



# Q3-2017 INVESTOR PRESENTATION

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For the quarter ended September 30, 2017

**William Jandrisits**  
President & CEO

**Jeff Bouganim**  
SVP & CFO



# Forward Looking Information

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

Reference is made to the risk factors disclosed in MCAN's 2017 Annual Information Form which are incorporated herein by reference. These and other factors should be considered carefully and undue reliance should not be placed on MCAN's forward-looking statements. Subject to applicable securities law requirements, MCAN does not undertake to update any forward-looking statements.



# Financial Highlights – Q3 2017

(as at September 30, 2017)

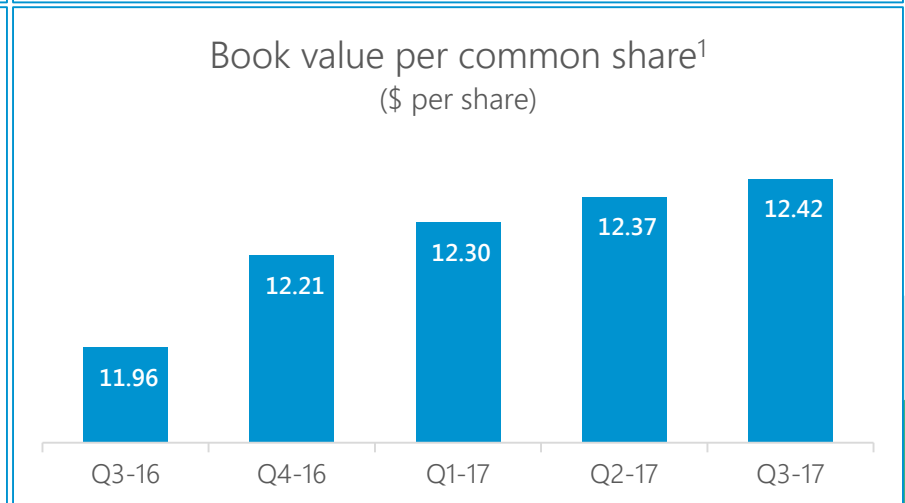
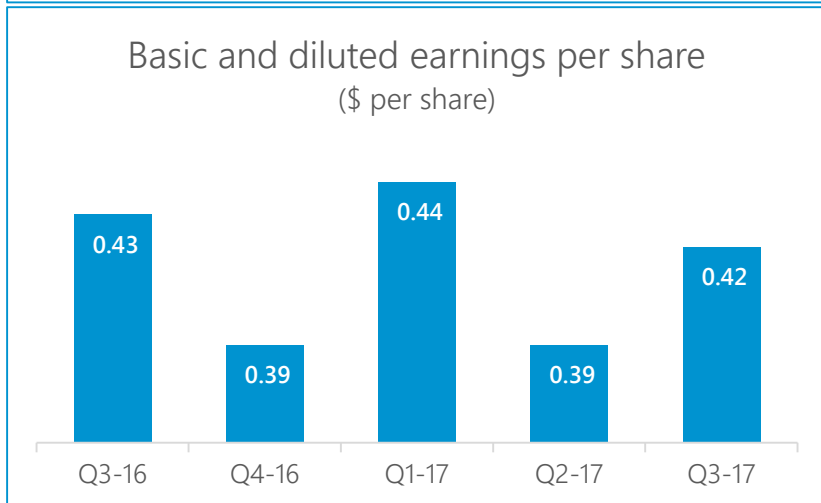
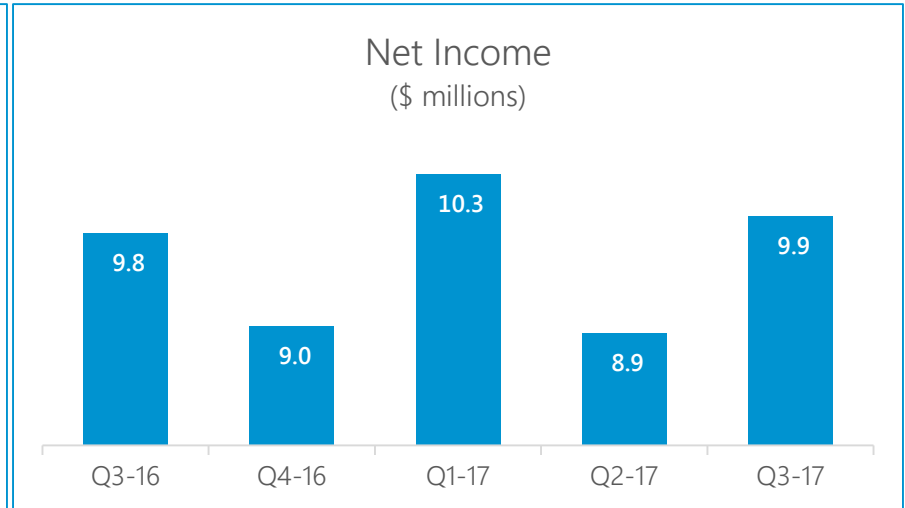
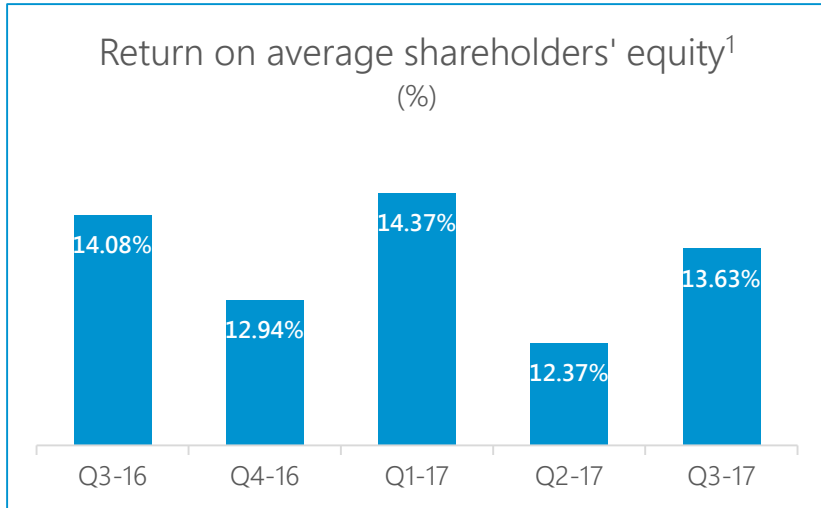
	Current Year Q3-2017	Prior Year Q3-2016	YTD Sep-2017	YTD Sep-2016
Net Income	\$9.9 million	\$9.8 million	\$29.1 million	\$31.2 million
Earnings per share	\$0.42	\$0.43	\$1.25	\$1.36
ROE <sup>[1]</sup>	13.63%	14.08%	13.45%	15.36%
Dividends per share	\$0.32	\$0.29	\$0.94	\$0.87
Net Investment Income – Corporate	\$12.9 million	\$12.4 million	\$38.1 million	\$40.0 million
Net Investment Income – Securitization	\$1.5 million	\$1.6 million	\$4.2 million	\$4.3 million
Taxable income per share <sup>[1]</sup>	\$0.36	\$0.23	\$1.17	\$0.91

