



# Investor Presentation

APRIL 2018

 **STREET CAPITAL**  
BANK OF CANADA™

## FORWARD LOOKING STATEMENTS

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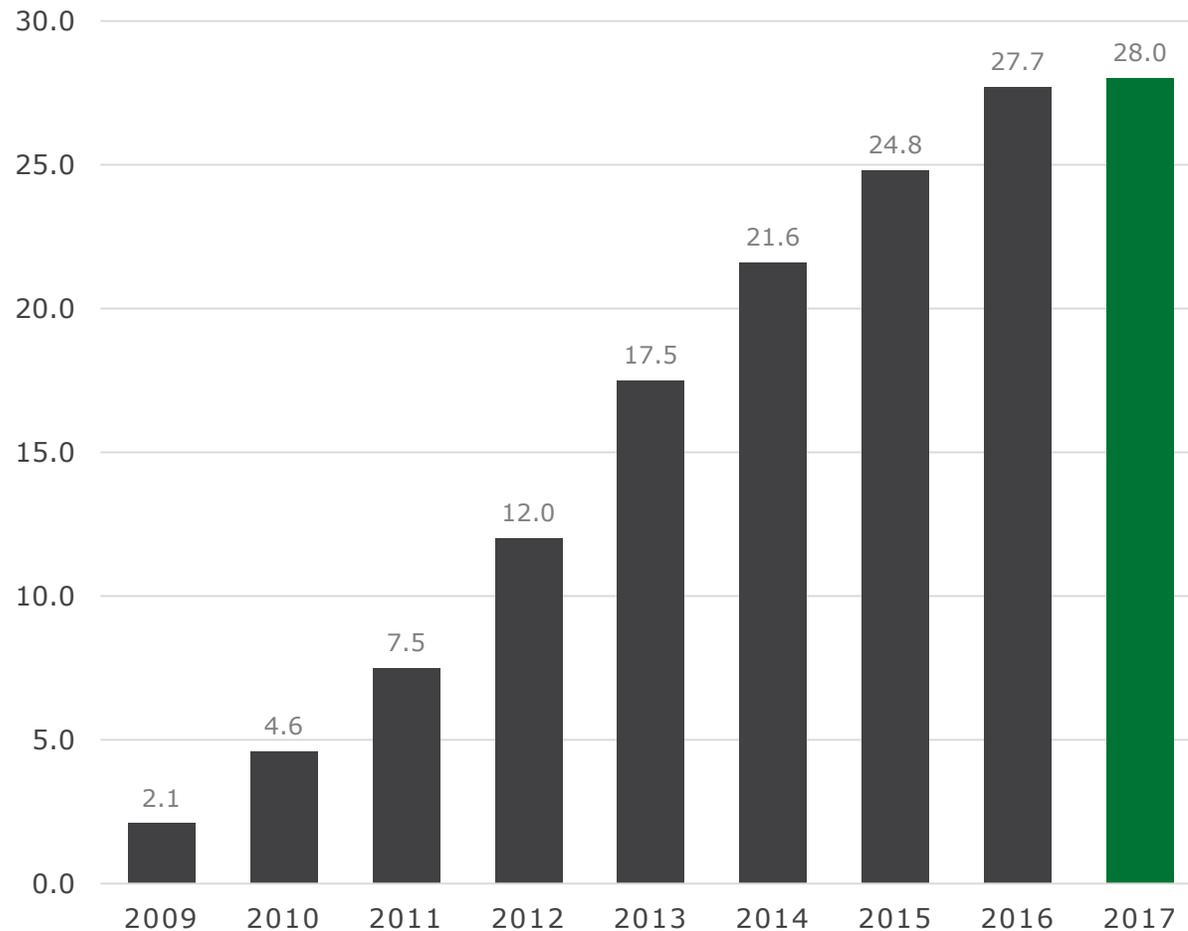
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Such statements are based on knowledge of the environment in which Street Capital Group Inc. currently operates, but because of the factors listed herein, as well as other factors beyond Street Capital Group Inc.'s control, actual results may differ materially from the expectations expressed in the forward-looking statements. Factors that could cause results to vary include those identified in Street Capital Group Inc.'s Annual Information Form and other regulatory filings and all forward-looking statements included herein should be considered in conjunction with such filings. Such factors include, but are not limited to, changes to the business environment that may impact Street Capital Group Inc., its investments and capital expenditures; and competitive factors which may impact revenue and operating costs. Street Capital Group Inc. undertakes no obligation, and does not intend, to update or revise any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events.

