MCAN FINANCIAL GROUP ANNOUNCES Q1 2024 RESULTS AND DECLARES $0.39 REGULAR CASH DIVIDEND

Uninsured residential mortgage portfolio reaches record $1 billion

Toronto, Ontario - May 6, 2024. MCAN Mortgage Corporation d/b/a MCAN Financial Group ("MCAN", the "Company" or "we") (TSX: "MKP") reported **net income of $23.2 million ($0.65 earnings per share) for the first quarter of 2024**, relatively consistent with net income of $23.3 million ($0.67 earnings per share) in the first quarter of 2023.

First quarter 2024 return on average shareholders' equity[1] was 17.09% compared to 18.60% in the first quarter of 2023.

While our net income was relatively consistent to the same period last year, our **net corporate mortgage spread income[1] increased by 4% or $0.9 million** from Q1 2023.

We **closed a successful overnight marketed offering on March 28, 2024 for aggregate gross proceeds of $28.8 million**. Due to strong investor demand, we were able to upsize the base offering by 25% from $20 million to $25 million, plus receive the full exercise of the over-allotment option of an additional $3.8 million. This offering allowed us to expand our shareholder base and shows the support our shareholders have for our business and strategy. These proceeds will allow us to grow our residential mortgage lending and residential construction lending business.

The Board of Directors declared a **second quarter regular cash dividend of $0.39 per share**. The dividend will be paid on June 28, 2024 to shareholders of record as of June 14, 2024.

"Our first quarter results were solid with continued growth in our net mortgage interest and originations volumes in our residential lending portfolio. We grew our uninsured residential mortgage portfolio to over $1 billion in the quarter - a record high - with strong renewal volumes. With our successful overnight marketed offering raising $28.8 million, we look to continue growing our business as we have consistently done over many years," said CEO Don Coulter. "During the quarter, we were also recognized as one of Canada's Top Small and Medium Employers. We believe in our team members' well-being and professional growth because that builds a stronger MCAN. As we celebrate our achievements this quarter, we remain committed to driving sustainable growth and maximizing shareholder value in the long term."

HIGHLIGHTS

- Corporate assets totalled $2.75 billion at March 31, 2024, a net decrease of $5 million (0.2%) from December 31, 2023.

    - Construction and commercial mortgages totalled $1.09 billion at March 31, 2024, a net decrease of $26 million (2%) from December 31, 2023. In Q1 2024, the movement in the construction and commercial portfolios is attributed to net originations of $122 million in new construction and commercial mortgages, offset by maturities and repayments. Originations in the first quarter were 2% higher compared to the same period in 2023 and we have seen some extensions of projects due to normal construction delays or normal delays relating to the permitting and zoning process. To date, projects continue to progress toward completion.

    - Uninsured residential mortgages reached $1.01 billion at March 31, 2024, a net increase of $41 million (4%) from December 31, 2023. Uninsured residential mortgage originations totalled $84 million in the first quarter of 2024, an increase of $21 million (34%) from the same period in 2023. The economic and interest rate environment and its impact on the housing market and borrowers has improved due to expectations about future interest rate cuts. Canadian housing resale activity was strong in Q1 2024, creating demand for mortgages. We have also seen an increase in our uninsured residential mortgage renewal rates with renewals of $127 million in the first quarter of 2024 compared to $112 million for the same period in 2023 as borrowers find it more convenient to stay with their existing lender in the current market environment.

    - Non-marketable securities totalled $113 million at March 31, 2024, an increase of $3 million (2%) from December 31, 2023 with $76 million of remaining commitments expected to fund over the next five years.

    - Marketable securities totalled $50 million at March 31, 2024, relatively consistent with December 31, 2023.

- Securitized mortgages totalled $2.09 billion at March 31, 2024, a net increase of $165 million (9%) from December 31, 2023, due to higher securitization volumes being ahead of maturities.