<sup>1</sup>Taxable Income per share and Return on Average Shareholders' Equity (ROE) are defined as Non-IFRS measures as noted in MCAN's Q3-2017 MD&A



# Key Metrics: Quarterly Trend Charts

(as at September 30, 2017)



<sup>1</sup> Taxable Income per share and Return on Average Shareholders' Equity (ROE) are defined as Non-IFRS measures as noted in M-CAN's Q3-2017 MD&A



# Financial Highlights – Q3 2017

(as at September 30, 2017)

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- We earned net income of \$9.9 million in Q3 2017, an increase of \$0.1 million (1%) from \$9.8 million in Q3 2016.
- Earnings per share were \$0.42 in Q3 2017 compared to \$0.43 in Q2 2016.
- Return on average shareholders' equity<sup>1</sup> was 13.63% for Q3 2017 compared to 14.08% in Q3 2016.
- Corporate assets, which totalled \$1.15 billion at September 30, 2017, decreased by \$53 million from June 30, 2017.

<sup>1</sup>Non-IFRS measure as defined in MCAN's Q3-2017 MD&A



# Financial Highlights – Q3 2017

(as at September 30, 2017)

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- Income Tax Asset Capacity<sup>1</sup> was \$313 million at September 30, 2017 compared to \$243 million at June 30, 2017
- Common Equity Tier 1, Tier 1 and Total Capital to risk-weighted assets ratios<sup>1</sup> were 21.58% at September 30, 2017 on the transitional basis and 21.34% on the “all-in” basis, compared to 21.69% and 21.47%, respectively, at June 30, 2017.
- Leverage Ratio<sup>1</sup> was 11.31% at September 30, 2017, compared to 10.82% at June 30, 2017
- Board declared a Q4 dividend of \$0.37 per share (increase of \$0.05 from \$0.32) to be paid January 2, 2018 to shareholders of record as of December 15, 2017

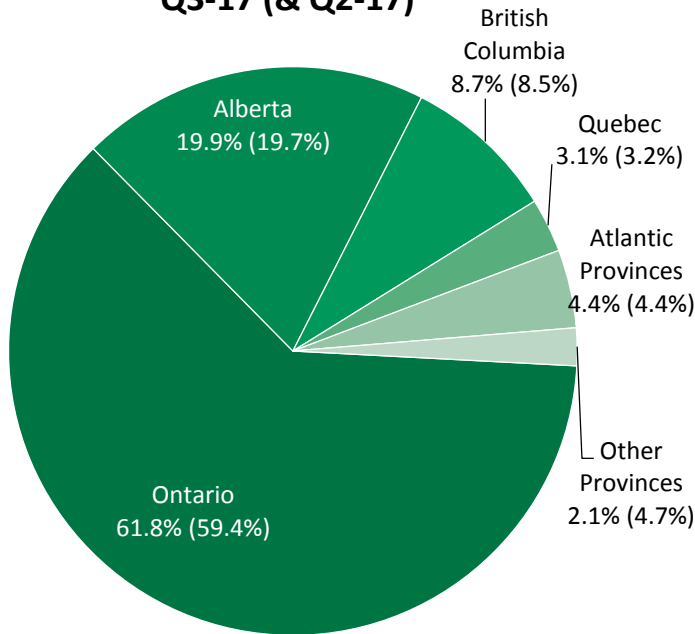
<sup>1</sup>Non-IFRS measure as defined in MCAN's Q3-2017 MD&A



# Geography of Corporate Portfolio

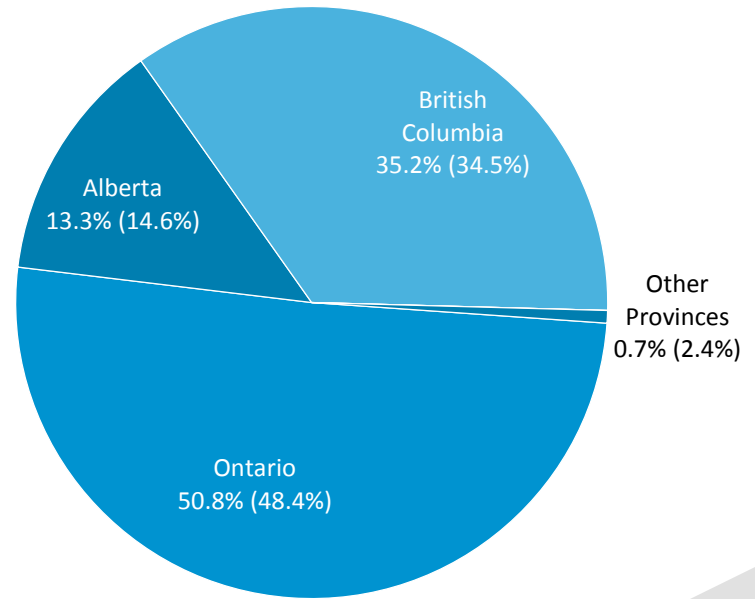
(as at September 30, 2017)