# STREET CAPITAL HAS A DEMONSTRATED ABILITY TO GENERATE HIGH QUALITY ASSETS AT SCALE AND IS NOW UNIQUELY POSITIONED AS CANADA'S NEWEST SCHEDULE I BANK

## MORTGAGES UNDER ADMINISTRATION

(\$ Billions)



Competitive prime insured mortgage business

Growing, high margin renewal stream

New Schedule I bank platform

Successful launch of uninsured mortgage product

Expanding funding ecosystem

All numbers as at December 31, 2017

# STREET'S DISCIPLINED RISK MANAGEMENT HAS PRODUCED INDUSTRY-LEADING CREDIT QUALITY ON A SEASONED PORTFOLIO OF \$28.02 BILLION\*

SERIOUS ARREARS RATE

Street Capital

0.08%\*

Industry Average

0.22%\*\*

\* As at December 31, 2017.

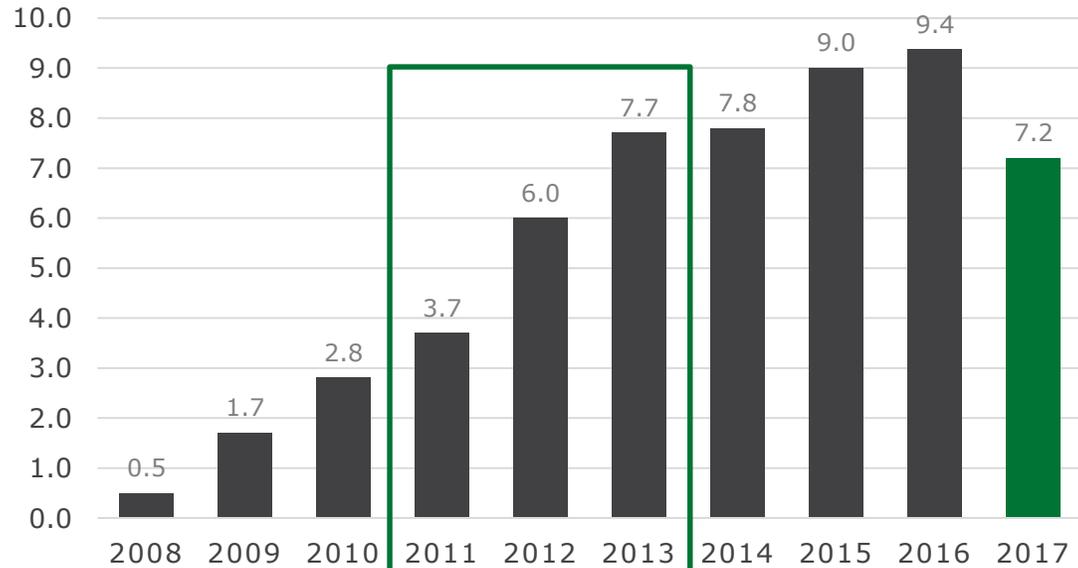
\*\* Canadian Bankers Association, as at November 30, 2017, based on % of total number of mortgages for markets in which Street Capital Bank operates; mortgage arrears is three or more months.



# STREET CAPITAL'S HISTORICAL ASSET GROWTH WILL DRIVE A SOLID, PREDICTABLE STREAM OF HIGHLY PROFITABLE RENEWAL REVENUE

## MORTGAGES SOLD

(\$ Billions)



### 2018 - 2020 RENEWALS

A >60% increase in mortgages sold from 2011 to 2012 drove strong renewals in 2017, and another large increase from 2012 to 2013 will drive another meaningful increase in renewals in 2018

## ~2.0x more profitable than new originations

Per mortgage on renewals made directly due to minimal acquisition costs – lower payment to broker

### 75%\*

Street Capital's capture of mortgages available for renewal (those not paid off or refinanced prior to maturity)

