MCAN MORTGAGE CORPORATION ANNOUNCES 2021 RESULTS AND INCREASES ITS REGULAR CASH DIVIDEND NEARLY 6% AND DECLARES A $0.97 SPECIAL STOCK DIVIDEND

Toronto, Ontario - February 23, 2022. MCAN Mortgage Corporation ("MCAN", the "Company" or "we") (TSX: "MKP") reported net income of $16.1 million ($0.57 earnings per share) for the fourth quarter of 2021, a decrease from net income of $22.1 million ($0.89 earnings per share) in the fourth quarter of 2020 primarily due to an expected decrease in equity income from MCAP related to current lower mortgage spreads and non-recurring new contracts in the prior year. Fourth quarter 2021 return on average shareholders' equity[1] was 15.39% compared to 25.92% in the prior year. Results for the fourth quarter of 2021 were positively impacted by growth in our core business.

Year to date, we reported strong net income of $64.4 million ($2.40 earnings per share), an increase of 50% from a net income of $42.9 million ($1.75 earnings per share) in 2020. Year to date return on average shareholders' equity[1] was 16.86% compared to 13.13% in the prior year. Year to date 2021 results were positively impacted by growth in our mortgage portfolios as well as mark-to-market gains on our REIT portfolio compared to mark-to-market losses during 2020 and higher provisions recorded for credit losses in 2020, both as a result of the pandemic and uncertain economic environment.

In keeping with OSFI's announced lifting of the moratorium on increasing dividends, the Board of Directors (the "Board") declared a first quarter regular cash dividend of $0.36 per share (an increase of nearly 6% from quarterly levels since 2020). The Board also announced a first quarter special stock dividend of $0.97 per share. Both dividends are to be paid March 31, 2022 to shareholders of record as of March 15, 2022. The special stock dividend will be paid to shareholders in common shares (with fractional shares paid in cash) issued out of treasury at the weighted average trading price for the five days preceding the record date. The special stock dividend is being paid out as a result of taxable income exceeding regular dividends paid in 2021, driven primarily by higher taxable income from MCAP and growth in our business.

"We are very pleased with our solid 2021 results and team performance as our business continues to grow. Our single family residential mortgage originations increased 50% in response to housing market dynamics driven by very low interest rates and our focus on client service. We have been enhancing our sales and marketing capabilities, service to our mortgage brokers and our underwriting efficiency and our efforts are paying off," said Karen Weaver, President and Chief Executive Officer. "We also saw a 46% increase in our construction and commercial originations and added $33 million in commitments to non-marketable real estate development funds and mortgage funds, $15 million of which is focused on affordable housing, connected neighbourhoods and low environmental impact. We made great strides in advancing our capital markets and funding activities, and we successfully raised $53 million in equity by way of two rights offerings, both of which were oversubscribed. We have invested in our most important asset - our people - and we're proud that we recently became certified as a Great Place to Work®. We are looking to continue to grow our business and expand our portfolio of investments to include more high-yielding mortgage products and non-marketable securities that align with our risk appetite. Collectively, these assets provide our shareholders with a unique access to various investments in the Canadian real estate and housing markets."

Highlights

- Corporate assets totalled $2.16 billion at December 31, 2021, a net increase of $606 million (39%) from December 31, 2020 driven by growth in all our major assets:
    - Uninsured single family originations totalled $575 million year to date 2021, an increase of $292 million (103%) from the same period in 2020.
    - Construction and commercial originations totalled $728 million year to date 2021, an increase of $230 million (46%) from the same period in 2020.
    - Marketable securities totalled $63 million at December 31, 2021, a net increase of $13 million (26%) from December 31, 2020 including $15 million of REIT purchases, $17 million of REIT sales and $15 million of unrealized fair value gains.
    - Non-marketable securities totalled $65 million at December 31, 2021, an increase of $9 million (16%) from December 31, 2020 primarily from four new investments with $17 million in remaining capital commitments expected to fund over approximately three years.
- Securitized mortgages totalled $1.58 billion at December 31, 2021, an increase of $448 million (39%) from December 31, 2020 primarily due to an increase in originations and securitizations:
    - Insured single family originations totalled $801 million in 2021, an increase of $185 million (30%) from the same period in 2020.
    - Insured single family securitizations totalled $724 million in 2021, an increase of $39 million (6%) from the same period in 2020.