**Single Family Mortgages  
Q3-17 (& Q2-17)**



**Total \$340 million as at Q3-17  
(\$358 million as at Q2-17)**

**Construction & Commercial  
Q3-17 (& Q2-17)**

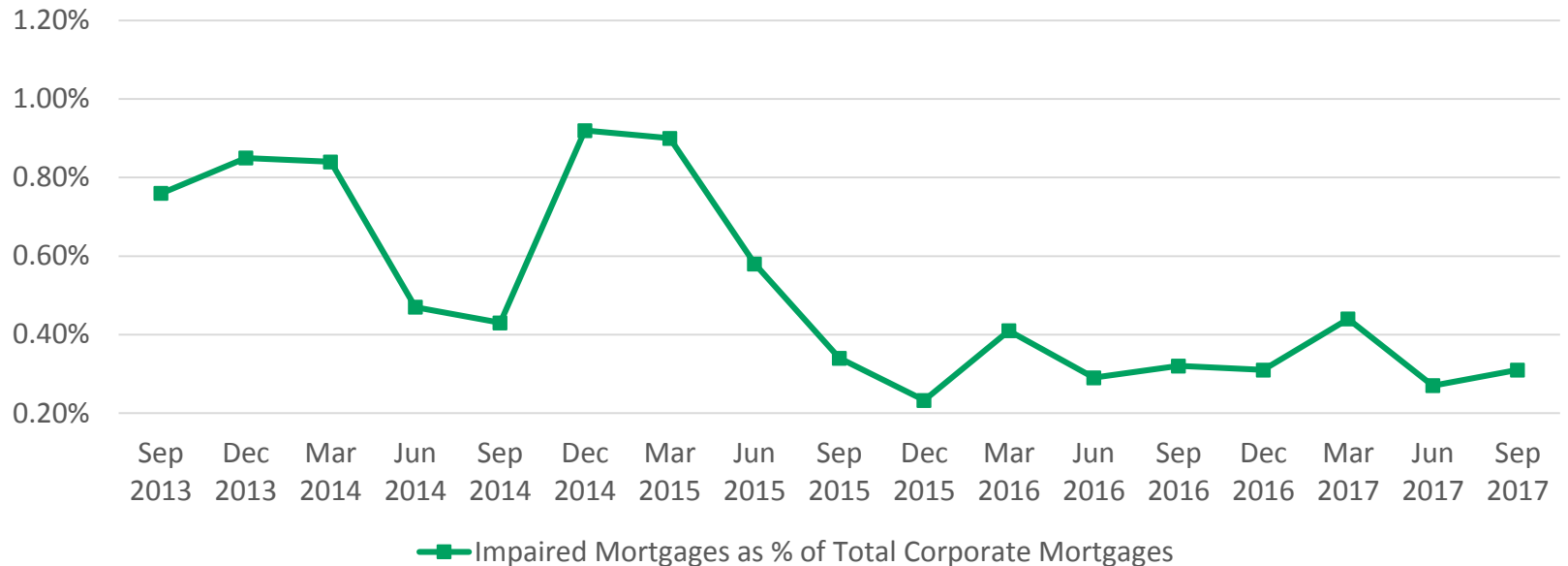


**Total \$527 million as at Q3-17  
(\$553 million as at Q2-17)**



# Arrears and Impaired Mortgages

(as at September 30, 2017)



- Impaired total mortgage ratio<sup>1</sup> was 0.14%, a slight increase from 0.12% at June 30, 2017
- Impaired corporate mortgage ratio<sup>1</sup> was 0.31%, a slight increase from 0.27% at June 30, 2017
- Total mortgage arrears<sup>1</sup> were \$19 million at September 30, 2017, improved from \$22 million at June 30, 2017

<sup>1</sup>Non-IFRS measure as defined in MCAN's Q3-2017 MD&A; chart data source MCAN's Q3-2013 to Q3-2017 MD&A





# Investment in MCAP – Key Data

(as at September 30, 2017)