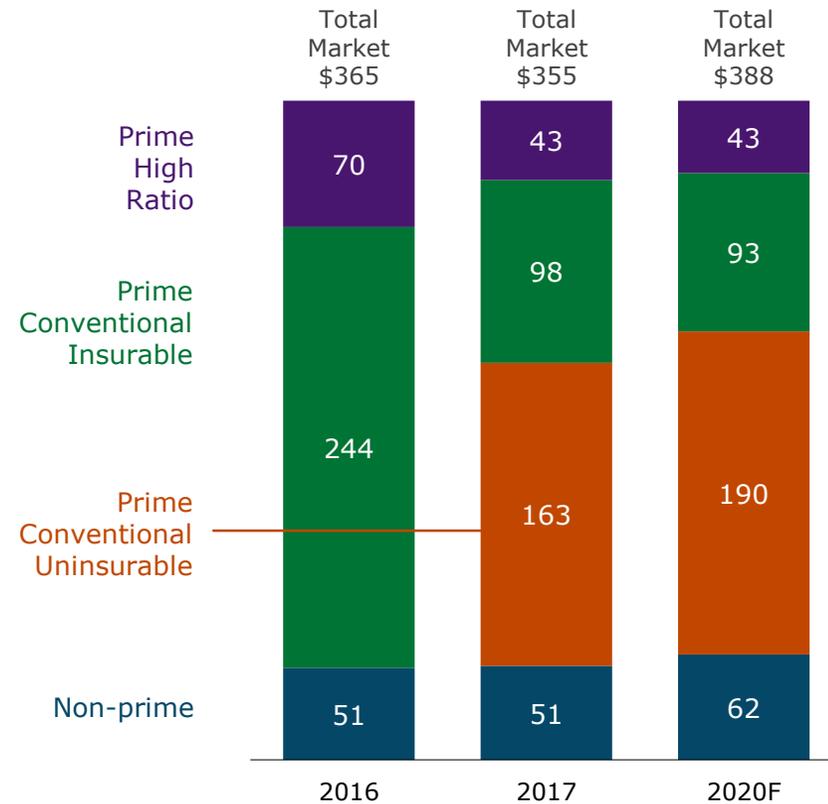
| 2016A  | 2017A   | 2018 Target   | 2019 Target   | 2020 Target   |
|--------|---------|---------------|---------------|---------------|
| \$1.4B | \$1.86B | \$2.2B-\$2.4B | \$2.4B-\$2.6B | \$2.6B-\$2.8B |

\* Year ended December 31, 2017

REGULATORY CHANGE HAS RE-SHAPED THE MORTGAGE MARKETPLACE CREATING A NEAR TERM HEADWIND FOR PRIME-INSURED LENDERS

9  
MORTGAGE  
RULE  
CHANGES  
IN PAST  
5 YEARS

REGULATION IS SHIFTING MORTGAGE MIX  
(in Billions, 2017-2020F)



