



# Q1 2025 Results

TSX: MKP

May 7, 2025





# Forward Looking Information

This presentation may contain forward-looking information within the meaning of applicable Canadian securities laws, including statements regarding the business and anticipated financial performance of MCAN Mortgage Corporation d/b/a MCAN Financial Group and its subsidiaries (the “Company”). These statements are based on current expectations and are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technology changes, global market activity, interest rates, changes in government and economic policy, geopolitical risks and potential changes in tariffs impacting international trade and general economic conditions in geographic areas where MCAN operates. 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.

The Company cautions readers not to place undue reliance on forward-looking statements when making decisions, as many risks and uncertainties could cause actual results, performance or achievements to be materially different from any future results, including those described in the Company’s annual information form, management’s discussion and analysis and other documents filed under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Certain statements included in this presentation may also be considered a “financial outlook” for purposes of applicable Canadian securities laws. The Company presents its outlook to assist shareholders in understanding management’s assumptions and expectations on how the future will impact financial performance of the Company, and as such, these statements may not be appropriate for purposes other than this presentation. The Company does not undertake to update any forward-looking statements, whether oral or written, except as required by securities laws.

## Non-GAAP and Other Financial Measures

This investor presentation references a number of non-GAAP and other financial measures and ratios to assess the Company’s performance such as return on average shareholders’ equity, spread of corporate mortgages over term deposit interest and expenses, net corporate mortgage spread income, and book value per common share. These measures are not calculated in accordance with International Financial Reporting Standards (“IFRS”), are not defined by IFRS and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. These metrics are considered to be non-GAAP and other financial measures and are defined and reconciled to the most directly comparable IFRS measure in the “Non-GAAP and Other Financial Measures” section of the Company’s Q1 2025 MD&A available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), which section is incorporated herein by reference.



# Business Overview



# Business Model and Value Proposition



**MCAN is Canada's largest Mortgage Investment Corporation ("MIC") and the only MIC that is federally regulated.**

## **Uniquely structured as a flow-through MIC<sup>1</sup>**

- Not taxed at the corporate level; all taxable earnings distributed annually
- Compared to MIC peers:
  - **Lower risk profile**
  - **Higher returns** driven by lower funding costs

## **Federally Regulated Financial Institution since 1991**

- Strong governance and risk management practices
- Compared to OSFI peers, **lower cost funding** and **focus on real estate investing**

**Unique Business Model  
with Strong  
Fundamentals**

**Attractive Financial  
Profile & Growth**

**Investment in MCAP a  
Source of Growing  
Value**

**Seasoned  
Management Team  
with Industry Track  
Record**

**Consistent and  
Attractive Dividend  
Yield**

<sup>1</sup>MCAN is a Mortgage Investment Corporation ("MIC") under the *Income Tax Act* (Canada). A MIC is a flow-through vehicle that is able to deduct from income for tax purposes dividends paid within 90 days of year-end. The Company expects to pay sufficient dividends to ensure that it is not subject to income taxes in the MIC entity. MCAN would be subject to tax at a statutory tax rate of 38% to the extent that it does not pay sufficient dividends to eliminate its taxable income.

# Q1 2025 Financial Highlights



- Mortgage lending business started the year strong
  - Net interest income solid, despite a Prime rate cut of 50bps in the quarter
- PCLs higher due primarily to deteriorating macro environment
  - Loans performing and credit quality strong

**\$16.6M**

(PPPT Income<sup>1,2</sup> \$19.3M)

Net Income  
(+115% from Q4 2024)

**\$0.43**

(PPPT EPS<sup>1,2</sup> \$0.50)

Earnings per Share  
(+115% from Q4 2024)

**10.99%**

Return on Average Shareholders' Equity<sup>1</sup>  
(+5.85% from Q4 2024)

**\$5.4B**

Total Assets  
(+2% from December 31, 2024)

**\$6.1B**

Assets Under Management<sup>1</sup>  
(+3% from December 31, 2024)

**\$2.5B**

Non-Securitized Mortgages  
(+3% from December 31, 2024)

**\$718M**

Market Capitalization  
(+2% from December 31, 2024)

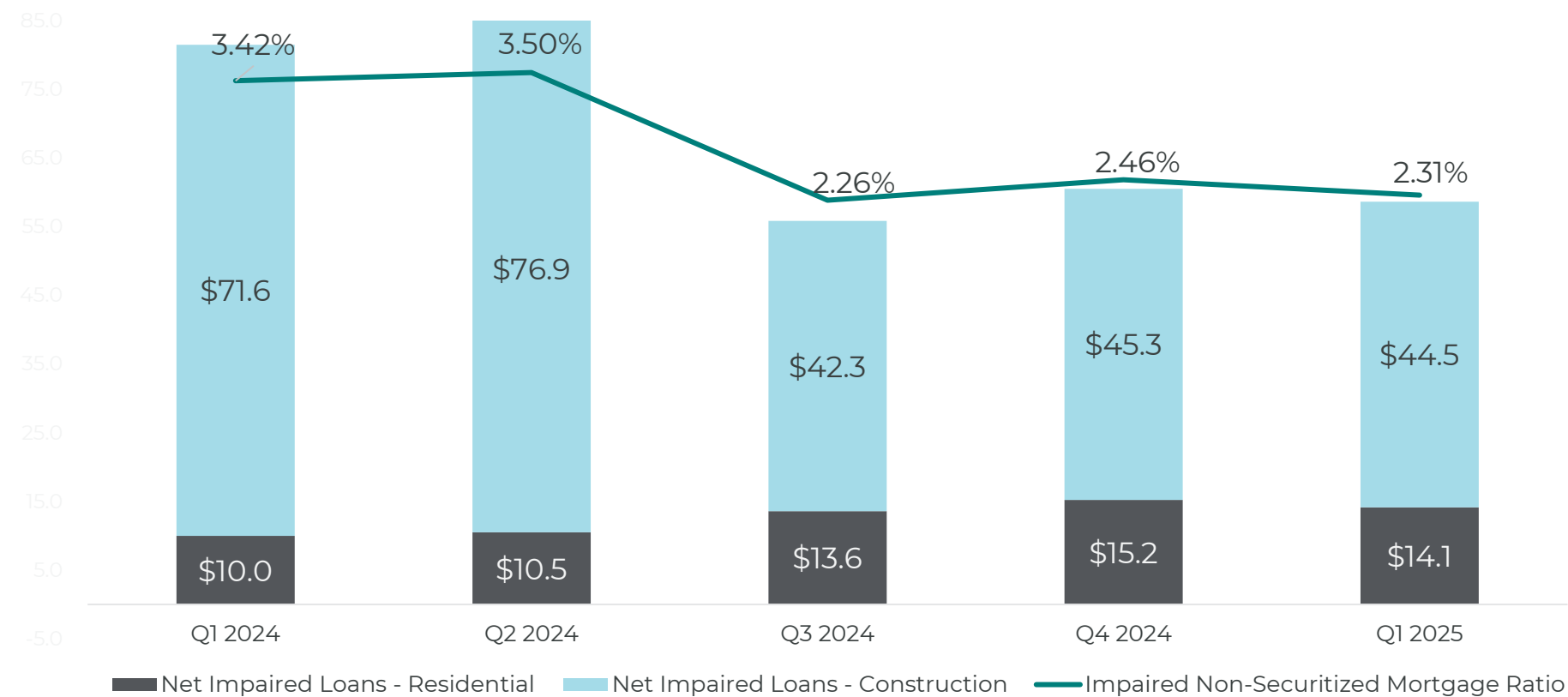
<sup>1</sup> Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this investor presentation. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

