MCAN FINANCIAL GROUP ANNOUNCES Q3 2024 RESULTS AND DECLARES $0.39 REGULAR CASH DIVIDEND

Return on average shareholders' equity[1] reaches 18.16% for the quarter

Toronto, Ontario - November 11, 2024. MCAN Mortgage Corporation d/b/a MCAN Financial Group ("MCAN", the "Company" or "we") (TSX: "MKP") reported **net income of $26.9 million ($0.70 earnings per share) for the third quarter of 2024**, an increase from net income of $18.5 million ($0.53 earnings per share) in the third quarter of 2023.

Third quarter 2024 return on average shareholders' equity[1] was 18.16% compared to 14.20% for the same period in the prior year.

Our Q3 results were mainly impacted by higher unrealized fair value gains on our REIT portfolio and higher income from our investment in MCAP compared to the same prior year period.

For year to date 2024, we reported net income of $69.9 million ($1.87 earnings per share), an increase from net income of $57.6 million ($1.66 earnings per share) for the same prior year period.

Return on average shareholders' equity[1] was 16.29% for year to date 2024 compared to 15.06% for the same prior year period.

We reported higher total net income for the year to date mainly as a result of higher unrealized fair value gains on our REIT portfolio, higher income from MCAP and higher net securitized mortgage spread income partially offset by slightly lower net corporate mortgage spread income compared to the same prior year period. We continued to manage our portfolio in a declining interest rate environment.

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 fourth quarter regular cash dividend of $0.39 per share** to be paid on January 2, 2025 to shareholders of record as of December 13, 2024. As a mortgage investment corporation, we pay out all of our taxable income to shareholders through dividends.

"We had a strong quarter, with total assets surpassing $5.2 billion and net income exceeding last year's figures, thanks to the various levers we have in our business during a declining interest rate environment as well as better performance from our investment in MCAP. We also successfully raised additional capital in the quarter through our at-the-market program to help us grow," said CEO Don Coulter. "In this environment, we are continuing to see solid origination and renewal volumes across the entire loan book as well as good credit quality. Looking ahead, we are focused on MCAN's strategic growth and positioning in the Canadian mortgage market."

HIGHLIGHTS

- Total assets reached $5.21 billion at September 30, 2024, a net increase of $474 million (10.0%) from December 31, 2023.
- Corporate assets totalled $2.88 billion at September 30, 2024, a net increase of $124 million (4.5%) from December 31, 2023.
  - Construction and commercial mortgages totalled $1.02 billion at September 30, 2024, a net decrease of $93 million (8%) from December 31, 2023. Year to date 2024, the movement in the construction and commercial portfolios is attributed to net originations of $420 million in new construction and commercial mortgages, offset by repayments from completing projects. Originations in the third quarter were lower compared to the same period in 2023; however, 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 $1.11 billion at September 30, 2024, a net increase of $139 million (14%) from December 31, 2023. Uninsured residential mortgage originations totalled $311 million year to date 2024, an increase of $27 million (9%) 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 $350 million year to date 2024 compared to $380 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 $114 million at September 30, 2024, an increase of $4 million (4%) from December 31, 2023 with $69 million of remaining commitments expected to fund over the next five years.

- Marketable securities totalled $59 million at September 30, 2024, a net increase of $9 million (17%) from December 31, 2023 due to net unrealized fair value gains. In 2024, we saw REIT prices increase due to a declining interest rate environment.

- Securitized mortgages totalled $2.29 billion at September 30, 2024, a net increase of $360 million (19%) 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 $528 million year to date 2024, an increase of $153 million (41%) from the same period in 2023. Insured residential mortgage securitizations totalled $591 million year to date 2024, an increase of $360 million (155%) from the same period in 2023. Insured residential mortgages being held for upcoming securitizations totalled $251 million at September 30, 2024, a net decrease of $26 million (9%) 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 decreased by $3.0 million for Q3 2024 from Q3 2023 and decreased $1.9 million for year to date 2024 from year to date 2023 mainly due to a reduction in the spread of corporate mortgages over term deposit interest and expenses partially offset by a higher average corporate mortgage portfolio balance. The decrease in the spread is mainly due to higher effective interest rates on our term deposits and fair value hedge costs. Year to date, 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 $1.1 million for Q3 2024 from Q3 2023 and increased $2.0 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 Q3 2024, we had a provision for credit losses on our corporate mortgage portfolio of $1.3 million compared to a provision for credit losses of $0.4 million in Q3 2023. For year to date 2024, we had a provision for credit losses on our corporate mortgage portfolio of $2.1 million compared to a provision for credit losses of $2.4 million for year to date 2023. For year to date 2024, the provision was mainly due to less favourable underlying economic forecasts relating to unemployment rates and interest provisioning on impaired residential construction loans.

