MCAN FINANCIAL GROUP ANNOUNCES Q2 2024 RESULTS AND DECLARES $0.39 REGULAR CASH DIVIDEND

Total assets grows to record $5 billion

Toronto, Ontario - August 12, 2024. MCAN Mortgage Corporation d/b/a MCAN Financial Group ("MCAN", the "Company" or "we") (TSX: "MKP") reported **net income of $19.7 million ($0.52 earnings per share) for the second quarter of 2024**, an increase from net income of $15.9 million ($0.46 earnings per share) in the second quarter of 2023.

Second quarter 2024 return on average shareholders' equity[1] was 13.63% compared to 12.47% for the same period in the prior year.

Net corporate mortgage spread income was solid for the current quarter and slightly ahead of the same period in the prior year. A number of other factors impacted our Q2 results including higher income from our investment in MCAP, a higher quarterly provision for credit losses in the current quarter and lower unrealized fair value losses on our REIT portfolio compared to the same prior year period.

For year to date 2024, we reported net income of $43.0 million ($1.17 earnings per share), an increase from net income of $39.2 million ($1.13 earnings per share) for the same prior year period.

Return on average shareholders' equity[1] was 15.31% for year to date 2024 compared to 15.51% for the same prior year period.

We reported higher total net income for the year to date mainly as a result of higher income from MCAP, higher net corporate mortgage spread income and lower unrealized fair value losses on our REIT portfolio compared to the same prior year period. We continued to adjust our portfolio to take advantage of the changing interest rate environment. Our net corporate mortgage spread income[1] increased by $1.2 million for the current fiscal year compared to the prior fiscal year.

We are committed to a strategy of managing controllable factors to protect our bottom line and taking advantage of opportunities that arise in the current market environment.

The Board of Directors **declared a third quarter regular cash dividend of $0.39 per share** to be paid on September 27, 2024 to shareholders of record as of September 13, 2024. As a mortgage investment corporation, we pay out all of our taxable income to shareholders through dividends.

"We had a solid second quarter with our total assets reaching over $5 billion and our net income ahead of last year as we continue to deploy our new capital from our successful overnight marketed offering. The floating rates on our construction and commercial loans continue to yield us higher returns and our origination and renewal volumes across our entire loan book continues to be solid allowing us to profitably grow," said CEO Don Coulter. "As rates begin to decline, our embedded culture of being vigilant and proactively managing our business through market cycles forms the roots of our exceptional performance. Our driven and committed team members are focused on MCAN's strategic growth and positioning in the Canadian mortgage market."

HIGHLIGHTS

- Total assets reached $5.10 billion at June 30, 2024, a net increase of $358 million (7.5%) from December 31, 2023.
- Corporate assets totalled $2.86 billion at June 30, 2024, a net increase of $108 million (3.9%) from December 31, 2023.
    - Construction and commercial mortgages totalled $1.08 billion at June 30, 2024, a net decrease of $34 million (3%) from December 31, 2023. Year to date 2024, the movement in the construction and commercial portfolios is attributed to net originations of $283 million in new construction and commercial mortgages, offset by repayments from completing projects. Originations in the second quarter were 3% 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 totalled $1.05 billion at June 30, 2024, a net increase of $86 million (9%) from December 31, 2023. Uninsured residential mortgage originations totalled $197 million year to date 2024, an increase of $20 million (11%) from the same period in 2023. The economic and interest rate environment and its impact on the housing market and borrowers has improved somewhat due to expectations about further interest rate cuts. We have also seen solid uninsured residential mortgage renewal rates with renewals of $259 million year to date 2024 compared to $258 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 $116 million at June 30, 2024, an increase of $7 million (6%) from December 31, 2023 with $71 million of remaining commitments expected to fund over the next five years.

- Marketable securities totalled $50 million at June 30, 2024, relatively consistent with December 31, 2023.

- Securitized mortgages totalled $2.17 billion at June 30, 2024, a net increase of $240 million (12%) from December 31, 2023, due to higher securitization volumes.

  - Overall, total insured residential mortgage origination volumes are higher due to declining mortgage rates compared to the higher interest rate environment in the prior year. Insured residential mortgage originations totalled $356 million year to date 2024, an increase of $145 million (69%) from the same period in 2023. Insured residential mortgage securitizations totalled $371 million year to date 2024, an increase of $284 million (326%) from the same period in 2023. Insured residential mortgages being held for upcoming securitizations totalled $280 million at June 30, 2024, a net increase of $4 million (1%) 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 more 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] is derived from both our residential lending portfolio and our construction and commercial portfolio. It increased by $0.2 million for Q2 2024 from Q2 2023 and increased $1.2 million for year to date 2024 from year to date 2023 mainly due to a higher average corporate mortgage portfolio balance, partially offset by a reduction in the spread of corporate mortgages over term deposit interest and expenses. The decrease in the spread is mainly due to higher effective interest rates on our term deposits and fair value hedge costs. 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 $0.4 million for Q2 2024 from Q2 2023 and increased $1.0 million year to date 2024 from year to date 2023 due to a higher average securitized mortgage portfolio balance and an increase in the spread of securitized mortgages over liabilities. 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 a declining interest rate environment.