WINNERS

- Big banks
- Fringe lenders
- Non-prime lenders

LOSERS

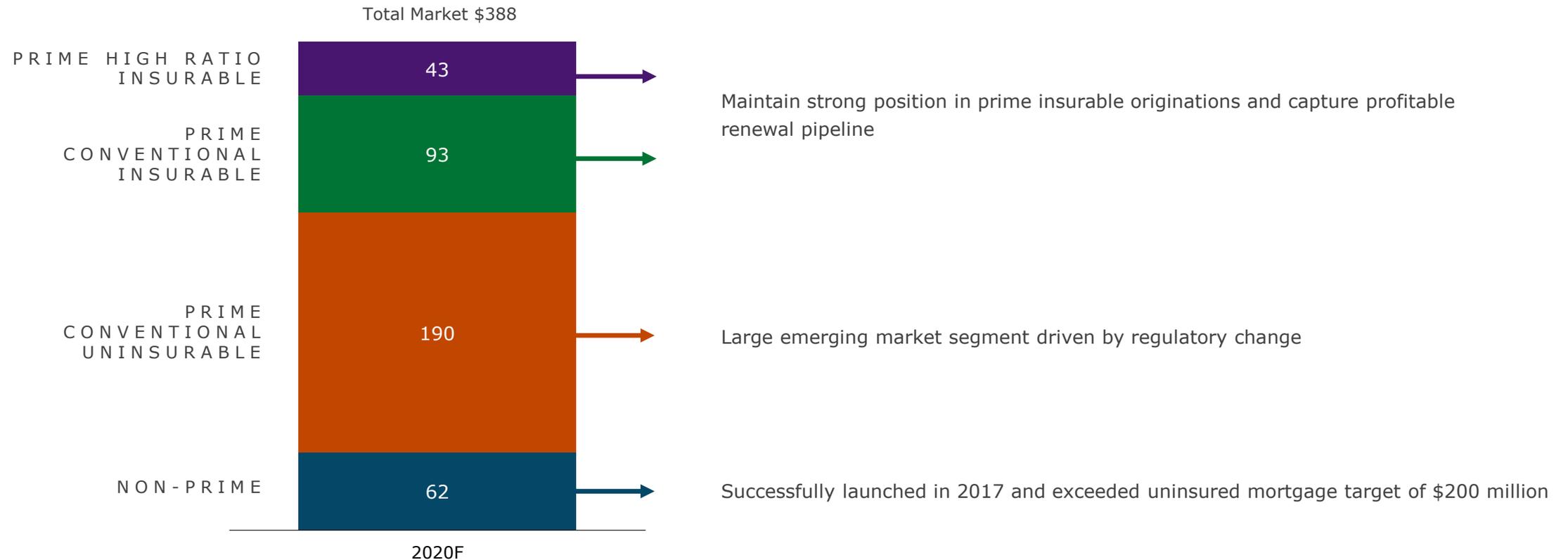
- Non-big bank lenders
- Borrowers

Sources: Deloitte Analysis, CMHC, MPC, TransUnion, Equifax Globe and Mail, Canadian Mortgage Trends, CMHC, RBC Equity Research

# THERE REMAINS A LARGE ADDRESSABLE MARKET ACROSS THE MORTGAGE SPECTRUM FOR STREET CAPITAL

SCBC can leverage its deep funding relationships, new balance sheet lending capacity and broad distribution footprint to secure the base and capture untapped profit pools.

## ANNUAL ORIGINATIONS (\$ billions)



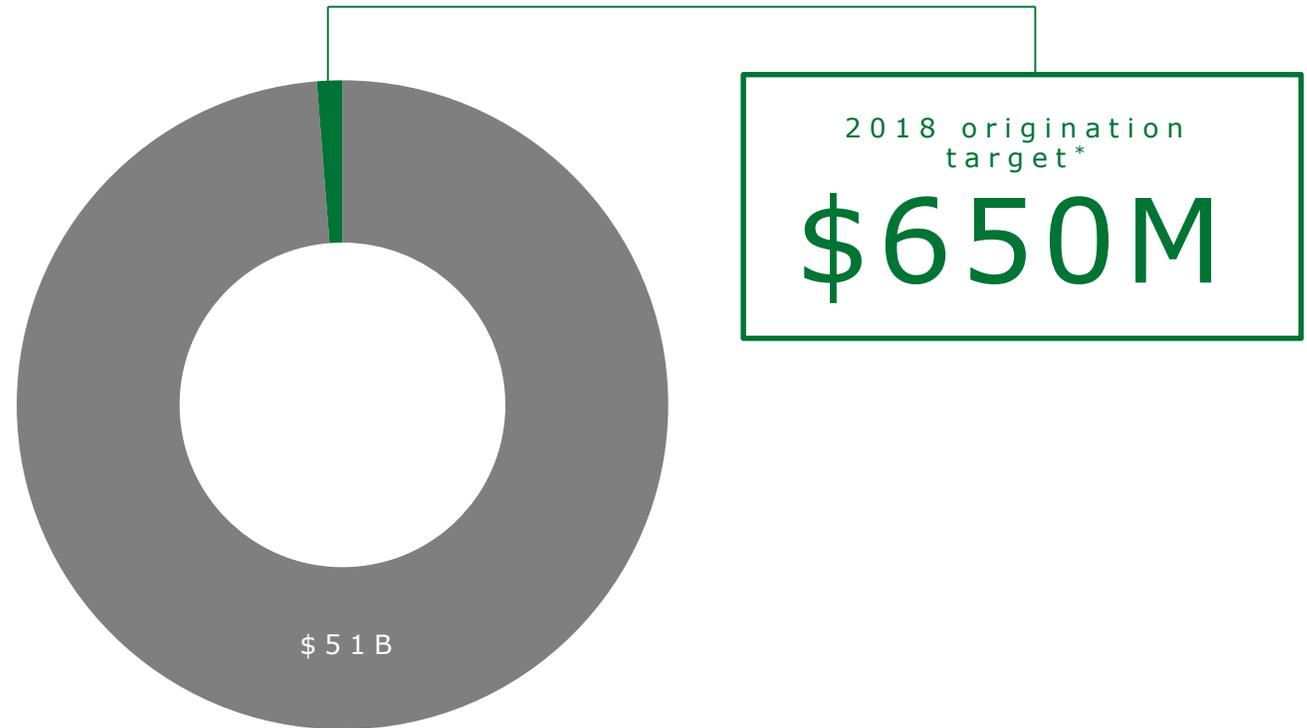
# HIGH QUALITY "NON-PRIME" ORIGINATIONS REPRESENTS A PARTICULARLY ATTRACTIVE OPPORTUNITY FOR STREET CAPITAL AS IT BUILDS THE BALANCE SHEET