<sup>2</sup> Pre-provision pre-tax

# Impaired Loans – Steady in Deteriorating Credit Cycle; Provisions Reflect Current Macro Environment



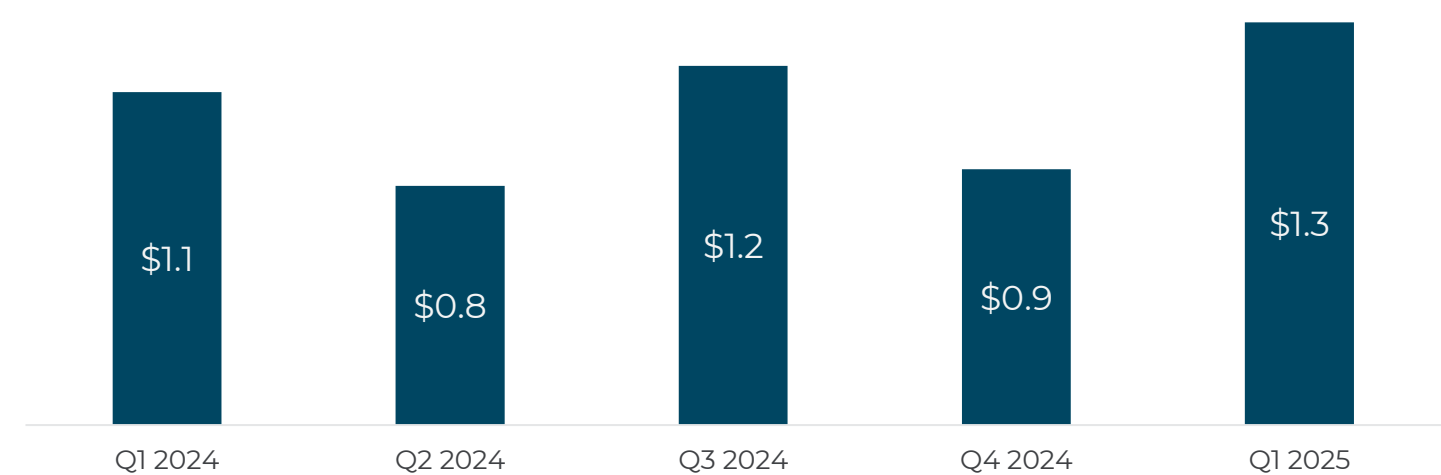
## Impaired Loans (\$MM)



## PCL – Performing Loans (\$MM)



## PCL – Non-Performing Loans (\$MM)



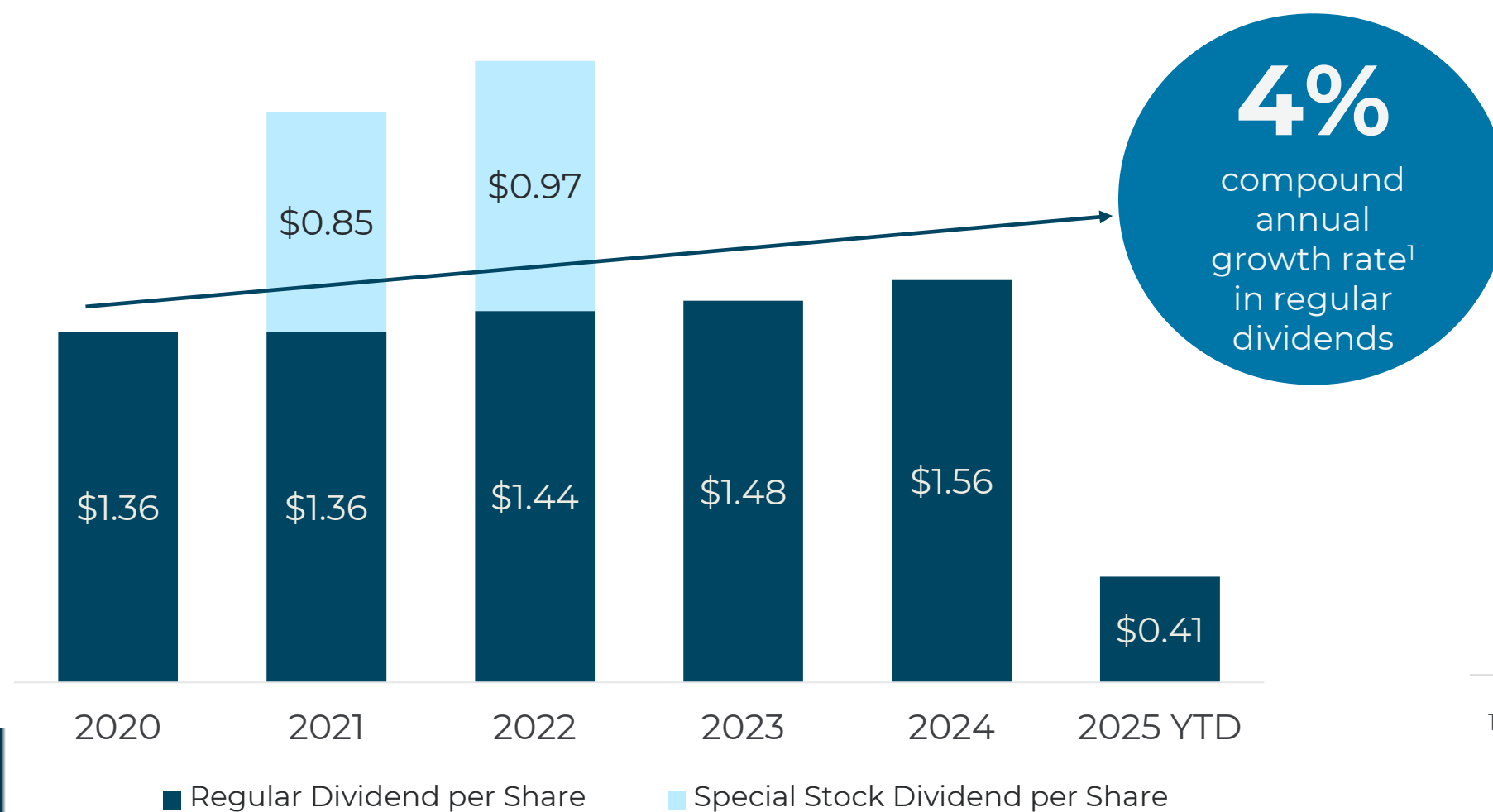
- Impaired loan ratio trending favourably over last five quarters
- Portfolio supported by strong underwriting and post-funding monitoring