    - Overall, total insured residential mortgage origination volumes, including an increase in our adjustable rate mortgage originations compared to last quarter, are higher due to expectations about future interest rate cuts and improved economic forecasts. Insured residential mortgage originations totalled $171 million in the first quarter of 2024, an increase of $103 million (151%) from the same period in 2023. Insured residential mortgage securitizations totalled $214 million in the first quarter of 2024, an increase of $203 million (1,845%) from the same period in 2023. Insured residential mortgages being held for upcoming securitizations totalled $240 million at March 31, 2024, a net decrease of $37 million (13%) from December 31, 2023. We use various channels in funding the insured residential mortgage portfolio, in the context of market conditions and net contributions over the life of the mortgages, in order to support our overall business. As we have seen favourable securitization spreads, we opted to securitize our insured residential mortgages as opposed to selling them at the commitment stage.

FINANCIAL UPDATE

- Net corporate mortgage spread income[1] increased by $0.9 million for Q1 2024 from Q1 2023 mainly due to a higher average corporate mortgage portfolio balance from continued net mortgage originations partially offset by a reduction in the spread of corporate mortgages over term deposit interest and expenses. The decrease in the spread of corporate mortgages over term deposit interest and expenses is mainly due to higher effective interest rates on our term deposits and unrealized fair value hedge losses. This was partially offset by higher average mortgage rates primarily due to the impact of the higher rate environment on our floating rate residential construction loans.

- Net securitized mortgage spread income[1] increased by $0.6 million for Q1 2024 from Q1 2023 mainly due to an increase in the spread of securitized mortgages over liabilities and by a higher average securitized mortgage portfolio balance from higher securitization volumes of insured residential mortgages exceeding maturities. We have seen better economics on securitizations as the spread of Government of Canada bond yields versus our mortgage rates has widened on the expectation of interest rate cuts in the second half of the year.

- For Q1 2024, we had a recovery of credit losses on our corporate mortgage portfolio of $0.6 million compared to a provision for credit losses of $1.2 million in Q1 2023. For Q1 2024, the recovery was mainly due to improved economic forecasts, particularly around the housing price index and gross domestic product, partially offset by an increase in impaired uninsured residential mortgages. We believe that we have a quality uninsured residential mortgage loan portfolio with an average loan to value ("LTV") of 65.5% at March 31, 2024 based on an industry index of current real estate values. We have also seen our arrears stabilize since Q1 2024.

- Equity income from MCAP Commercial LP (“MCAP”) totalled $7.2 million in Q1 2024, a decrease of $0.8 million (10%) from $8.0 million in Q1 2023. The decrease in the quarter was primarily due to (i) higher hedge losses; (ii) higher interest expense on credit facilities; and (iii) higher securitization expenses. These were partially offset by (i) higher securitized mortgage net interest income from a higher average securitized portfolio; (ii) higher servicing and administration income from higher assets under management; (iii) higher mortgage origination fees as a result of higher mortgage origination fee rates; and (iv) higher investment revenue from higher average mortgage rates on non-securitized mortgages.

- In Q1 2024, we had a net unrealized fair value loss on our marketable securities of $0.3 million compared to a $1.0 million net unrealized fair value gain in Q1 2023. We expect continued volatility in the REIT market given the economic uncertainty and interest rate environment. We are long term investors and continue to realize the benefits of solid cash flows and distributions from these investments. For our non-marketable securities, we had a net unrealized fair value gain of $0.3 million in Q1 2024 mainly relating to an updated property valuation as well as actual execution on leasing activities on another underlying property. In Q1 2023, there was no fair value gain or loss on our non-marketable securities as these investments were in early stages.

Credit Quality

- Arrears total mortgage ratio[1] was 3.18% at March 31, 2024 compared to 2.70% at December 31, 2023. The majority of our residential mortgage arrears activity occurs in the 1-30 day category, in which the bulk of arrears are resolved and do not migrate to arrears categories over 30 days. While greater than 30 days arrears has increased in our uninsured residential mortgages, we believe overall that we have a quality uninsured residential mortgage loan portfolio with an average LTV of 65.5% at March 31, 2024 compared to 63.4% at December 31, 2023 based on an industry index of current real estate values. We have also seen our arrears stabilize since Q1 2024. With respect to our construction and commercial loan portfolio, we have a strong track record with our default management processes and asset recovery programs as the need arises.

- Impaired corporate mortgage ratio[1] was 3.42% at March 31, 2024 compared to 3.26% at December 31, 2023. At March 31, 2024, impaired mortgages mainly represent five impaired construction mortgages where asset recovery programs have been initiated.

