addresses all relevant activities over a measurable cycle, prior to approving the Plan.

46. Confirm that outstanding internal control matters as cited by the Office of the Superintendent of Financial Institutions or other regulatory agencies are adequately addressed in the scope of audits on a timely basis.

47. Collaborate with senior management to provide the IA Function with sufficient resources to fulfill the IA Mandate and deliver the IA Plan. Discuss with the CAE, at least annually, the sufficiency, both in numbers and capabilities, of IA resources to fulfill the IA Mandate and deliver the IA Plan. Consider the impact of insufficient resources and engage to remedy the situation if resources are deemed inefficient.

48. Review quarterly Audit Committee reports from the CAE on IA activities, including audit findings, recommendations, progress against the approved annual IA Plan, including any changes to the Plan, and Key Performance Indicators for IA activities. Gain reasonable

assurance through quarterly IA reporting on the effectiveness of MCAN's governance, risk management, and control processes based on the results of Internal Audits and discussions with senior management. Review and provide feedback on the individual Audit Reports compiled by the IA Function communicating engagement results, including conclusions and recommendations.

49. At least quarterly, discuss with the CAE any disagreements with senior management or other stakeholders and provide support as necessary to enable the CAE to perform the responsibilities outlined in the IA Charter.

50. At least annually, discuss with the CAE the Quality Assurance and Improvement Program (QAIP), including both the annual Internal Quality Assessment and External Quality Assessment required at least every 5-years.

51. Together with the Conduct Review, Corporate Governance & Human Resources Committee, discuss the annual performance evaluation and remuneration of the CAE. This should include ensure an annual performance evaluation to assess the effectiveness of both the CAE and the IA Function and report to the Board thereon.

    The assessment of the IA Function should include:
    i. Reviewing the IA Function's performance objectives, including its conformance with the Global IA Standards, laws and regulations; ability to meet the IA Mandate; and progress towards completion of the IA Plan.
    ii. Considering the results of the IA Function's Quality Assurance and Improvement Program.
    iii. Determining the extent to which the IA Function's performance objectives are being met.

52. Discuss with the CAE the plans to have an External Quality Assessment (EQA) of the IA Function conducted by an independent, qualified assessor or assessment team. Determine with senior management and the CAE the scope and frequency of EQAs by considering the responsibilities and regulatory requirements of the CAE and IA Function, as described in the IA Charter.

53. Review and approve the CAE's plan for the performance of an External Quality Assessment (EQA). Such approval should cover, at a minimum:
    i. The scope and frequency of assessments
    ii. The competencies and independence of the external assessment team

54. Require submission of the complete results of the EQA when completed, including the CAE's action plans to address deficiencies and improvement opportunities (if any). Approve a timeline for the action plans and monitor the CAE's progress.

Other

55. Annually review and recommend to the Board the Whistleblowing Policy.

56. Establish procedures for the receipt, retention and treatment of complaints received by MCAN regarding accounting, internal accounting controls, or auditing matters, and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and the potential retaliation against employees who raise complaints or concerns as contemplated in the Whistleblowing Policy.

57. Periodically review and recommend to the Board the Allowance Policy.

58. Annually review and recommend to the Board the Signing Authorities for MCAN.

59. Review quarterly expected credit loss ("ECL") allowances. Approve all new ECL allowances for Stage 3 loans in excess of $500,000 and ECL allowance reversals at a threshold of $100,000 per loan.

60. Review and recommend to the Board any banking facilities and other financing facilities as MCAN may, from time to time, require.

61. Review correspondence with Canadian securities regulators and administrators.

62. At the discretion of the Committee, retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.

63. Together with the Conduct Review, Corporate Governance & Human Resources Committee, ensure an annual review of the Committee mandate.

64. Carry out any other appropriate duties and responsibilities as assigned by the Board.

Approved: December 2024