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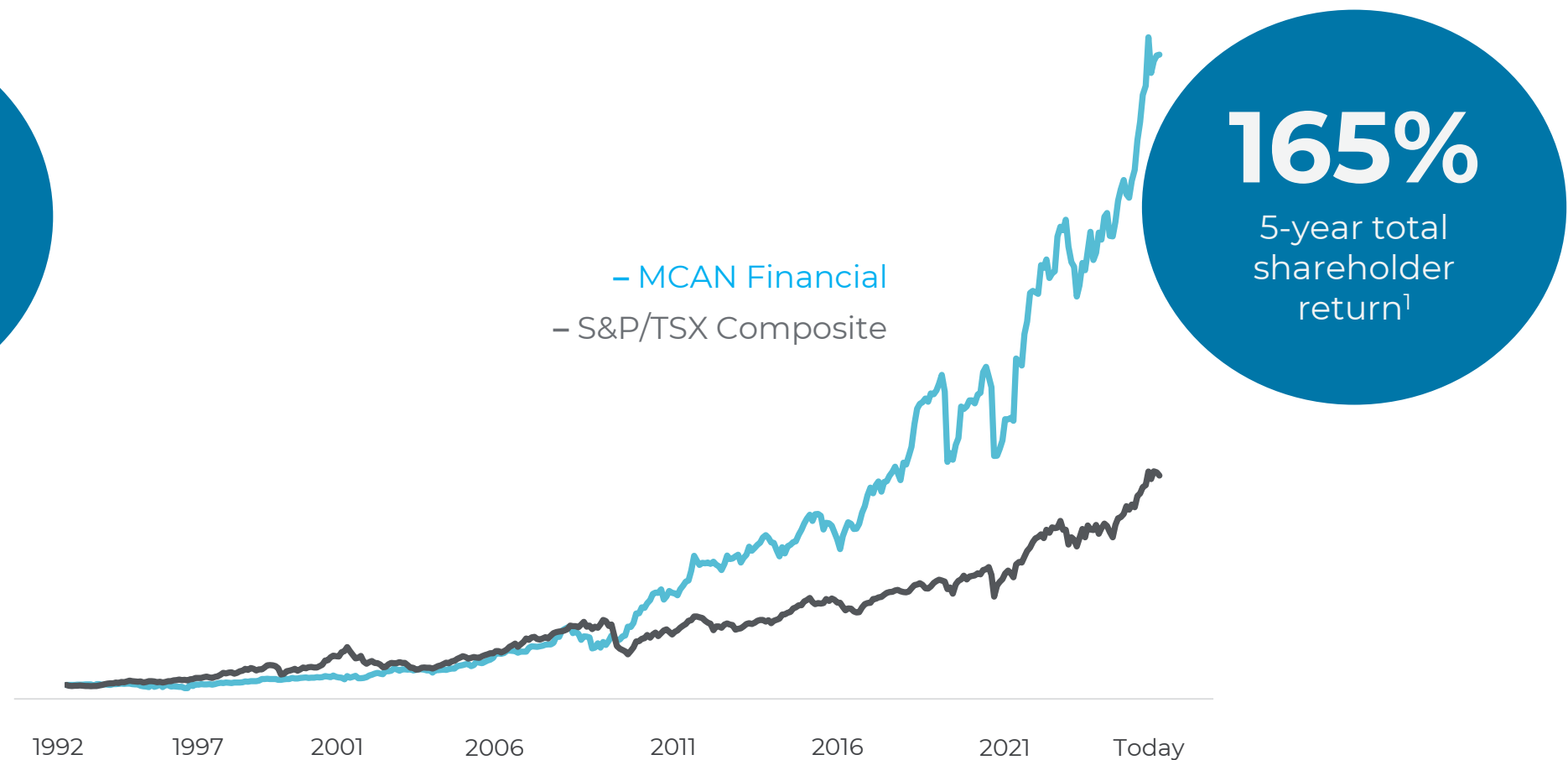
# Quality Returns to Shareholders



## Dividend



## Total Shareholder Return



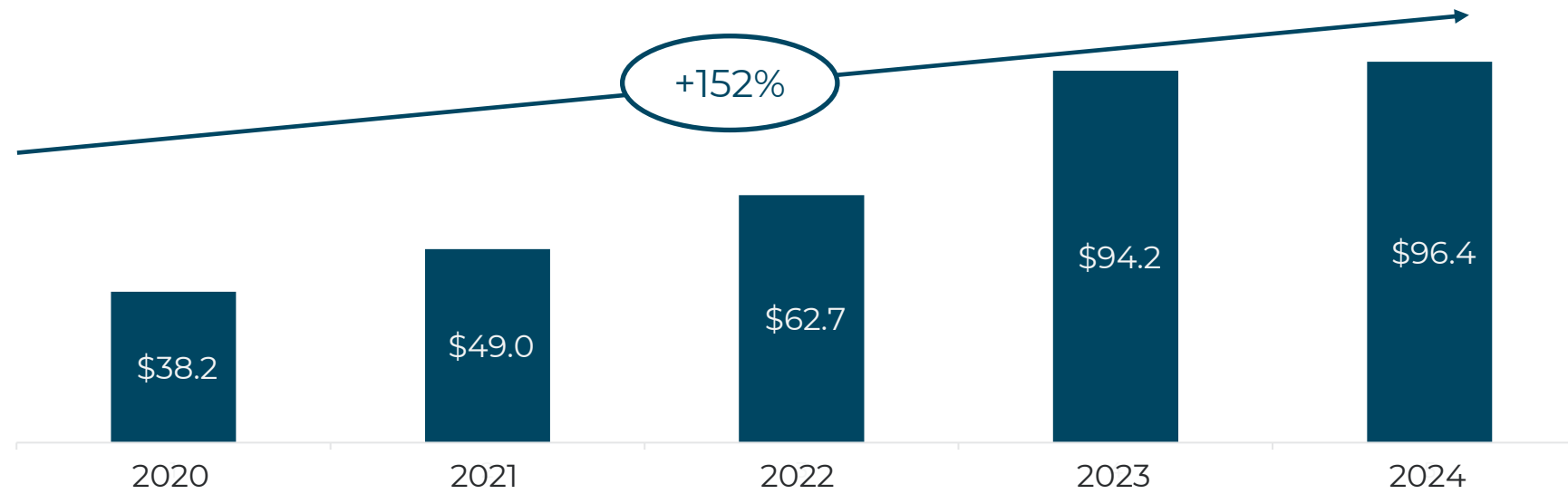
- 32-year history of paying dividends
- Q2 2025 dividend declared of \$0.41 per share
- Long-term objective of sustained and prudent dividend growth

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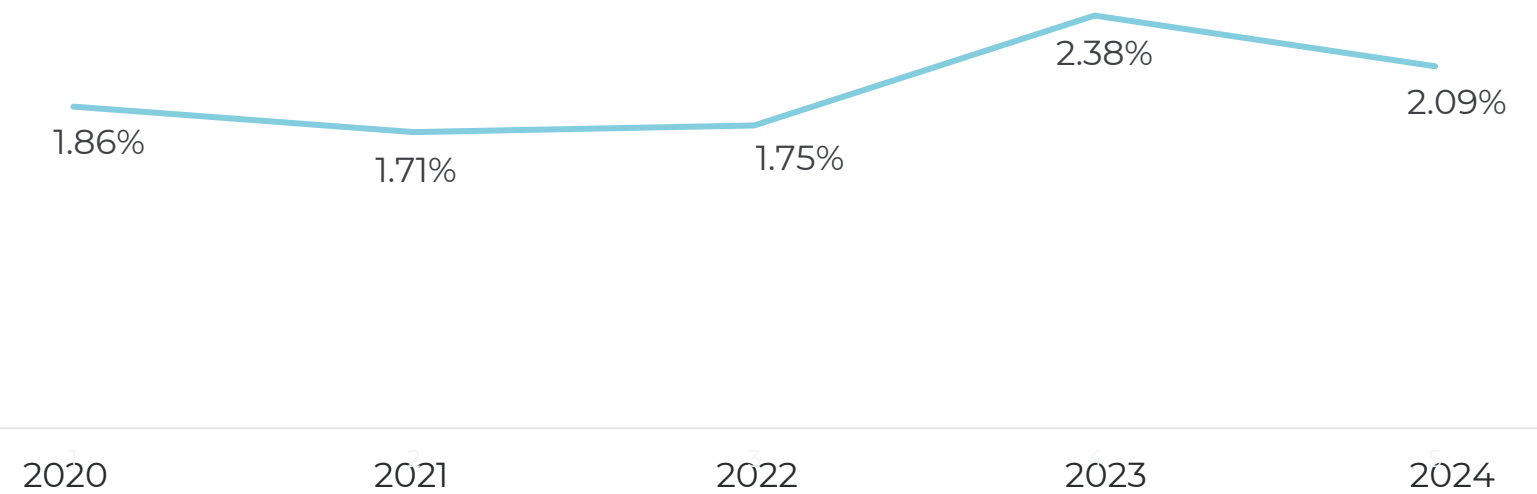
# Net Interest Income Growth Outpacing Mortgage Asset Growth – Strong Pricing Discipline



