MCAN FINANCIAL GROUP ANNOUNCES Q2 2022 RESULTS AND DECLARES $0.36 REGULAR CASH DIVIDEND

Toronto, Ontario - August 9, 2022. MCAN Mortgage Corporation d/b/a MCAN Financial Group ("MCAN", the "Company" or "we") (TSX: "MKP") reported net income of $4.1 million ($0.13 earnings per share) for the second quarter of 2022, a decrease from net income of $19.4 million ($0.73 earnings per share) in the second quarter of 2021. Second quarter 2022 return on average shareholders' equity[1] was 3.75% compared to 21.28% in the prior year. Year to date, we reported net income of $19.6 million ($0.64 earnings per share), a decrease from net income of $35.3 million ($1.38 earnings per share) in 2021. Year to date return on average shareholders' equity[1] was 8.94% compared to 19.75% in the prior year. We reported lower total net income mainly as a result of unrealized fair value losses on our REIT portfolio due to the current market environment partially offset by growth in our core business. Unrealized fair value gains and losses on our REIT portfolio were a $10.0 million net loss ($0.32 loss per share) for the second quarter of 2022 and a $7.0 million net loss ($0.23 loss per share) year to date 2022 compared to a $6.5 million net gain ($0.24 earnings per share) for the second quarter of 2021 and a $10.4 million net gain ($0.40 earnings per share) for year to date 2021. Excluding the unrealized fair value gains and losses on our REIT portfolio, current net income would have been higher for the quarter and year to date compared to prior year. While we expect continued volatility in the REIT market, we are invested for the long-term and we continue to realize the benefits of solid cash flows and distributions from these investments.

The Board of Directors declared a third quarter regular cash dividend of $0.36 per share to be paid September 29, 2022 to shareholders of record as of September 15, 2022. As a mortgage investment corporation, we pay out all of our taxable income to shareholders through dividends. At this time, we expect to have taxable income per share materially consistent with our regular cash dividends per share.

"Our second quarter results from our core business were in line with our expectations given the current rising interest rate environment, housing market challenges and inflation, which are all causing new uncertainty in the Canadian and global economy," said Karen Weaver, President and Chief Executive Officer. "In a rising interest rate environment, our business has various levers that are positive for managing net mortgage interest including the one year term of our uninsured residential mortgages and the floating rates on our construction portfolio. We remain focused on achieving solid margins in our core mortgage and lending business and, where possible, rebalancing within our risk appetite, to higher yielding construction products for affordable housing which are in demand in supply constrained urban markets."

Highlights

- Corporate assets totalled $2.32 billion at June 30, 2022, a net increase of $157 million (7%) from December 31, 2021 driven mainly by growth in our major assets:
  - Uninsured residential mortgages totalled $871 million at June 30, 2022, a net increase of $88 million (11%) from December 31, 2021. Uninsured residential mortgage originations totalled $248 million year to date 2022, a decrease of $4 million (2%) from the same period in 2021. We are actively rebalancing to a lower proportion of uninsured residential mortgage originations given the current competitive landscape and tighter net mortgage interest.
  - Construction and commercial mortgages totalled $854 million at June 30, 2022, a net increase of $77 million (10%) from December 31, 2021. Construction and commercial mortgage originations totalled $294 million year to date 2022, a decrease of $73 million (20%) from the same period in 2021. We will look to rebalance through the remainder of this year and next year, if possible, to a higher proportion of construction and commercial loans that fit within our risk appetite and capital requirements.
  - Non-marketable securities totalled $84 million at June 30, 2022, an increase of $19 million (29%) from December 31, 2021 with $42 million of remaining capital advances expected to fund over the next five years.
  - Marketable securities totalled $57 million at June 30, 2022, a net decrease of $6 million (9%) from December 31, 2021 comprised of $7 million of REIT purchases net of $4 million of REIT sales and $9 million of net realized and unrealized fair value losses.
- Securitized mortgages totalled $1.70 billion at June 30, 2022, a net increase of $116 million (7%) from December 31, 2021 primarily due to continued originations and securitization volumes:
  - Insured residential mortgage originations totalled $373 million year to date 2022, a decrease of $3 million (1%) from the same period in 2021. This includes $97 million of insured residential mortgage commitments originated and sold compared to $9 million in 2021. Insured residential mortgage securitizations totalled $258 million year to date 2022, a decrease of $145 million (36%) from the same period in 2021. We use various channels in the insured residential mortgage market, in the context of market conditions and net contributions over the life of the mortgages, in order to support our core business.