- For Q2 2024, we had a provision for credit losses on our corporate mortgage portfolio of $1.4 million compared to a provision for credit losses of $0.8 million in Q2 2023. For year to date 2024, we had a provision for credit losses on our corporate mortgage portfolio of $0.8 million compared to a provision for credit losses of $2.0 million for year to date 2023. For year to date 2024, the provision was mainly due to growth in our portfolio, less favourable underlying economic forecasts relating to unemployment rates, and one additional impaired residential construction loan.

- Equity income from MCAP Commercial LP totalled $7.7 million in Q2 2024, an increase of $2.4 million (47%) from $5.3 million in Q2 2023, and totalled $14.9 million for year to date 2024, an increase of $1.6 million (12%) from $13.3 million year to date 2023. For Q2 2024 and year to date 2024, the increase was primarily due to (i) higher securitized mortgage net interest income from more favourable spreads and a higher average securitized portfolio; (ii) higher mortgage origination fees as a result of higher volume of commitment and whole loan sales; and (iii) higher investment revenue from higher average non-securitized mortgage rates and higher average balances of non-securitized mortgages. These were partially offset by (i) higher interest expense on credit facilities; (ii) lower servicing and administration revenue from lower average residential assets under management; and (iii) higher securitization expenses.

- Net unrealized fair value loss on our marketable securities of $0.7 million in Q2 2024 compared to a $5.0 million net unrealized fair value loss in Q2 2023, and a $1.0 million net unrealized fair value loss for year to date 2024 compared to a $4.0 million net unrealized fair value loss for year to date 2023. We expect some recovery in the REIT market given a forecasted declining interest rate environment. We are long term investors and continue to realize the benefits of solid cash flows and distributions from these investments. Year to date, we received distributions of $1.5 million (distribution yield[1] of 6.01%) from our REITs compared to $2.1 million (distribution yield[1] of 6.62%) in 2023.

- Net unrealized fair value gain on our non-marketable securities of $0.3 million for year to date 2024 mainly related to an updated property valuation as well as actual execution on leasing activities on another underlying property. For year to date 2023, there was no fair value gain or loss on our non-marketable securities as these investments were in early stages. Our non-marketable securities are either held for long-term capital appreciation or distribution income and they tend to improve the diversification, and risk and reward characteristics of our overall investment portfolio. Our real estate development fund investments tend to have less predictable cash flows that are predicated on the completion of the development projects within these funds.

Credit Quality

- Arrears total mortgage ratio[1] was 3.04% at June 30, 2024 compared to 3.18% at March 31, 2024 and 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 64.5% at June 30, 2024 compared to 65.5% at March 31, 2024 and 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 3.50% at June 30, 2024 compared to 3.42% at March 31, 2024 and 3.26% at December 31, 2023. At June 30, 2024, impaired mortgages mainly represent six impaired construction mortgages where asset recovery programs have been initiated and we expect to recover all past due interest and principal.

- Impaired total mortgage ratio[1] was 1.90% at June 30, 2024 compared to 1.83% at March 31, 2024 and 1.82% at December 31, 2023. The increase to our impaired total mortgage ratio is related to the same construction mortgages discussed above.

Capital

- We issued $4.4 million in new common shares in Q2 2024 (Q2 2023 - $3.6 million) and $12.5 million year to date 2024 (year to date 2023 - $10.5 million) through the Dividend Reinvestment Plan ("DRIP"). The DRIP participation rate for the 2024 second quarter dividend was 30% (2024 first quarter - 29%; 2023 second quarter - 29%). 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 5.34 at June 30, 2024 compared to 5.14 at March 31, 2024 and 5.52 at December 31, 2023.

- Common Equity Tier 1 ("CET 1") and Tier 1 Capital to risk-weighted assets ratios[2] were 19.10% at June 30, 2024 compared to 19.00% at March 31, 2024 and 17.61% at December 31, 2023. Total Capital to risk-weighted assets ratio[2] was 19.35% at June 30, 2024 compared to 19.23% at March 31, 2024 and 17.91% at December 31, 2023. Leverage ratio[2] was 9.85% at June 30, 2024 compared to 10.11% at March 31, 2024 and 9.49% at December 31, 2023. Improvement to our capital and leverage ratios in 2024 was due to the timing of our overnight marketed offering in Q1 2024.

[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.*

FURTHER INFORMATION

Complete copies of the Company's 2024 Second 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 Second 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.

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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 Second 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) **For the Periods Ended June 30**	**Q2** **2024**	**Q2** **2023**	**Change** **($)**	**YTD** **2024**	**YTD** **2023**	**Change** **($)**
Mortgage interest - corporate assets	$ 48,422	$ 38,691		$ 96,430	$ 74,447	
Term deposit interest and expenses	27,526	18,034		53,596	32,775	
Net Corporate Mortgage Spread Income	**$ 20,896**	**$ 20,657**	**$ 239**	**$ 42,834**	**$ 41,672**	**$ 1,162**

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 June 30**	**Q2** **2024**	**Q2** **2023**	**Change** **($)**	**YTD** **2024**	**YTD** **2023**	**Change** **($)**
Mortgage interest - securitized assets	$ 14,695	$ 9,342		$ 28,035	$ 18,410	
Interest on financial liabilities from securitization	12,493	7,524		23,680	15,025	
Net Securitized Mortgage Spread Income	**$ 2,202**	**$ 1,818**	**$ 384**	**$ 4,355**	**$ 3,385**	**$ 970**

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.