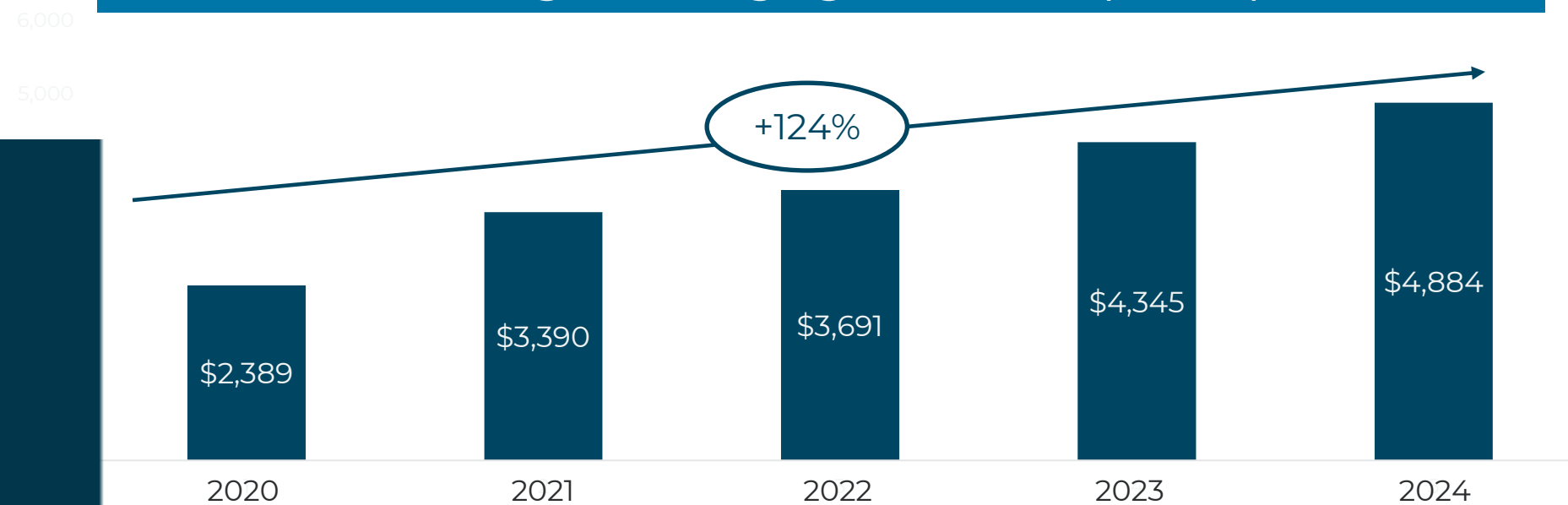
Net Interest Income (\$MM)



NII as a % of Average Mortgage Assets<sup>1</sup>



Average Mortgage Assets<sup>1</sup> (\$MM)



- Continued focus on pricing discipline while growing mortgage portfolio
  - 5 year growth in NII of 152%
  - 5 year growth in average mortgage assets<sup>1</sup> of 124%

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# Financial Overview



# Financial Overview – Solid Contribution from Core Lending; Higher Provisions in Current Environment



In \$MM, unless otherwise noted and except for per share amounts	Q1 25	Q1 25/Q4 24	Q1 25/Q1 24
Net interest income	\$23.8	-4%	-1%
Non-interest income	\$10.5	2104%	-2%
Provision for credit losses	\$3.1	166%	583%
Net income	\$16.6	115%	-29%
Earnings per share	\$0.43	115%	-34%
Return on average shareholders' equity <sup>1</sup>	10.99%	6%	-6%
Total assets (\$B)	\$5.4	2%	11%
Uninsured mortgages (\$B)	\$1.1	2%	13%
Construction mortgages (\$B)	\$1.1	2%	8%
Securitized mortgages (\$B)	\$2.4	-3%	12%
Book value per share	\$15.52	0%	2%
Total capital ratio	19.18%	-1%	0%
Income tax assets to capital ratio	5.41	3%	5%

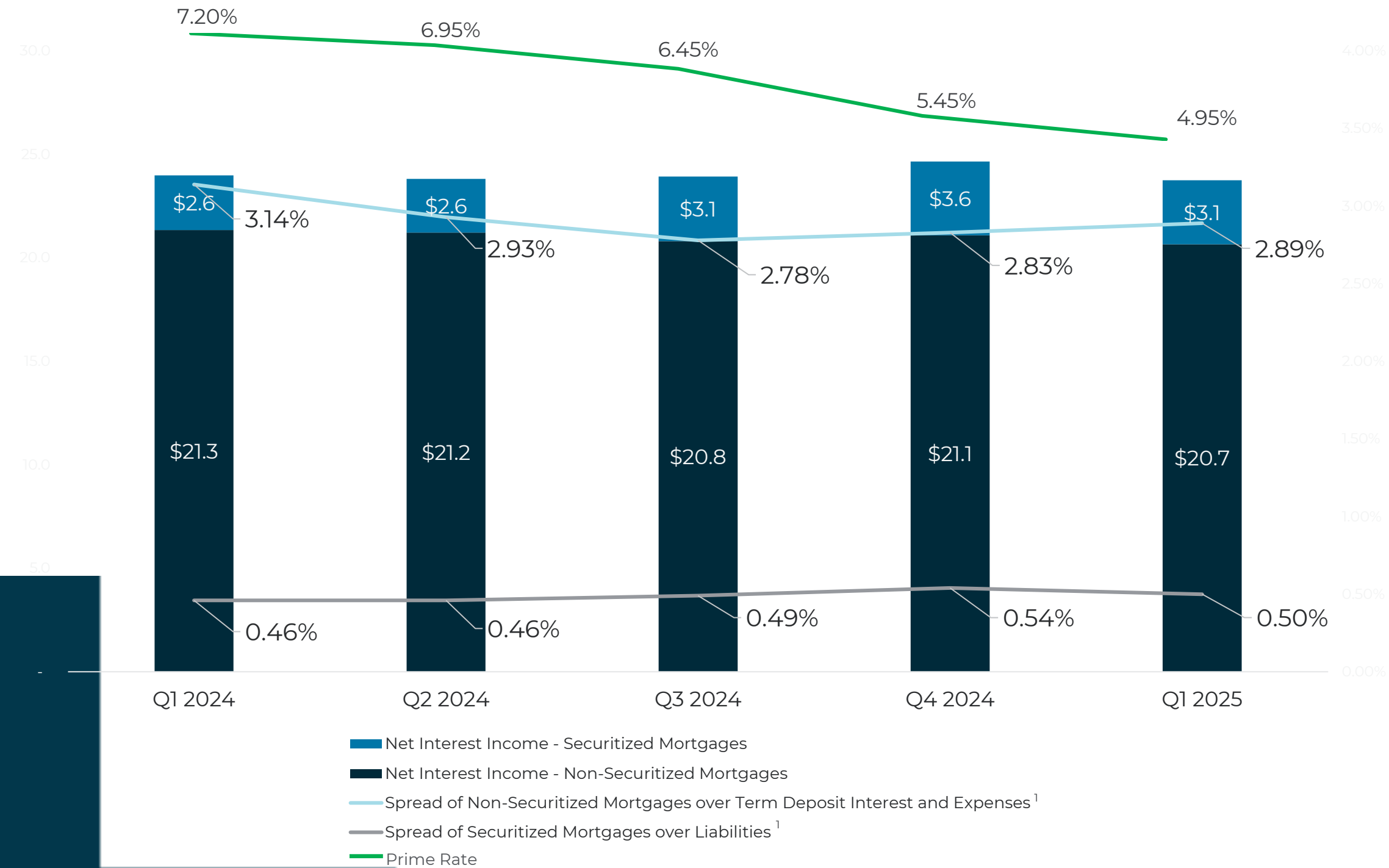
- Core business contribution solid Q/Q despite uncertain economic environment and geopolitical tensions
- Provisions higher given (a) growth in mortgage portfolio; (b) interest provisioning on impaired construction loans; and (c) worsening economic forecasts
  - LTV of uninsured mortgage portfolio strong at 64.3%