Financial Update

- Net corporate mortgage spread income[1] increased by $2.9 million for Q4 2021 from Q4 2020 and increased $8.3 million for year to date 2021 from 2020 due to a higher average corporate mortgage portfolio balance. Q4 2021 was impacted by a reduction in the spread of corporate mortgages over term deposit interest, as a result of a larger reduction in mortgage rates compared to term deposit rates. The decline in mortgage rates was primarily driven by continued market competition. For the year, 2021 was impacted by an increase in the spread of corporate mortgages over term deposit interest, due to a larger decrease in term deposit rates compared to mortgage rates. Term deposit rates in 2020 were impacted by a temporary higher demand for liquidity by financial institutions in the term deposit market resulting in higher term deposit funding costs at the onset of the pandemic.

- Net securitized mortgage spread income[1] increased by $0.1 million for Q4 2021 from Q4 2020 and increased $3.5 million for the year 2021 from 2020 mainly due to (i) a higher average securitized mortgage portfolio balance from significantly higher originations of insured single family mortgages; and (ii) partial offset by a decrease in the spread of securitized mortgages over liabilities from a decline in the spread of Government of Canada bond yields versus our mortgage rates, as Government of Canada bond yields have risen significantly in 2021.

- Allowance for credit losses on our corporate mortgage portfolio totalled $6.6 million at December 31, 2021, a net increase of $0.4 million from December 31, 2020. The increase is mainly due to growth in our portfolio partly offset by improved economic forecasts as we start making our way out of the pandemic.

- Equity income from MCAP Commercial LP ("MCAP") totalled $6.2 million in Q4 2021, a decrease of $3.2 million (33%) from $9.4 million in Q4 2020, and totalled $25.5 million for year to date 2021, a decrease of $8.5 million (25%) from $33.9 million year to date 2020. The decrease in both the quarter and year to date was primarily due to (i) decreased mortgage origination and processing income as a result of lower net fees from lower mortgage spreads; and (ii) non-recurring new contracts in the prior year. These were partly offset by income from higher assets under management from growth in MCAP's portfolio.

- In Q4 2021, we recorded a $3.4 million net gain on securities compared to a $5.7 million net gain on securities in Q4 2020 and year to date net gain on securities was $14.8 million for 2021 compared to a year to date net loss on securities of $9.1 million for 2020. We saw a rebound in REIT prices in 2021 amid optimism around the impending economic outlook after an oversold market at the beginning of the pandemic. During 2021, we took the opportunity to recycle capital by selling $16.6 million of REITs and realizing gains of $3.8 million.

- Return on average shareholders' equity[1] was 15.39% in Q4 2021 compared to 25.92% in Q4 2020. Return on average shareholders' equity[1] was 16.86% for 2021 year to date, which compares to 13.13% for 2020 year to date.

Credit Quality

- Impaired corporate mortgage ratio[1] was 0.05% at December 31, 2021 compared to 0.06% at September 30, 2021 and 0.30% at December 31, 2020.

- Impaired total mortgage ratio[1] was 0.03% at December 31, 2021 compared to 0.04% at September 30, 2021 and 0.18% at December 31, 2020.

- Arrears total mortgage ratio[1] was 0.46% at December 31, 2021 compared to 0.40% at September 30, 2021 and 1.25% at December 31, 2020. The higher arrears total mortgage ratio at December 31, 2020 was primarily due to one construction mortgage where an asset recovery program was initiated and we recovered all past due interest and principal. The arrears of this construction mortgage was not related to COVID-19. We have a strong track record with our asset recovery program should the need arise. Our realized loan losses on our construction portfolio has been negligible in the last 10 years.