- MCAP, an originator and servicer of mortgages for third party investors in Canada, is a strategic investment for MCAN providing access and scale to origination and servicing and well-recognized MCAP brand; Investment yield and capital gain potential through value appreciation

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## As at September 30, 2017:

Number of Partnership units held	4.2 million
Ownership equity interest	14.4%
Equity Investment in MCAP	\$ 55 million
Equity Investment in MCAP – LP ARA <sup>[1]</sup> <sup>[3]</sup>	\$ 43 million

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## MCAP:

Origination volumes – Q3 2017	\$ 4.9 billion
Origination volumes - Fiscal 2016	\$ 16.0 billion
Assets under administration as at August 31, 2017	\$ 64.2 billion

[1] Defined as Non-IFRS measures as noted in MCAN's Q3-2017 MD&A

[2] MCAP = MCAP Commercial LP

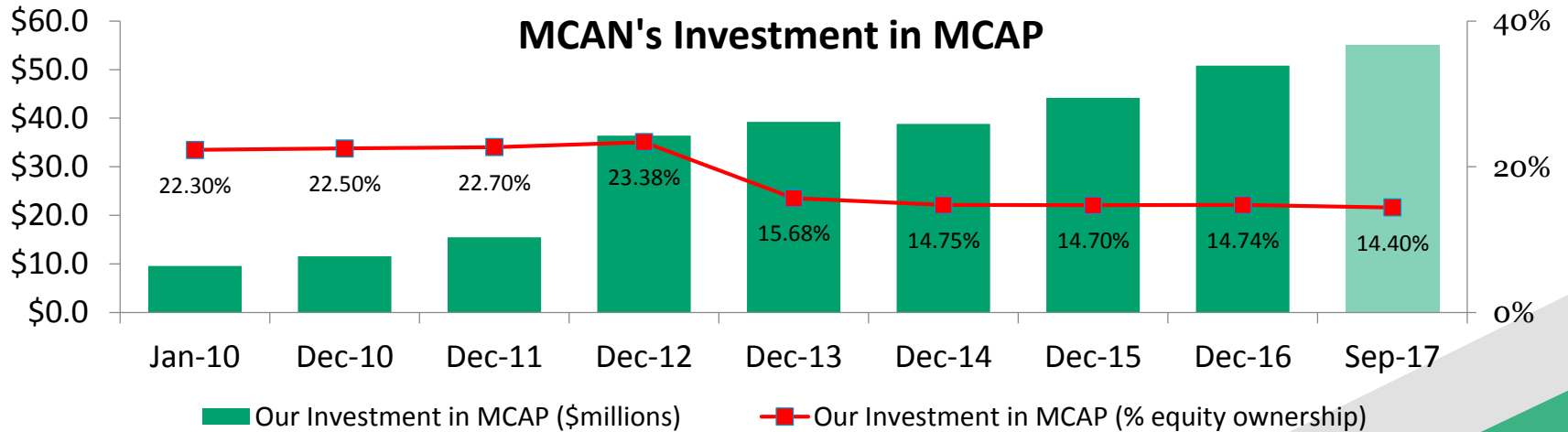
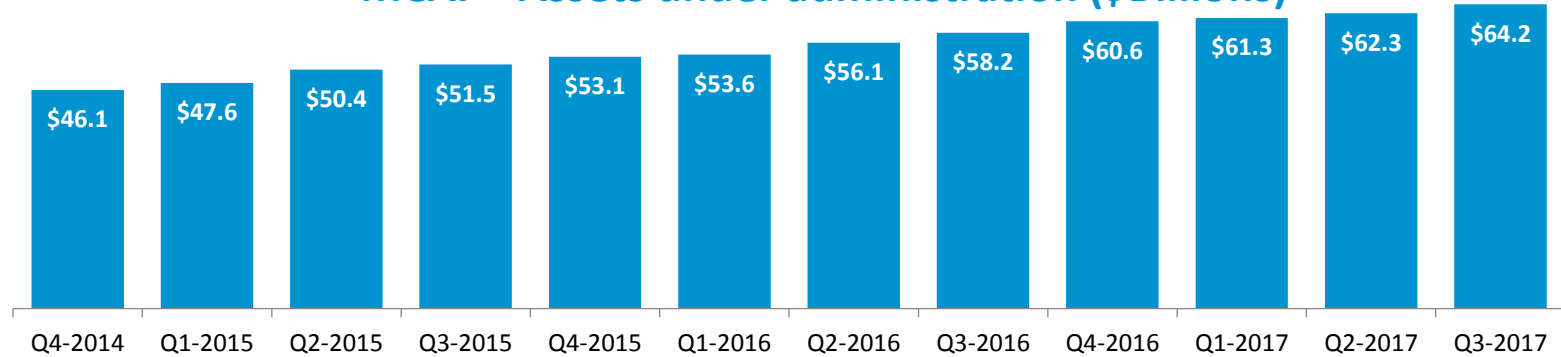
[3] LP ARA = Limited Partners' At-Risk Amount (cost base of the Equity Investment in MCAP for income tax purposes)