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# Net Interest Income – Stable Spreads Despite Economic Environment



Net Interest Income (\$MM) and Spread<sup>1</sup>



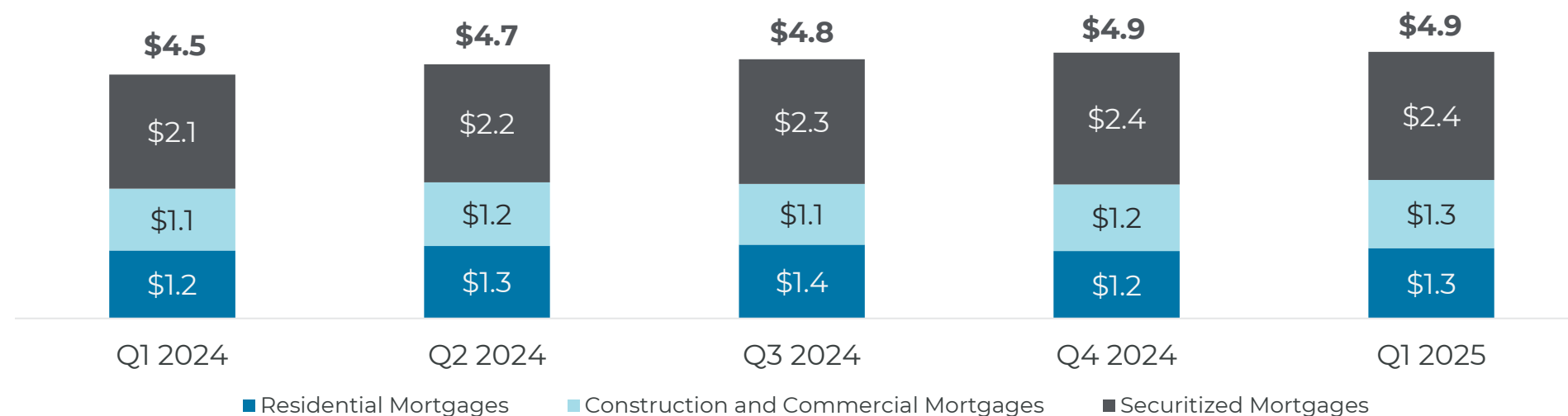
- Net spread on **non-securitized** mortgages improved Q/Q due to pricing discipline
- Net spread on securitized mortgages **relatively stable** over the five quarters

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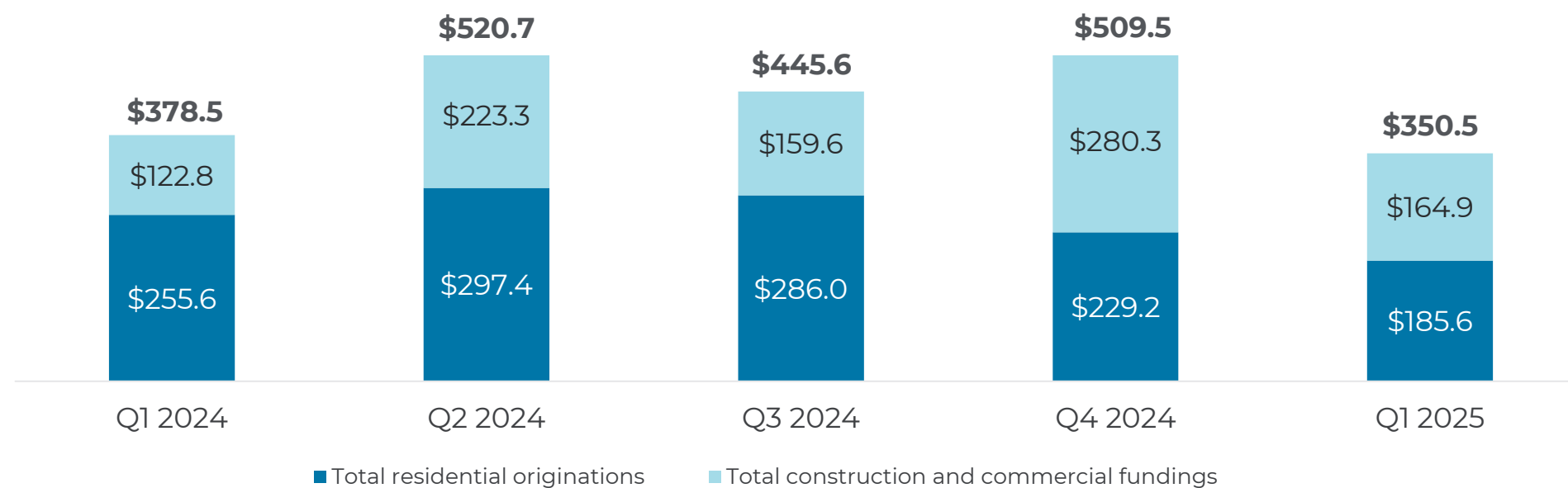
# Mortgage Balances and Fundings – Solid Originations and Renewals