Financial Update

- Net corporate mortgage spread income[1] increased by $3.6 million for Q2 2022 from Q2 2021 and increased $7.3 million for year to date 2022 from 2021 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. For Q2 2022, the decrease in the spread of corporate mortgages over term deposit interest and expenses from Q2 2021 was attributable to (i) the decline in our average mortgage rate primarily due to continued market competition and our portfolio mix with fewer land development loans; and (ii) higher term deposit rates due to dislocation from the Russian/Ukraine conflict and actual and expected Bank of Canada rate increases. For year to date 2022, the decrease in the spread of corporate mortgages over term deposit interest and expenses from year to date 2021 was attributable to (i) the decline in average mortgage rates similar to the quarter; and (ii) the decline in term deposit rates during 2021 and as the higher rate term deposits mature, the average term deposit rate of the outstanding average term deposit balance had declined.

- Net securitized mortgage spread income[1] decreased by $0.4 million for Q2 2022 from Q2 2021 and decreased $0.6 million for the year to date 2022 over the same period in 2021 mainly due to a decrease in the spread of securitized mortgages over liabilities partially offset by a higher average securitized mortgage portfolio balance from originations of insured residential mortgages. We have seen spreads decline on securitizations mainly as a result of a decline in the spread of Government of Canada bond yields versus our mortgage rates. Government of Canada bond yields have risen significantly in 2022 as we have entered a rising interest rate environment.

- Allowance for credit losses on our corporate mortgage portfolio totalled $5.8 million at June 30, 2022, a net decrease of $0.9 million from December 31, 2021. The decrease is mainly due to improved economic forecasts when compared to the outlook and pessimism relating to the COVID-19 wave during late December 2021. Partially offsetting this was growth in our portfolio.

- Equity income from MCAP Commercial LP ("MCAP") totalled $6.3 million in Q2 2022, a decrease of $0.6 million (8%) from $6.9 million in Q2 2021, and totalled $11.5 million for year to date 2022, a decrease of $2.1 million (15%) from $13.6 million year to date 2021. The decrease in both the quarter and year to date was primarily due to lower net interest income on securitized mortgages resulting from lower securitization spreads, lower mortgage origination fees due to tighter mortgage spreads versus securitization spreads, and higher operating costs related to the acquisition of Paradigm Quest Inc. in Q3 2021. This was partially offset by higher servicing and administration revenue resulting from higher assets under management and higher financial instrument (hedge) gains.

- In Q2 2022, we recorded a $9.9 million net unrealized loss on securities compared to a $6.5 million net unrealized gain on securities in Q2 2021. Year to date net realized and unrealized loss on securities of $8.7 million for 2022 compared to a year to date net unrealized gain on securities of $10.4 million for 2021. We began to see more recent declines in REIT prices from current geopolitical conflicts and a rising interest rate environment compared to optimism in 2021 around vaccine roll-outs. In Q1 2022, one REIT in our portfolio had a mandatory corporate action resulting in privatization and as such we recognized a $1.8 million realized loss.

Credit Quality

- Impaired corporate mortgage ratio[1] was 0.01% at June 30, 2022 compared to 0.03% at March 31, 2022 and 0.05% at December 31, 2021.

- Impaired total mortgage ratio[1] was 0.02% at June 30, 2022 compared to 0.02% at March 31, 2022 and 0.03% at December 31, 2021.

- Arrears total mortgage ratio[1] was 0.36% at June 30, 2022 compared to 0.40% at March 31, 2022 and 0.46% at December 31, 2021.

- Average loan to value ratio ("LTV") of our uninsured single family portfolio based on an industry index of current real estate values was 58.1% at June 30, 2022 compared to 55.5% at March 31, 2022 and 60.3% at December 31, 2021.

Capital

- In 2021, we filed a Prospectus Supplement to our Base Shelf prospectus establishing an at-the-market equity program ("ATM Program") to issue up to $30 million common shares to the public from time to time over a 2 year period at the market prices prevailing at the time of sale. The volume and timing of distributions under the ATM Program will be determined at our sole discretion. During Q2 2022, we sold 211,700 common shares at a weighted average price of $17.89 for gross proceeds of $3.8 million and net proceeds of $3.6 million including $0.1 million of commission paid to our agent and $0.1 million of other share issuance costs under the ATM Program. Year to date 2022, we sold 236,000 common shares at a weighted average price of $17.88 for gross proceeds of $4.2 million and net proceeds of $4.0 million including $0.1 million of commission paid to our agent and $0.1 million of other share issuance costs under the ATM Program.

- We issued $28.8 million in new common shares on March 31, 2022 from our 2022 first quarter special stock dividend to shareholders.

- We issued $2.0 million in new common shares in Q2 2022 (Q2 2021 - $1.6 million) and $5.4 million year to date 2022 ($4.4 million - year to date 2021) through the Dividend Reinvestment Plan ("DRIP"). The DRIP participation rate for the 2022 second quarter dividend was 17% (2022 first quarter - 17%; 2021 second quarter - 17%). 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 5.53 at June 30, 2022 compared to 5.53 at March 31, 2022 and 5.29 at December 31, 2021.