Growing segment of high-margin originations not addressed by Canada's large banks

## STRONG DRIVERS OF GROWTH

-  Self-employment
-  Changing Regulations
-  High Immigration

## NON-PRIME ANNUAL ORIGINATIONS - 2017



\* \$650 million is the midpoint of the Company's 2018 outlook for uninsured originations.

# LOOKING AHEAD, THE STREET TEAM IS EXECUTING A LONG TERM STRATEGIC ROADMAP TO DELIVER A FULL SUITE OF MORTGAGE PRODUCTS



Strengthen

Focusing on remediation of gaps within today's 'business as usual' context and ensuring risk management / regulatory discipline across the operating footprint



Enhance

Building capabilities and enhancing technology, funding channels, digital distribution and process infrastructure to enable future growth



Transform

Transforming the business into an agile, digitally enabled open banking platform delivering capabilities across the consumer lifecycle

## THERE ARE 5 KEY PRIORITIES THAT FLOW FROM THE STRATEGY, WHICH REPRESENT THE FOCUS OF THE MANAGEMENT TEAM IN 2018

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- 1** Diversify and deepen on and off-balance sheet funding sources
- 2** Unlock addressable markets and focus on growing higher margin products
- 3** Improve the end-to-end experience for consumers and broker partners
- 4** Modernize our operating platform towards a lean and scalable organization
- 5** Drive higher customer renewal and retention rates



THE STRATEGY AND EXECUTION IS DRIVEN BY A DIVERSE MIX OF EXPERIENCED FINANCIAL SERVICES AND TECHNOLOGY EXECUTIVES ALIGNED TO A COMMON OBJECTIVE



**DUNCAN HANNAY**  
(new in 2017)  
PRESIDENT & CEO

Duncan Hannay brings over 25 years of experience in financial services and technology. Most recently, Duncan held the position of Chief Operating Officer at the #3 fintech player globally



**ALFONSO CASCIATO**  
SVP, SALES

Alfonso Casciato brings over 25 years of experience in the mortgage industry and has been a key member of SCB since its inception in 2007



**MARISSA LAUDER**  
EVP & CHIEF FINANCIAL OFFICER

Marissa Lauder is a senior finance executive with 20 years of experience in the financial services sector. She holds the CPA, CA designation



**ADAM LEVY**  
EVP & CHIEF OPERATING OFFICER

Prior to this role, Adam Levy held the position of Chief Compliance Officer and led SCB's transformation to a Schedule 1 bank



**JEFF MARSHALL**  
(new in 2017)  
CHIEF PRODUCT &  
MARKETING OFFICER

Jeff Marshall brings over 25 years of progressive leadership experience in the areas of product, marketing, digital transformation and customer strategy