# Investment in MCAP - Growth History

(as at September 30, 2017)

## MCAP - Assets under administration (\$Billions)



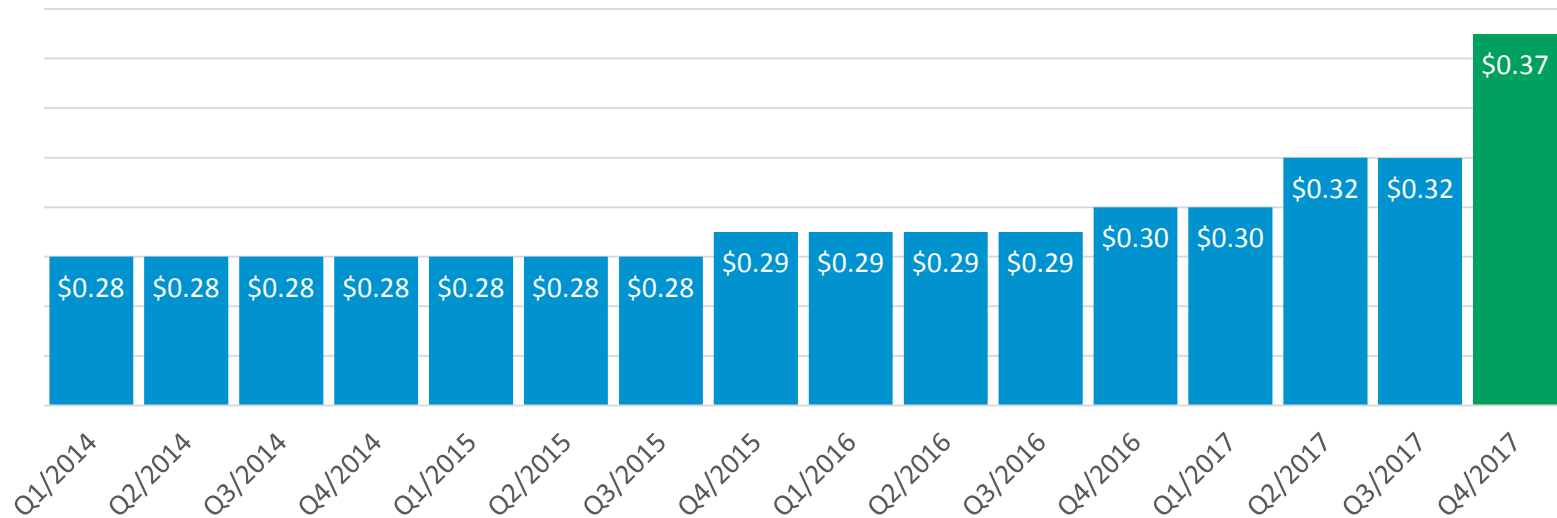
[1] Source: MCAN's 2010-2016, Q1 to Q3-2017 MD&A



# MCAN's Dividends: Ongoing & Stable

Regular Quarterly Dividend Payments

Regular Dividends - Quarterly History



On October 13, 2017 MCAN announced a \$0.05 increase to the regular quarterly dividend effective Q4 /2017 dividend payment. The Q4 dividend of \$0.37 will be paid January 2, 2018 to shareholders of record as at December 15, 2017.