- Average loan to value ratio ("LTV") of our uninsured single family portfolio based on an industry index of current real estate values was 60.3% at December 31, 2021 compared to 59.3% at September 30, 2021 and 60.6% at December 31, 2020.

Capital

- To support our continued growth and maintain our targeted capital requirements, we initiated two capital raises by way of rights offerings in June and December 2021, both of which were oversubscribed. These two offerings raised $53.1 million of capital.

- We issued $21.1 million in new common shares on March 31, 2021 from our 2021 first quarter special stock dividend to shareholders.

- We issued $6.0 million year to date 2021 in new common shares through the Dividend Reinvestment Plan ("DRIP") compared to $5.4 million in 2020. The DRIP participation rate was 17% for 2021 compared to 17% for 2020. The DRIP is a program that has historically provided MCAN with a reliable source of new capital and existing shareholders an opportunity to acquire additional shares at a discount to market value.

- Income tax assets to capital ratio[3] was 5.29 at December 31, 2021 compared to 5.50 at September 30, 2021 and 5.09 at December 31, 2020.

- Common Equity Tier 1 ("CET 1") and Tier 1 Capital to risk-weighted assets ratios[2] were 20.26% at December 31, 2021 compared to 19.45% at September 30, 2021 and 21.67% at December 31, 2020. Total Capital to risk-weighted assets ratio[2] was 20.54% at December 31, 2021 compared to 19.73% at September 30, 2021 and 22.02% at December 31, 2020.

- Leverage ratio[2] was 9.41% at December 31, 2021 compared to 8.86% at September 30, 2021 and 10.17% at December 31, 2020.

[1] *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 new release. 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.*
[2] *These measures have been calculated in accordance with OSFI's Leverage Requirements and Capital Adequacy Requirements guidelines. Effective March 31, 2020, the total capital ratio reflects the inclusion of stage 1 and stage 2 allowances on the Company's mortgage portfolio in Tier 2 capital. In accordance with OSFI's transitional arrangements for capital treatment of ECL issued March 27, 2020, a portion of stage 1 and stage 2 allowances that would otherwise be included in Tier 2 capital are included in CET 1 capital. The adjustment to CET 1 capital will be measured each quarter as the increase, if any, in stage 1 and stage 2 allowances compared to the corresponding allowances at December 31, 2019. The increase, if any, is subject to a scaling factor that will decrease over time and was 70% in fiscal 2020, 50% in fiscal 2021 and is set at 25% in fiscal 2022.*
[3] *Tax balances are calculated in accordance with the Tax Act.*

Annual and Special Meeting of Shareholders

The Company's virtual Annual and Special Meeting of Shareholders will be held at 4:30pm (Toronto time) on May 10, 2022 via live video webcast at https://web.lumiagm.com/460905079, meeting ID number 460-905-079 using the password: mcan2022.

Further Information

Complete copies of the Company's 2021 Annual Report will be filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Company's website at www.mcanmortgage.com.

For our Outlook, refer to the "Outlook" section of the 2021 Annual Report.

MCAN is a public company listed on the Toronto Stock Exchange under the symbol MKP and is a reporting issuer in all provinces and territories in Canada. MCAN also qualifies as a mortgage investment corporation ("MIC") under the Income Tax Act (Canada) (the "Tax Act").

The Company's primary objective is to generate a reliable stream of income by investing in a diversified portfolio of Canadian mortgages, including single family residential, residential construction, non-residential construction and commercial loans, as well as other types of securities, loans and real estate investments. MCAN employs leverage by issuing term deposits that are eligible for Canada Deposit Insurance Corporation deposit insurance that are sourced through a network of independent financial agents. We manage our capital and asset balances based on the regulations and limits of both the Tax Act and OSFI.

As a MIC, we are entitled to deduct the dividends that we pay to shareholders from our taxable income. Regular dividends are treated as interest income to shareholders for income tax purposes. We are also able to pay capital gains dividends, which would be treated as capital gains to shareholders for income tax purposes. Dividends paid to foreign investors may be subject to withholding taxes. To meet the MIC criteria, 67% of our non-consolidated assets measured on a tax basis are required to be held in cash or cash equivalents and residential mortgages.