**GREG PARKER**  
(new in 2017)  
EVP CAPITAL MARKETS & TREASURY

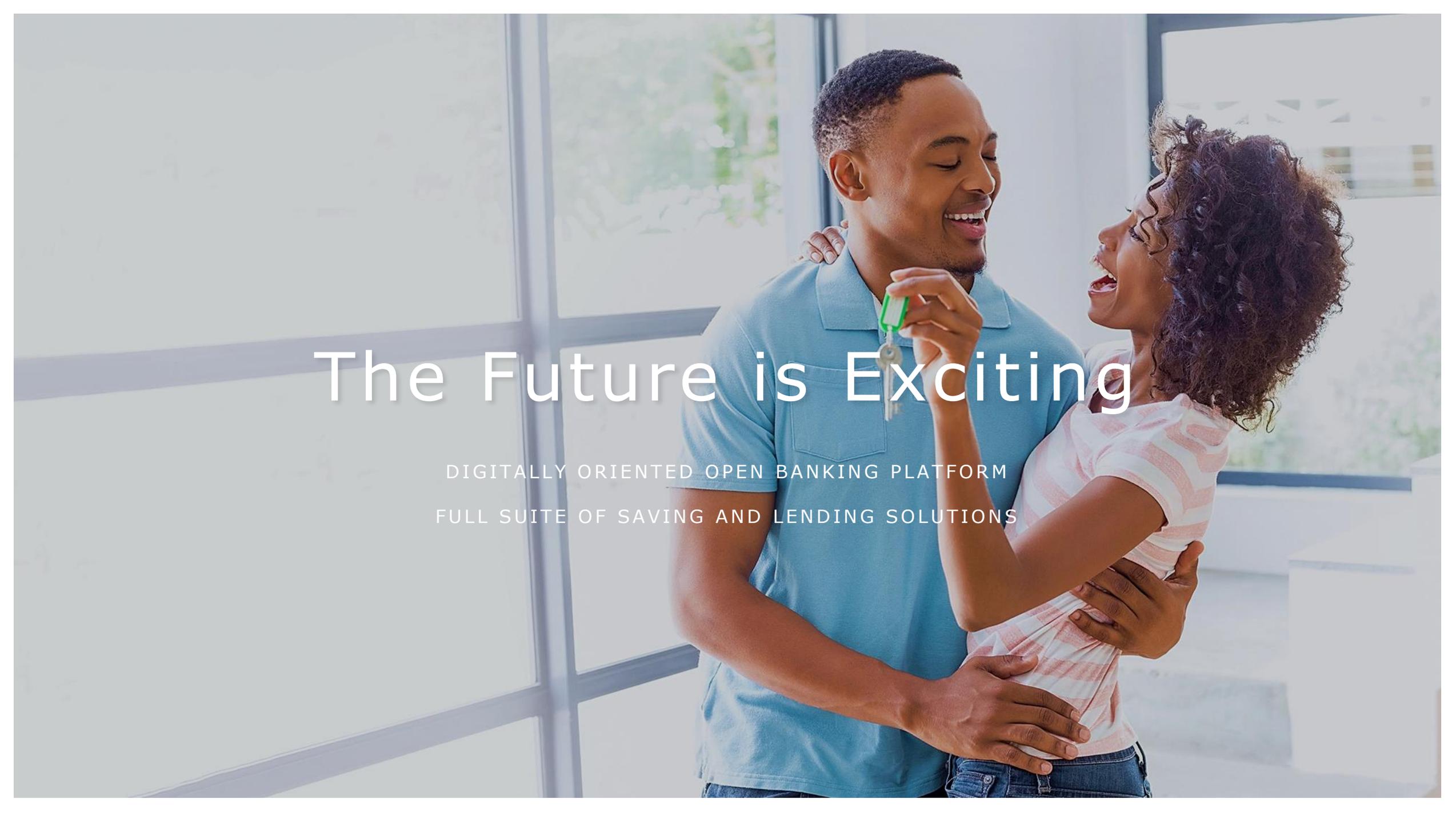
Greg Parker is an experienced capital markets and finance leader. Most recently, he was Executive Vice President, Strategy at a major Canadian lender



**GARY TAYLOR**  
EVP & CHIEF RISK OFFICER

Gary Taylor brings over 25 years of experience in the areas of risk management, M&A, and finance. He holds the CPA, CA designation

DRIVING CHANGE TO REALIZE POTENTIAL OF THE PLATFORM

A young couple is shown in a joyful embrace on a balcony. The man, wearing a light blue polo shirt, is holding a set of keys with a green ring. The woman, wearing a pink and white striped shirt, has her arms around his neck and is smiling broadly. They are standing in front of a large window that looks out onto a bright, sunny day. The overall mood is happy and optimistic.

