MCAN FINANCIAL GROUP ANNOUNCES SOLID 2024 RESULTS

Regular cash dividend increases by 5%

Toronto, Ontario - February 24, 2025. MCAN Mortgage Corporation d/b/a MCAN Financial Group ("MCAN", the "Company" or "we") (TSX: "MKP") reported **net income of $77.6 million ($2.06 earnings per share) for 2024**, an increase from net income of $77.5 million ($2.22 earnings per share) for the prior year.

Return on average shareholders' equity[1] was 13.40% for fiscal 2024 compared to 15.05% for 2023.

We reported slightly higher total net income for 2024 mainly as a result of higher income from MCAP, higher net securitized mortgage spread income and lower interest expense on our short-term facilities partially offset by lower net corporate mortgage spread income, higher operating expenses and higher net unrealized fair value losses on our securities compared to the same prior year period.

For Q4 2024, we reported net income of $7.7 million ($0.20 earnings per share), a decrease from net income of $19.9 million ($0.56 earnings per share) in Q4 2023.

Q4 2024 return on average shareholders' equity[1] was 5.14% compared to 15.01% for Q4 2023.

Our Q4 2024 results were mainly impacted by higher net unrealized fair value losses on our REIT and non-marketable securities portfolios and higher operating expenses partially offset by higher income from MCAP and lower interest expense on our short-term facilities compared to the same prior year period. In Q4 2024, we had a $12.4 million change in net unrealized losses on our securities portfolios compared to a $2.0 million change in net unrealized gains in Q4 2023, as well as higher termination benefits.

We are committed to a strategy of managing controllable factors to protect our bottom line and taking advantage of opportunities as they arise. With a strong liquidity and capital position, high level of credit quality, and our strategy of continued diversification of our lending portfolio and funding base, we believe we are well positioned for an uncertain economic and geopolitical environment.

The Board of Directors **declared a first quarter regular cash dividend of $0.41 per share** (an **increase of 5%** from our fourth quarter 2024 dividend) to be paid on March 31, 2025 to shareholders of record as of March 14, 2025. As a mortgage investment corporation, we pay out all of our taxable income to shareholders through dividends.

"Our results for the year were solid. We continued to perform within our long-term performance targets despite a challenging interest rate environment in 2024 compared to 2023, where we benefited from higher interest rates. We maintained our higher-yielding residential construction loan balance to almost $1.1 billion and grew our uninsured residential mortgage portfolio to a record $1.1 billion. We also had strong origination and renewal volumes in a declining interest rate environment. Our investment in and partnership with MCAP continues to remain a key driver of our success. I want to thank our team members for successfully managing our core business, as well as our borrowers, brokers, and strategic partners for your support and partnership this year," said Interim Chief Executive Officer, Derek Sutherland. "Looking ahead, we enter 2025 in a position of strength. We are focused on MCAN's strategic positioning in the Canadian residential mortgage market and preserving long-term value for our shareholders in the uncertain economic environment."

HIGHLIGHTS

- Total assets reached $5.3 billion at December 31, 2024, a net increase of $608 million (12.8%) from December 31, 2023.
- Corporate assets totalled $2.9 billion at December 31, 2024, a net increase of $104 million (3.8%) from December 31, 2023.
    - Uninsured residential mortgages totalled $1.1 billion at December 31, 2024, a net increase of $147 million (15%) from December 31, 2023. Uninsured residential mortgage originations totalled $430 million in 2024, an increase of $77 million (22%) from 2023. The economic and interest rate environment and its impact on the housing market and borrowers had improved somewhat due to expectations about further interest rate cuts. We had solid uninsured residential mortgage renewal rates with renewals of $449 million in 2024 compared to $495 million for 2023 supported by outstanding service to our brokers, originators and customers.
    - Construction and commercial mortgages totalled $1.1 billion at December 31, 2024, a net decrease of $12 million (1%) from December 31, 2023. In 2024, the movement in the construction and commercial portfolios is attributed to net originations of $653 million in new construction and commercial mortgages, slightly offset by repayments from completing projects. Originations in the fourth quarter were higher compared to last quarter and Q4 2023. 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.

- Non-marketable securities totalled $117 million at December 31, 2024, an increase of $7 million (7%) from December 31, 2023 with $62 million of remaining commitments expected to fund over the next five years. The movement from prior periods mainly relates to funding of capital advances and a $7 million net realized and unrealized loss consisting of gains and losses from certain underlying property investments as a result of (i) updated appraisals/property valuations, net of related property debt and debt service costs; and (ii) actual executions on construction and leasing stabilization and value-add activities. In Q4 2024, we had a $1 million realized gain related to the sale of an underlying property.

- Marketable securities totalled $66 million at December 31, 2024, a net increase of $16 million (32%) from December 31, 2023 mainly due to the purchase of $15 million of Government of Canada bonds.

- Securitized mortgages totalled $2.4 billion at December 31, 2024, a net increase of $490 million (25%) 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 and outstanding service to our brokers, originators and customers. Insured residential mortgage originations totalled $638 million in 2024, an increase of $115 million (22%) from 2023. Insured residential mortgage securitizations totalled $803 million in 2024, an increase of $443 million (123%) from 2023. Insured residential mortgages being held for upcoming securitizations totalled $127 million at December 31, 2024, a net decrease of $150 million (54%) 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 $2.5 million for Q4 2024 from Q4 2023 and decreased $4.3 million for fiscal 2024 from 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. Term deposit costs were higher as we utilized them for funding instead of our short-term loan facilities. We had $3.6 million lower financing costs on our short-term facilities for 2024 compared to 2023.