- Equity income from MCAP Commercial LP totalled $6.7 million in Q3 2024, an increase of $2.4 million (55%) from $4.3 million in Q3 2023, and totalled $21.6 million for year to date 2024, an increase of $4.0 million (23%) from $17.6 million year to date 2023. For Q3 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 wider mortgage spreads and hedge losses; and (iii) higher investment revenue from higher average balances of non-securitized mortgages. These were partially offset by (i) higher interest expense on credit facilities; (ii) higher securitization expenses; and (iii) lower financial instrument gains mainly due to hedge losses.

- Net unrealized fair value gain on our marketable securities of $9.6 million in Q3 2024 compared to a $3.6 million net unrealized fair value loss in Q3 2023, and a $8.6 million net unrealized fair value gain for year to date 2024 compared to a $7.7 million net unrealized fair value loss for year to date 2023. We expect some additional recovery in the REIT market given a 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 $2.3 million (distribution yield[1] of 6.02%) from our REITs compared to $2.8 million (distribution yield[1] of 6.22%) in 2023.

- Net unrealized fair value loss on our non-marketable securities of $3.9 million in Q3 2024 mainly related to updated property valuations partially offset by increased density approval on one underlying property. In Q3 2023, we had a $2.1 million net unrealized fair value gain on our non-marketable securities investments due to value-add leasing activity on one underlying property investment. For year to date 2024, we had a net unrealized fair value loss on our non-marketable securities of $3.6 million mainly related to the same factors as for Q3 2024 mentioned above. For 2023 year to date, we had a $2.1 million net unrealized fair value gain on our non-marketable securities investments due to the same factors as described for Q3 2023 mentioned above. 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 3.06% at September 30, 2024 compared to 3.04% at June 30, 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 63.5% at September 30, 2024 compared to 64.5% at June 30, 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 2.26% at September 30, 2024 compared to 3.50% at June 30, 2024 and 3.26% at December 31, 2023. At September 30, 2024, impaired mortgages mainly represent four impaired construction mortgages where asset recovery programs have been initiated.

- Impaired total mortgage ratio[1] was 1.19% at September 30, 2024 compared to 1.90% at June 30, 2024 and 1.82% at December 31, 2023. The decrease to our impaired total mortgage ratio is mainly due to fewer impaired construction mortgages as they were either brought current or we recovered all past due interest and principal.

Capital

- 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.
    - We have an 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 Q3 2024, we sold 182,600 common shares at a weighted average price of $17.75 for gross proceeds of $3.2 million and net proceeds of $3.0 million including $65 thousand of agent commission paid and $155 thousand of other share issuance costs under the ATM Program. At September 30, 2024, we have $25.1 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 $2.2 million in new common shares in Q3 2024 (Q3 2023 - $4.0 million) and $14.8 million year to date 2024 (year to date 2023 - $14.5 million) through the Dividend Reinvestment Plan ("DRIP"). The DRIP participation rate for the 2024 third quarter dividend was 15% (2024 second quarter - 30%; 2023 third quarter - 30%). 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 5.38 at September 30, 2024 compared to 5.34 at June 30, 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 19.94% at September 30, 2024 compared to 19.10% at June 30, 2024 and 17.61% at December 31, 2023. Total Capital to risk-weighted assets ratio[2] was 20.19% at September 30, 2024 compared to 19.35% at June 30, 2024 and 17.91% at December 31, 2023. Leverage ratio[2] was 9.99% at September 30, 2024 compared to 9.85% at June 30, 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 Third 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 Third 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 Third 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 September 30**	**Q3 2024**	**Q3 2023**	**Change ($)**	**YTD 2024**	**YTD 2023**	**Change ($)**
Mortgage interest - corporate assets	$ 48,067	$ 44,144		$ 144,497	$ 118,591	
Term deposit interest and expenses	28,021	21,083		81,617	53,858	
Net Corporate Mortgage Spread Income	**$ 20,046**	**$ 23,061**	**$ (3,015)**	**$ 62,880**	**$ 64,733**	**$ (1,853)**

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 September 30**	**Q3 2024**	**Q3 2023**	**Change ($)**	**YTD 2024**	**YTD 2023**	**Change ($)**
Mortgage interest - securitized assets	$ 16,593	$ 9,616		$ 44,628	$ 28,026	
Interest on financial liabilities from securitization	14,064	8,147		37,744	23,172	
Net Securitized Mortgage Spread Income	**$ 2,529**	**$ 1,469**	**$ 1,060**	**$ 6,884**	**$ 4,854**	**$ 2,030**

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 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.