# The Future is Exciting

DIGITALLY ORIENTED OPEN BANKING PLATFORM  
FULL SUITE OF SAVING AND LENDING SOLUTIONS

A top-down view of a person's hands typing on a silver laptop on a dark wooden desk. The laptop is open, and the keyboard is visible. To the left of the laptop is a small potted plant with pink and white flowers. Below the plant are a pair of glasses and a spiral notebook. To the right of the laptop is a stack of papers, a pen, and a small orange and blue object. The word "Appendix" is overlaid in white text on the laptop keyboard.

# Appendix

## OUTLOOK

We are on the cusp of significant, sustainable diversified revenue and earnings growth, as we execute on the strategy and lever the bank platform.

|  | 2016 ACTUAL    | 2017 ESTIMATE  | 2017 ACTUAL    | 2018 TARGET                  | 2019 TARGET                  | 2020 TARGET                  |
|--|----------------|--|----------------|------------------------------|------------------------------|------------------------------|
| Prime new originations                         | \$7.94 billion | 30% to 35% lower than 2016 (driven by regulatory change) | \$5.37 billion | Maintain market share        | Maintain market share        | Maintain market share        |
| Prime renewal volume                           | \$1.43 billion | \$1.8 to \$1.9 billion                                   | \$1.86 billion | \$2.2-\$2.4 billion          | \$2.4-\$2.6 billion          | \$2.6-\$2.8 billion          |
| Uninsured originations                         | nil.           | \$150 to \$200 million                                   | \$204 million  | \$600 to \$700 million       | \$850 to \$950 million       | \$1.0-\$1.2 billion          |
| Expense ratio (% of originations and renewals) | 0.50%          | n.a.   | n.a.           | Positive operating leverage* | Positive operating leverage* | Positive operating leverage* |

\* Positive operating leverage is defined as: percentage growth in revenue, minus percentage growth in expenses, is greater than zero

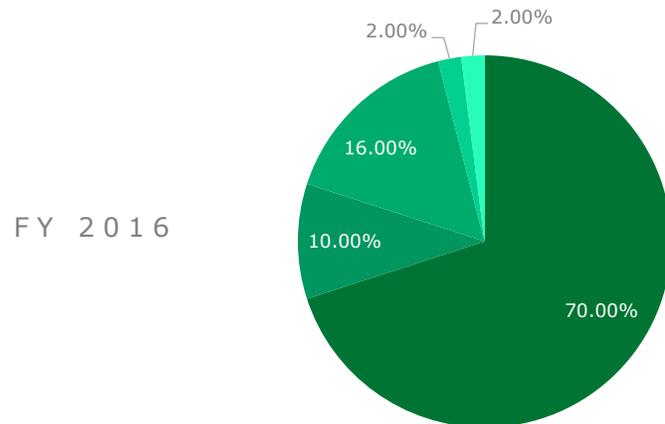
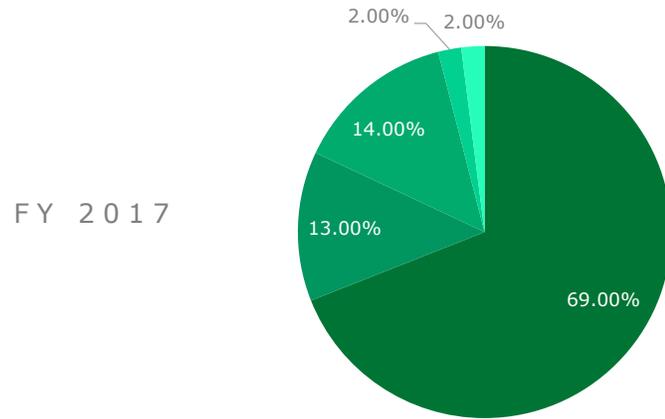
## CAPITAL POSITION – STREET CAPITAL BANK OF CANADA