## Mortgage Balances (\$B)



## Mortgage Fundings and Originations (\$MM)

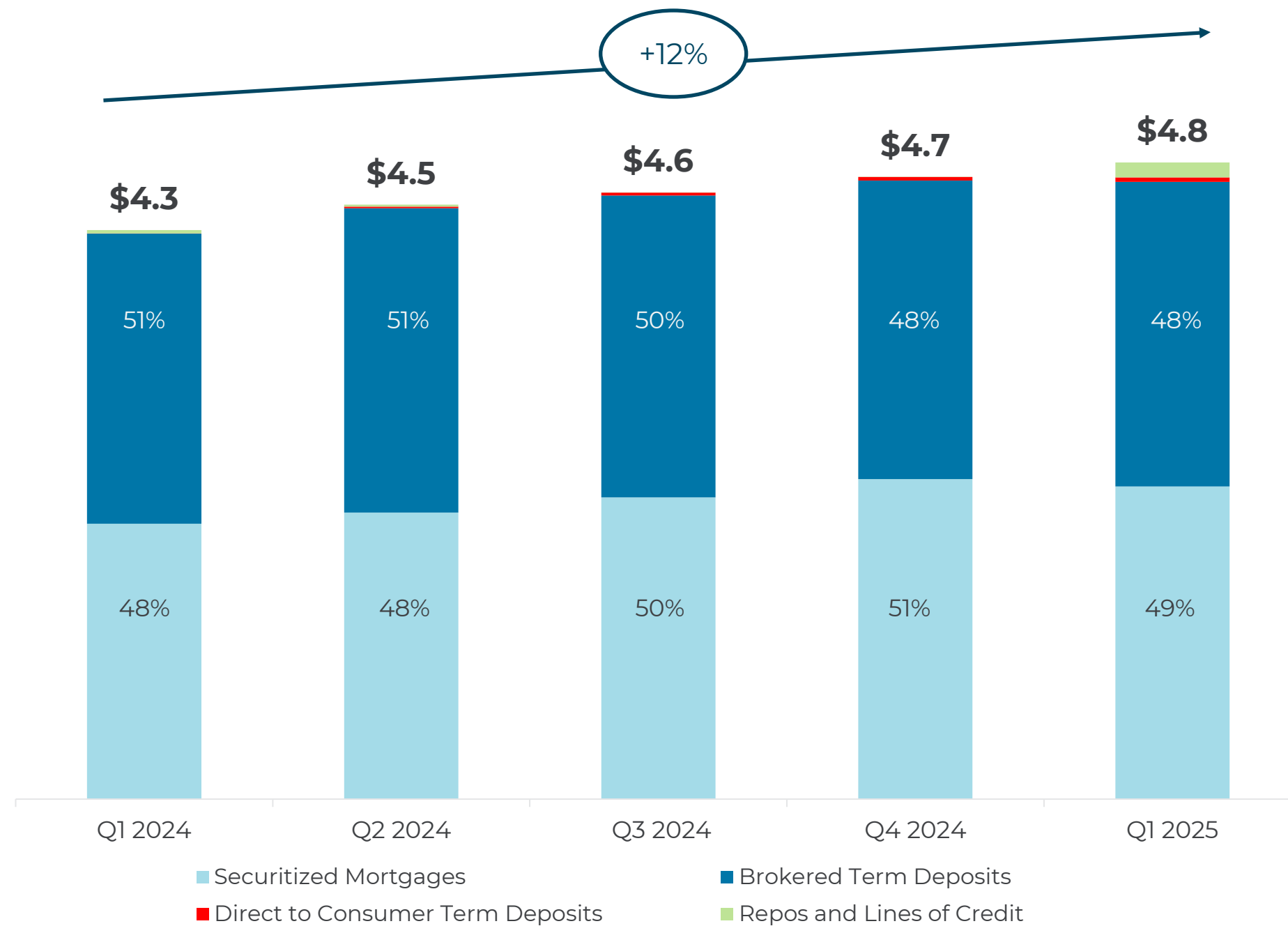


- Mortgage balances stable Q/Q
- Fundings and originations lower in Q1 – geopolitical environment and uncertain interest rate environment impacting housing market and borrowers
  - Solid portfolio of renewal rights at Q1 2025 (\$3.6B compared to \$3.3B at Q1 2024)
  - Uninsured residential renewals solid at \$104MM in Q1 2025 (\$127MM in Q1 2024)
  - Uptick in insured adjustable rate mortgage product as borrowers anticipate further interest rate cuts
  - Construction and commercial portfolio continues to focus on lending to preferred borrowers and risk profiles (affordable price points, major urban markets)

# Funding – Well-Established and Growing Funding Base



## Funding (\$B)

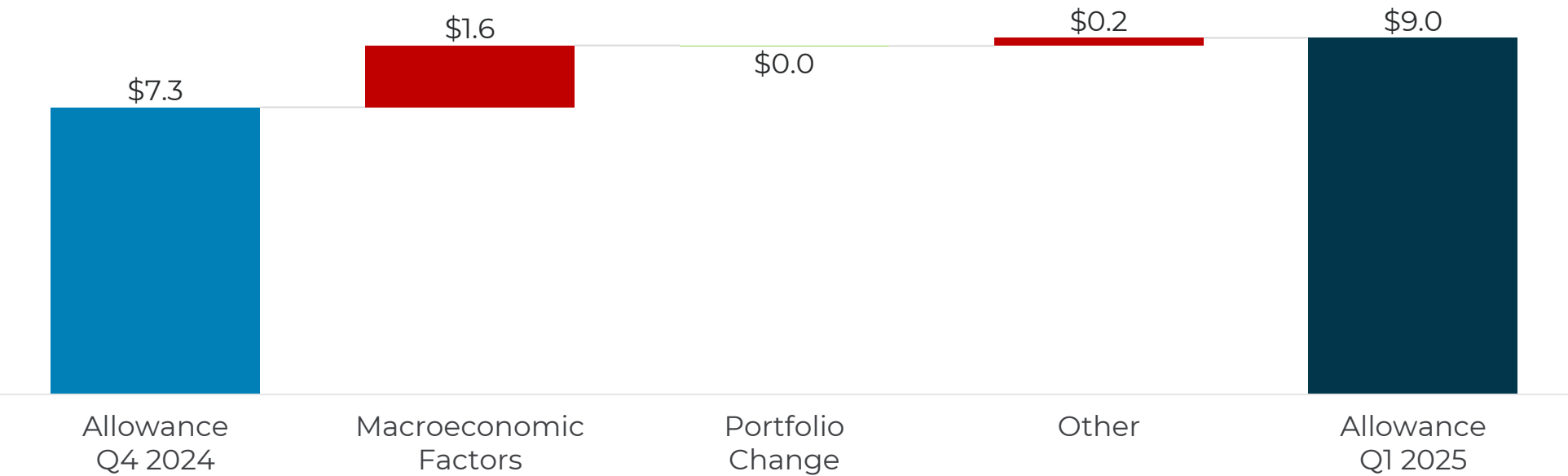


- Funding base well established to support business growth
- Securitization and term deposits provide source of low-cost funding
- MCAN Wealth direct-to-consumer term deposit channel established in Q1 2024

# Allowance for Credit Losses – Well Reserved for Current Credit Cycle

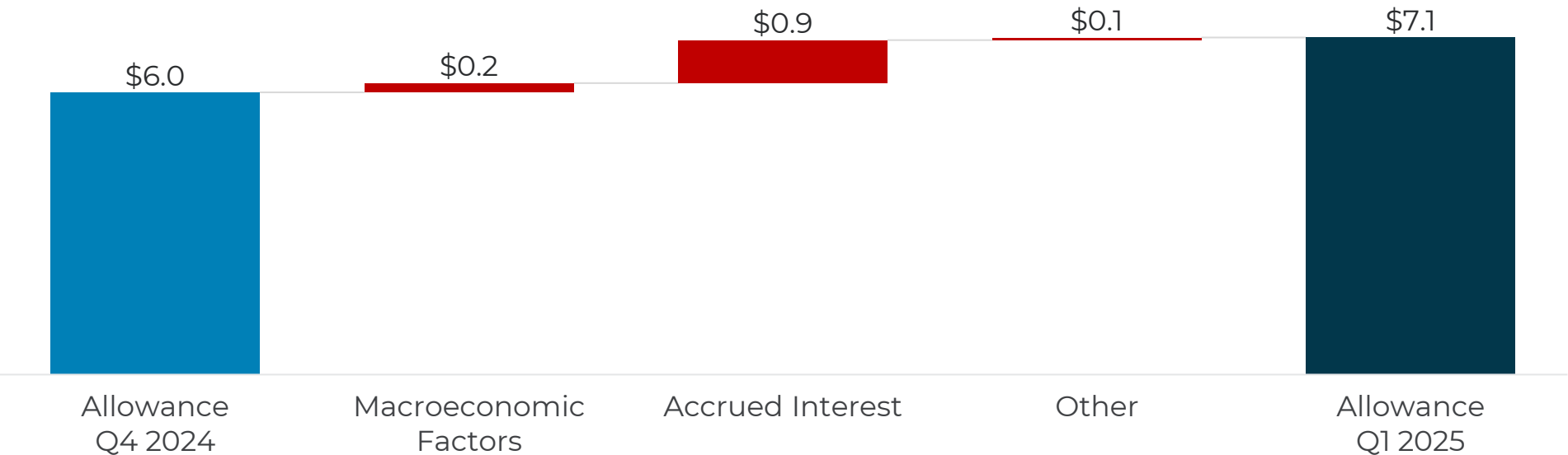


## Allowance on Performing Loans (\$MM)



- Performing (Stage 1 and 2)
  - Q/Q increase due to greater macroeconomic uncertainty impacting expected credit loss modelling
- Non-Performing (Impaired) (Stage 3)
  - Q/Q increase due primarily to interest accruals on impaired construction loans