- Impaired total mortgage ratio[1] was 1.83% at March 31, 2024 compared to 1.82% at December 31, 2023.

Capital

- We manage our capital and asset balances based on the regulations and limits of both the Income Tax Act (Canada) (the “Tax Act”) and Office of the Superintendent of Financial Institutions Canada (“OSFI”).

- We have a Base Shelf prospectus allowing us to make certain public offerings of debt or equity securities during the period that it is effective, through Prospectus Supplements.
    - On March 28, 2024, we closed an overnight marketed offering, established pursuant to a Prospectus Supplement to our Base Shelf prospectus, at a price of $15.40 per common share for gross proceeds of $28.8 million and net proceeds of $27.2 million including share issuance costs.
    - We have an at-the-market equity program (“ATM Program”), established pursuant to a Prospectus Supplement to our Base Shelf prospectus, allowing us to issue up to $30 million common shares to the public from time to time at the market prices

prevailing at the time of sale. In Q1 2024, we issued no common shares through our ATM Program. At March 31, 2024, we have $28.4 million remaining available to be issued through our ATM Program. The volume and timing of distributions under the ATM Program are determined at MCAN's sole discretion.

- We issued $8.2 million in new common shares through the Dividend Reinvestment Plan ("DRIP") in Q1 2024 compared to $6.9 million in new common shares in Q1 2023. The DRIP participation rate was 29% for the Q1 2024 dividend (Q1 2023 - 29%).

- Income tax assets to capital ratio[3] was 5.14 at March 31, 2024 compared to 5.52 at December 31, 2023.

- Common Equity Tier 1 ("CET 1") and Tier 1 Capital to risk-weighted assets ratios[2] were 19.00% at March 31, 2024 compared to 17.61% at December 31, 2023. Total Capital to risk-weighted assets ratio[2] was 19.23% at March 31, 2024 compared to 17.91% at December 31, 2023. The leverage ratio[2] was 10.11% at March 31, 2024 compared to 9.49% at December 31, 2023. Improvement to our March 31, 2024 capital and leverage ratios were due to the timing of our overnight marketed offering mentioned above.

[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.*
[3] *Tax balances are calculated in accordance with the Tax Act.*

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Company's Annual General Meeting of Shareholders will be held at 4:30pm (Toronto time) on May 7, 2024.

FURTHER INFORMATION

Complete copies of the Company's 2024 First Quarter Report will be filed on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca and on the Company's website at www.mcanfinancial.com.

For our Outlook, refer to the "Outlook" section of the 2024 First Quarter 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 Tax Act. MCAN is the largest MIC in Canada and the only federally regulated MIC.

The Company's primary objective is to generate a reliable stream of income by investing in a diversified portfolio of Canadian mortgages, including residential mortgages, 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. MCAN is ***Investing in Communities and Homes for Canadians****.*

For how to enroll in the DRIP, please refer to the Management Information Circular dated March 15, 2024 or visit our website at www.mcanfinancial.com/investors/regulatory filings/dividends - historical. 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% until further notice from MCAN.

For further information, please contact:

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NON-GAAP AND OTHER FINANCIAL MEASURES

This news release references a number of non-generally accepted accounting principles ("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 2024 First Quarter Management's Discussion and Analysis of Operations ("MD&A") available on SEDAR+ at www.sedarplus.ca. 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)			Change
For the Periods Ended March 31	**2024**	**2023**	**($)**
Mortgage interest - corporate assets	$ 48,008	$ 35,756	
Term deposit interest and expenses	26,070	14,741	
Net Corporate Mortgage Spread Income	**$ 21,938**	**$ 21,015**	**$ 923**

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)			Change
For the Periods Ended March 31	**2024**	**2023**	**($)**
Mortgage interest - securitized assets	$ 13,340	$ 9,068	
Interest on financial liabilities from securitization	11,187	7,501	
Net Securitized Mortgage Spread Income	**$ 2,153**	**$ 1,567**	**$ 586**

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, 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, 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 or infectious disease outbreaks, including measures to prevent their spread, and the related government actions adopted in response thereto, 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 our Annual Information Form for the year ended December 31, 2023, 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.