MCAN's wholly-owned subsidiary, XMC Mortgage Corporation, is an originator of single family residential mortgage products across Canada.

For how to enroll in the DRIP, please refer to the Management Information Circular dated March 12, 2021 or visit our website at www.mcanmortgage.com/investors/regulatory-filings. Under the DRIP, dividends paid to shareholders are automatically reinvested in common shares issued out of treasury at the weighted average trading price for the five days preceding such issue less a discount of 2%.

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Non-GAAP and Other Financial Measures

This news release references a number of non-GAAP and other financial measures and ratios to assess our performance such as return on average shareholders' equity, net corporate mortgage spread income, net securitized mortgage spread income, impaired corporate mortgage ratio, impaired total mortgage ratio, and arrears total mortgage ratio. 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 incorporated by reference and defined in the "Non-GAAP and Other Financial Measures" section of our 2021 MD&A available on SEDAR at www.sedar.com. Below are reconciliations for our non-GAAP financial measures included in this news release using the most directly comparable IFRS financial measures.

Net Corporate Mortgage Spread Income
Non-GAAP financial measure that is an indicator of net interest profitability of income-earning assets less cost of funding for our corporate mortgage portfolio. It is calculated as the difference between corporate mortgage interest and term deposit interest and expenses.

(in thousands) **For the Periods Ended**	**Q4 2021**	**Q4 2020**	**Change ($)**	**Annual 2021**	**Annual 2020**	**Change ($)**
Mortgage interest - corporate assets	$ 20,436	$ 17,115		$ 71,823	$ 64,070	
Term deposit interest and expenses	8,389	7,918		31,430	32,006	
Net Corporate Mortgage Spread Income	**$ 12,047**	**$ 9,197**	**$ 2,850**	**$ 40,393**	**$ 32,064**	**$ 8,329**

Net Securitized Mortgage Spread Income
Non-GAAP financial measure that is an indicator of net interest profitability of income-earning securitization assets less cost of securitization liabilities for our securitized mortgage portfolio. It is calculated as the difference between securitized mortgage interest and interest on financial liabilities from securitization.

(in thousands) **For the Periods Ended**	**Q4 2021**	**Q4 2020**	**Change ($)**	**Annual 2021**	**Annual 2020**	**Change ($)**
Mortgage interest - securitized assets	$ 7,295	$ 6,461		$ 28,671	$ 21,534	
Interest on financial liabilities from securitization	4,993	4,232		19,554	15,898	
Net Securitized Mortgage Spread Income	**$ 2,302**	**$ 2,229**	**$ 73**	**$ 9,117**	**$ 5,636**	**$ 3,481**

A Caution About Forward-looking Information and Statements

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

- the current business environment and outlook;
- the impact of global health pandemics on the Canadian economy and globally, including the continuing impact of COVID-19;
- 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 and geopolitical uncertainties and their impact on the Canadian economy;
- sufficiency of our access to capital resources;
- the timing of the 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, including the impact of government actions related to COVID-19;
- the economic and social impact, management, duration and potential worsening of the impact of COVID-19 or any other future pandemic;
- factors and assumptions regarding interest rates;
- housing sales and residential mortgage borrowing activities;
- the effect of competition;
- systems failure or cyber and security breaches;
- the availability of funding and capital to meet our requirements;
- 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.

The COVID-19 pandemic has 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, levels of housing activity and household debt service levels. There can be no assurance that they will continue to be valid. The duration, extent and severity of the impact the COVID-19 pandemic or any further variants or outbreaks, including measures to prevent their spread and related government actions adopted in response thereto, will have on our business continues to be 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 risks and uncertainties referred to in our Annual Information Form for the year ended December 31, 2021, our MD&A and our other public filings with the applicable Canadian regulatory authorities.

Subject to applicable securities law requirements, we undertake no obligation to publicly update or revise any forward-looking information after the date of this news release 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.