## Allowance on Non-Performing Loans (\$MM)



# Non-Interest Income



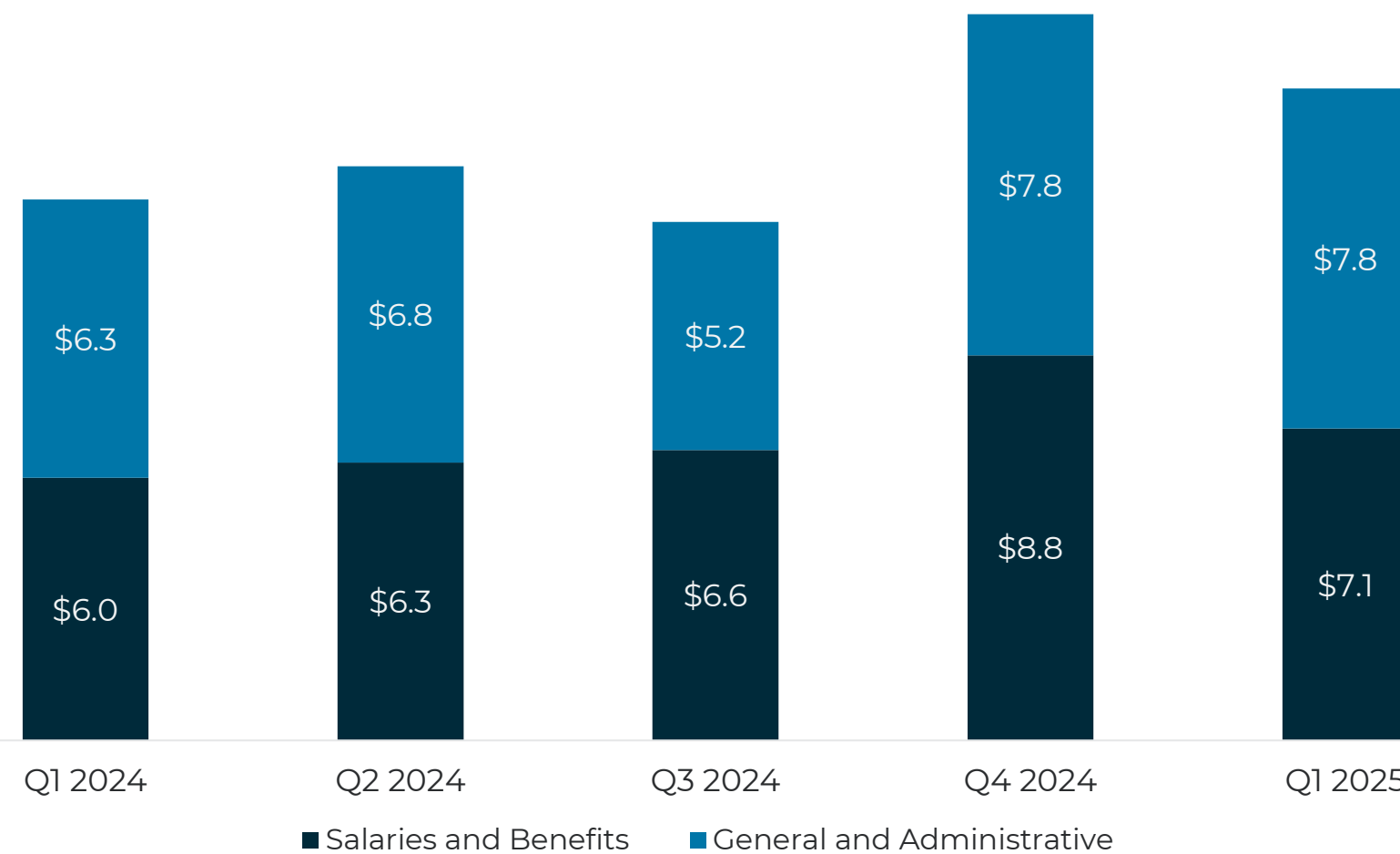
Non-Interest Income (\$MM)	Q1 2024	Q4 2024	Q1 2025
Equity income from MCAP Commercial LP	7,183	7,227	5,571
Distribution income from securities	2,582	2,702	2,741
Fees	873	873	1,080
Net gain (loss) on securities	27	(11,326)	1,099
Other	—	—	12
<b>Total non-interest income</b>	<b>10,665</b>	<b>(524)</b>	<b>10,503</b>

- **Equity income from MCAP** – Lower in Q1 2025, though in line with expectations
- **Net gain (loss) on securities** – Q4 2024 included unrealized losses on marketable and non-marketable securities portfolios

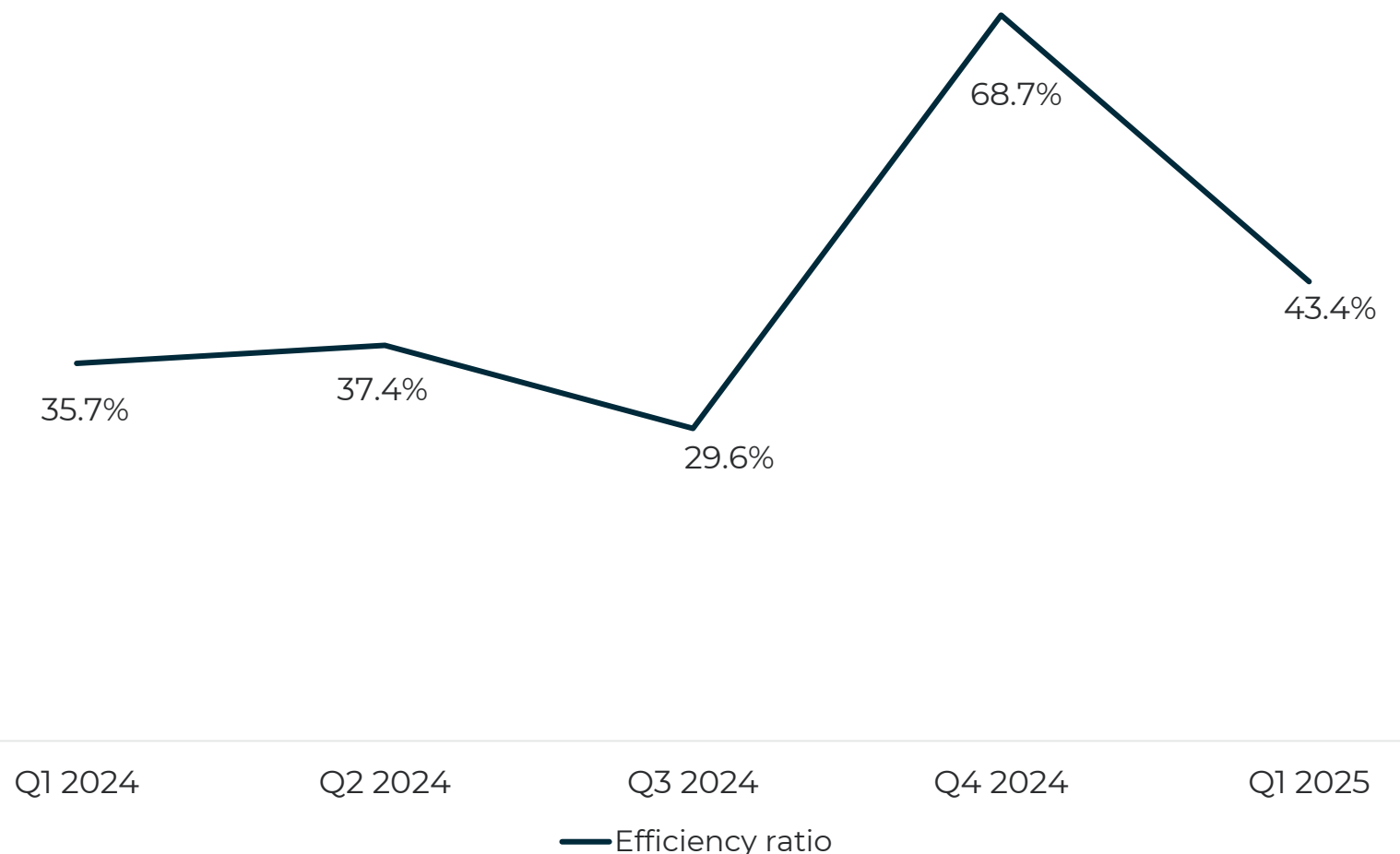
# Non-Interest Expense – Normalizing in Q1