### Basel III Regulatory Capital

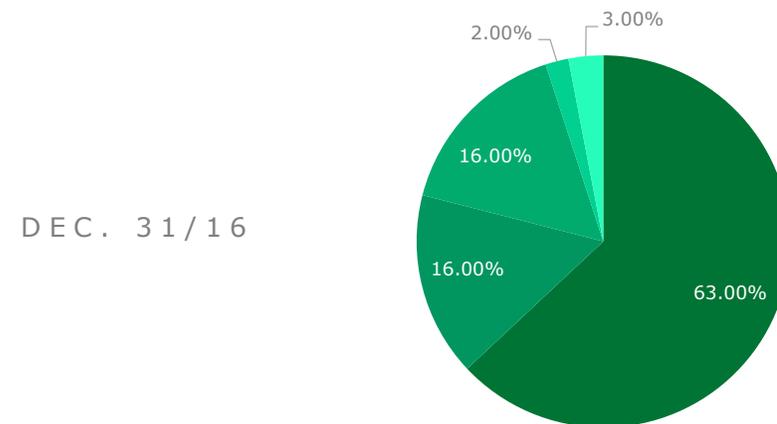
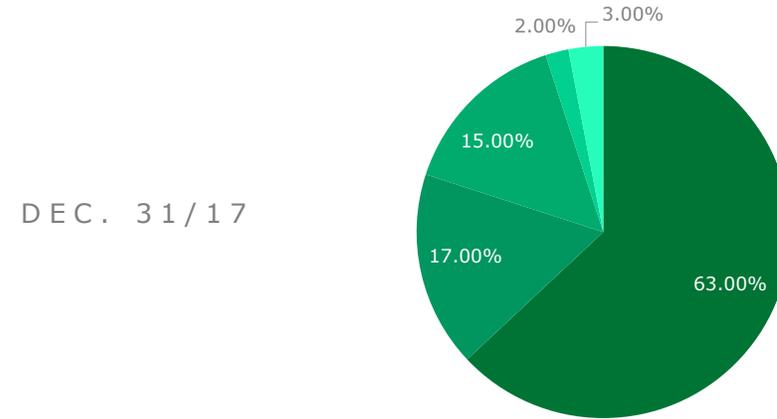
| ALL-IN BASIS (000'S, EXCEPT %)      | DECEMBER 31, 2017 | SEPTEMBER 30, 2017 |
|-------------------------------------|-------------------|--------------------|
| Common equity Tier 1 capital (CET1) | 98,579            | 97,087             |
| Total Tier 1 capital                | 98,579            | 97,087             |
| Total Tier 2 capital                | n.a.              | n.a.               |
| Total regulatory capital            | 98,579            | 97,087             |
| Total risk-weighted assets          | 388,187           | 352,467            |
| CET1 ratio                          | 25.39%            | 27.54%             |
| Tier 1 capital ratio                | 25.39%            | 27.54%             |
| Total regulatory capital ratio      | 25.39%            | 27.54%             |
| Leverage ratio                      | 13.76%            | 15.85%             |

# GEOGRAPHIC DISTRIBUTION – PRIME MORTGAGES

GEOGRAPHIC DISTRIBUTION OF NEW ORIGINATIONS (% of \$)



GEOGRAPHIC DISTRIBUTION OF MORTGAGES UNDER ADMINISTRATION (% of \$)



- Ontario
- Alberta
- BC
- Atlantic
- Prairies

## GEOGRAPHIC FOOTPRINT

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VANCOUVER

CALGARY

TORONTO

~ 218  
EMPLOYEES

## CAPITAL STRUCTURE

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### TSX: SCB

| AS AT APRIL 2, 2018, unless otherwise indicated |                |
|---|----------------|
| Book Value Per Share*                           | \$1.13         |
| Market Cap                                      | \$95.3 million |
| Share Price                                     | \$0.78         |
| Common Shares Outstanding                       | 122.2 million  |
| Ownership by Directors/Management               | ~22%           |

\* As at December 31, 2017

# Contacts

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