- Net securitized mortgage spread income[1] increased by $1.3 million for Q4 2024 from Q4 2023 and increased $3.3 million fiscal 2024 from 2023 due to a higher average securitized mortgage portfolio balance and an increase in the spread of securitized mortgages over liabilities.

- For Q4 2024, we had a provision for credit losses on our corporate mortgage portfolio of $1.2 million compared to a provision for credit losses of $2.1 million in Q4 2023. For fiscal 2024, we had a provision for credit losses on our corporate mortgage portfolio of $3.3 million compared to a provision for credit losses of $4.5 million for 2023.

- Equity income from MCAP Commercial LP totalled $7.2 million in Q4 2024, an increase of $2.8 million (63%) from $4.4 million in Q4 2023, and totalled $28.8 million for fiscal 2024, an increase of $6.8 million (31%) from $22.0 million for 2023.

- Net change in unrealized fair value loss on our marketable securities of $7.8 million in Q4 2024 compared to a $4.4 million net unrealized fair value gain in Q4 2023, and a $0.8 million net change in unrealized fair value gain for fiscal 2024 compared to a $3.2 million net unrealized fair value loss for 2023. In Q4 2024, we received distributions of $0.8 million (distribution yield[1] of 6.13%) from our REITs compared to $0.8 million (distribution yield[1] of 7.23%) in Q4 2023. In 2024, we received distributions of $3.1 million (distribution yield[1] of 6.05%) from our REITs compared to $3.6 million (distribution yield[1] of 6.44%) in 2023.

- Net realized and change in unrealized fair value loss on our non-marketable securities of $3.6 million in Q4 2024 and $2.5 million in Q4 2023. In Q4 2024, we had a $1.0 million realized gain related to the sale of an underlying property. For fiscal 2024, we had a net realized and change in unrealized fair value loss on our non-marketable securities of $7.1 million compared to a $0.4 million net unrealized fair value loss in 2023 on our non-marketable securities investments.

Credit Quality

- Arrears total mortgage ratio[1] was 2.06% at December 31, 2024 compared to 3.06% at September 30, 2024 and 2.70% at December 31, 2023. Uninsured residential mortgage average LTV of 63.7% at December 31, 2024 compared to 63.5% at September 30, 2024 and 63.4% at December 31, 2023 based on an industry index of current real estate values.

- Impaired corporate mortgage ratio[1] was 2.46% at December 31, 2024 compared to 2.26% at September 30, 2024 and 3.26% at December 31, 2023.

- Impaired total mortgage ratio[1] was 1.25% at December 31, 2024 compared to 1.19% at September 30, 2024 and 1.82% at December 31, 2023.

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.
    - 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 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 Q4 2024, we sold 221,500 common shares at a weighted average price of $18.73 for gross proceeds of $4.1 million and net proceeds of $4.0 million including $83 thousand of agent commission paid and $100 thousand of other share issuance costs under the ATM Program. In fiscal 2024, we sold 404,100 common shares at a weighted average price of $18.29 for gross proceeds of $7.4 million and net proceeds of $7.0 million including $0.1 million of agent commission paid and $0.3 million of other share issuance costs under the ATM Program. At December 31, 2024, we have $21.0 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 $14.8 million in new common shares through the Dividend Reinvestment Plan ("DRIP") in 2024 compared to $14.5 million in 2023. The DRIP participation rate was 14% for the 2024 fourth quarter dividend compared to 30% for the 2023 fourth quarter dividend. The DRIP participation rate for 2024 dividends was 22% compared to 29% for 2023.

- Income tax assets to capital ratio[3] was 5.24 at December 31, 2024 compared to 5.38 at September 30, 2024 and 5.52 at December 31, 2023.

- CET 1 and Tier 1 Capital to risk-weighted assets ratios[2] were 19.02% at December 31, 2024 compared to 19.94% at September 30, 2024 and 17.61% at December 31, 2023. Total Capital to risk-weighted assets ratio[2] was 19.28% at December 31, 2024 compared to 20.19% at September 30, 2024 and 17.91% at December 31, 2023. Leverage ratio[2] was 9.72% at December 31, 2024 compared to 9.99% at September 30, 2024 and 9.49% at December 31, 2023.

[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

See our complete 2024 Annual Report 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 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 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:

MCAN Financial Group

Website: www.mcanfinancial.com

e-mail: mcanexecutive@mcanfinancial.com

Derek Sutherland
Interim Chief Executive Officer
(416) 203-5931

Santokh Birk
Senior Vice President and Chief Financial Officer
(289) 454-4196

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 Annual 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)	Q4	Q4	Change	Annual	Annual	Change
At December 31	**2024**	**2023**	**($)**	**2024**	**2023**	**($)**
Mortgage interest - corporate assets	$ 47,209	$ 47,406		$ 191,706	$ 165,997	
Term deposit interest and expenses	26,642	24,361		108,259	78,219	
Net Corporate Mortgage Spread Income	**$ 20,567**	**$ 23,045**	**$ (2,478)**	**$ 83,447**	**$ 87,778**	**$ (4,331)**

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)	Q4	Q4	Change	Annual	Annual	Change
At December 31	**2024**	**2023**	**($)**	**2024**	**2023**	**($)**
Mortgage interest - securitized assets	$ 18,535	$ 11,309		$ 63,163	$ 39,335	
Interest on financial liabilities from securitization	15,511	9,597		53,255	32,769	
Net Securitized Mortgage Spread Income	**$ 3,024**	**$ 1,712**	**$ 1,312**	**$ 9,908**	**$ 6,566**	**$ 3,342**

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, international trade, 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, 2024, 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.