## Non-Interest Expense (\$MM)



## Efficiency Ratio<sup>1</sup>



- Non-interest expense
  - **Salaries and benefits** – increased staff complement and higher share-based payment accruals contributing to increasing trend; Q4 2024 included termination benefits
  - **General and administrative** – higher due to increased occupancy costs from our new office lease and higher mortgage servicing costs from growth in mortgage portfolios
- Efficiency ratio
  - Returning to normal levels; Q4 2024 impacted by lower non-interest income for unrealized losses on non-marketable securities and termination benefits

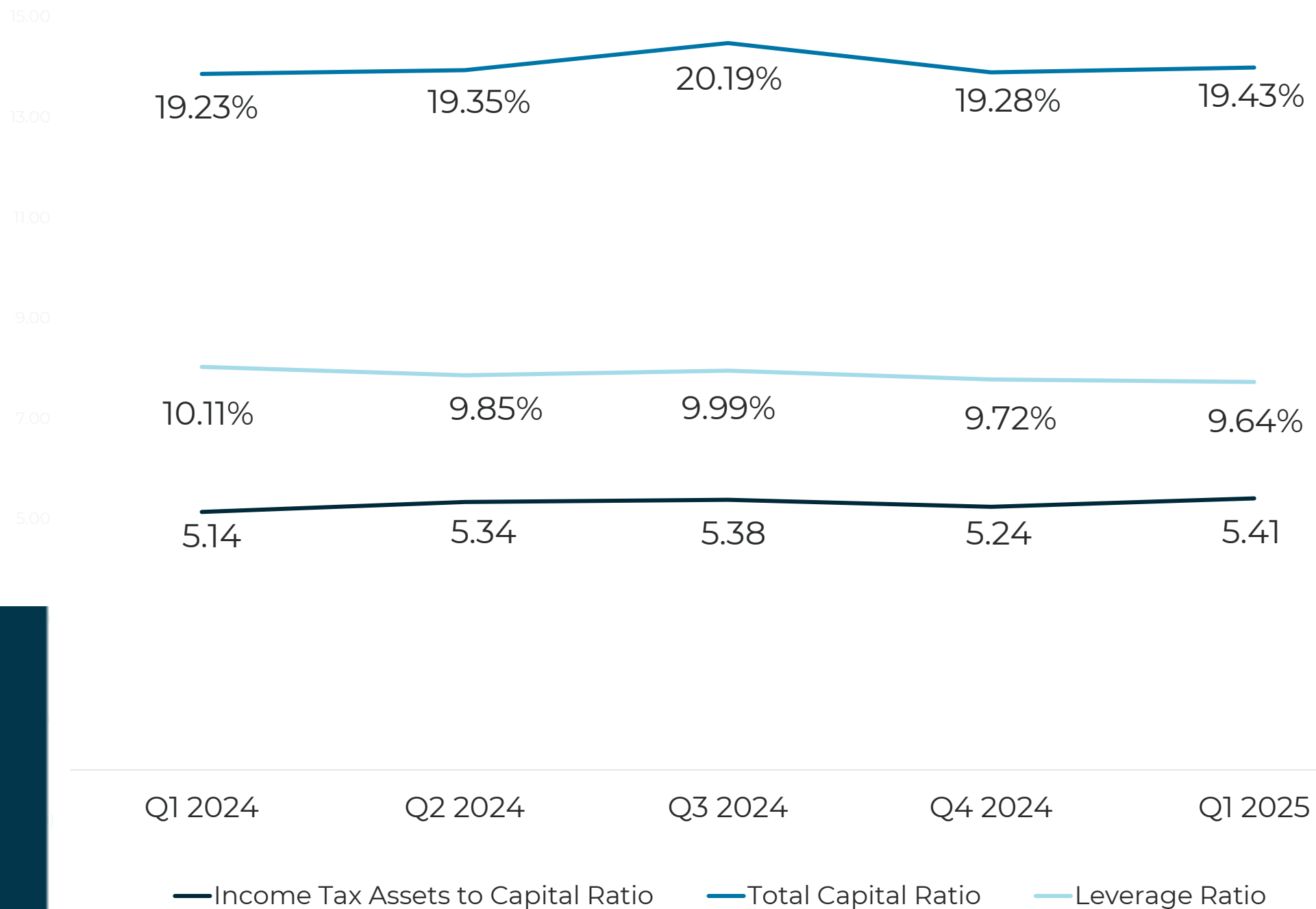
<sup>1</sup>Calculated as non-interest expenses divided by total income



# Capital Ratios – Healthy and Within Regulatory and Internal Risk Appetite Guidelines



## Capital Ratios



- Capital ratios continue to move in line with our business strategy of optimizing the balance sheet, growing assets utilizing excess capital position
- Capital sources over the last five quarters include:
  - Dividend reinvestment program (\$19.3M)
  - At-the-market equity issuances (\$8.1M)
  - Executive share purchase plan (\$3.0M)
  - Overnight marketed offering (\$27.2M)

# Closing Comments

- Q1 Review

- 1 Solid results from the core lending business
- 2 Loans continue to perform, evidence of strong underwriting and credit monitoring
- 3 Optimizing balance sheet within existing capital

- Long-Term Objectives

- 1 Sustained 13-15% average ROE
- 2 Sustained 10% average annual growth in assets
- 3 Sustained and prudent dividend growth



**Derek Sutherland**  
President and Chief Executive Officer

(416) 203-5931



**Santokh Birk**  
SVP and Chief Financial Officer

(289) 454-4196

MCAN Financial Group

700-200 King Street West, Toronto, ON M5H 3T4

(416) 572-4880 | [mcanexecutive@mcanfinancial.com](mailto:mcanexecutive@mcanfinancial.com)

[mcanfinancial.com](http://mcanfinancial.com) | TSX: MKP