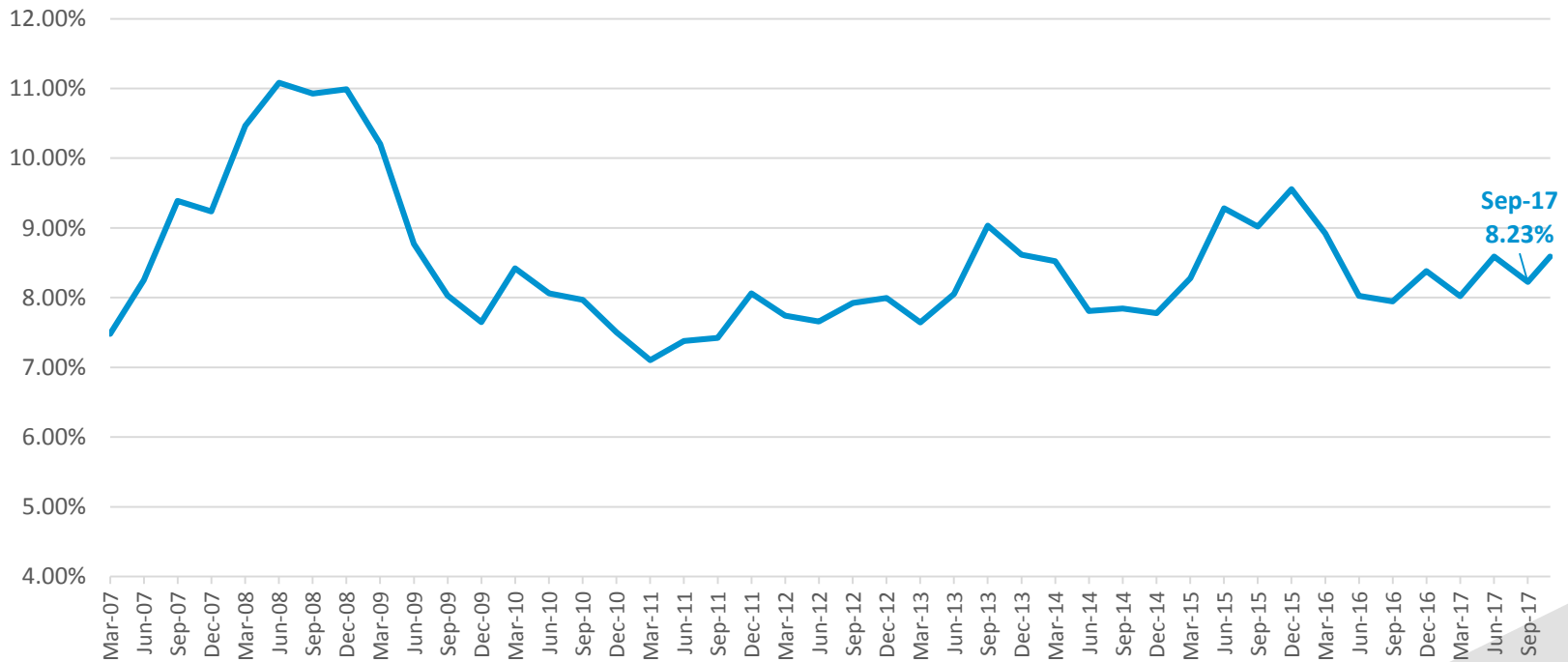
[1] Source: MCAN's 2013-2016, Q1-Q3 2017 MD&A



# MCAN's Dividends: Attractive Yield

Proven Performance as a High Yield Dividend Stock

Indicated Gross Dividend Yield  
10 Year Quarterly History



[1] Data Source: Bloomberg; MKP CN Equity - Dividend Indicated Yld – Gross; data Jan 1, 2007 to Nov 10, 2017



# Contact Information

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