- Common Equity Tier 1 ("CET 1") and Tier 1 Capital to risk-weighted assets ratios[2] were 18.82% at June 30, 2022 compared to 19.32% at March 31, 2022 and 20.26% at December 31, 2021. Total Capital to risk-weighted assets ratio[2] was 19.09% at June 30, 2022 compared to 19.57% at March 31, 2022 and 20.54% at December 31, 2021.

- Leverage ratio[2] was 8.82% at June 30, 2022 compared to 8.96% at March 31, 2022 and 9.41% at December 31, 2021.

[1] *Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this new release. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.*
[2] *These measures have been calculated in accordance with OSFI's Leverage Requirements and Capital Adequacy Requirements guidelines. Effective March 31, 2020, the total capital ratio reflects the inclusion of stage 1 and stage 2 allowances on the Company's mortgage portfolio in Tier 2 capital. In accordance with OSFI's transitional arrangements for capital treatment of ECL issued March 27, 2020, a portion of stage 1 and stage 2 allowances that would otherwise be included in Tier 2 capital are included in CET 1 capital. The adjustment to CET 1 capital will be measured each quarter as the increase, if any, in stage 1 and stage 2 allowances compared to the corresponding allowances at December 31, 2019. The increase, if any, is subject to a scaling factor that will decrease over time and was 70% in fiscal 2020, 50% in fiscal 2021 and is set at 25% in fiscal 2022.*
[3] *Tax balances are calculated in accordance with the Tax Act.*

Further Information

Complete copies of the Company's 2022 Second Quarter Report will be filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Company's website at www.mcanfinancial.com.

For our Outlook, refer to the "Outlook" section of the 2022 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 Income Tax Act (Canada) (the "Tax Act").

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

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

Our MCAN Home division operates through MCAN's wholly owned subsidiary, XMC Mortgage Corporation, which has legally changed its name effective April 1, 2022, to MCAN Home Mortgage Corporation.

For how to enroll in the DRIP, please refer to the Management Information Circular dated March 11, 2022 or visit our website at www.mcanfinancial.com. Under the DRIP, dividends paid to shareholders are automatically reinvested in common shares issued out of treasury at the weighted average trading price for the five days preceding such issue less a discount of 2%.

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Non-GAAP and Other Financial Measures

This news release references a number of non-GAAP and other financial measures and ratios to assess our performance such as return on average shareholders' equity, net corporate mortgage spread income, net securitized mortgage spread income, impaired corporate mortgage ratio, impaired total mortgage ratio, and arrears total mortgage ratio. These measures are not calculated in accordance with International Financial Reporting Standards ("IFRS"), are not defined by IFRS and do not have standardized meanings that would ensure consistency and comparability between companies using these measures. These metrics are considered to be non-GAAP and other financial measures and are incorporated by reference and defined in the "Non-GAAP and Other Financial Measures" section of our 2022 Second Quarter MD&A available on SEDAR at www.sedar.com. Below are reconciliations for our non-GAAP financial measures included in this news release using the most directly comparable IFRS financial measures.

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

(in thousands) **For the Periods Ended June 30**	**Q2 2022**	**Q2 2021**	**Change ($)**	**YTD 2022**	**YTD 2021**	**Change ($)**
Mortgage interest - corporate assets	$ 22,815	$ 16,543		$ 43,323	$ 32,315	
Term deposit interest and expenses	10,185	7,472		18,703	15,028	
Net Corporate Mortgage Spread Income	**$ 12,630**	**$ 9,071**	**$ 3,559**	**$ 24,620**	**$ 17,287**	**$ 7,333**

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 2022**	**Q2 2021**	**Change ($)**	**YTD 2022**	**YTD 2021**	**Change ($)**
Mortgage interest - securitized assets	$ 7,598	$ 7,266		$ 14,855	$ 13,898	
Interest on financial liabilities from securitization	5,633	4,913		10,882	9,339	
Net Securitized Mortgage Spread Income	**$ 1,965**	**$ 2,353**	**$ (388)**	**$ 3,973**	**$ 4,559**	**$ (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;
- the impact of global health pandemics on the Canadian economy and globally, including COVID-19;
- possible or assumed future results;
- our ability to create shareholder value;
- our business goals and strategy;
- the potential impact of new regulations and changes to existing regulations;
- the stability of home prices;
- the effect of challenging conditions on us;
- the performance of our investments;
- factors affecting our competitive position within the housing lending market;
- international trade and geopolitical uncertainties and their impact on the Canadian economy, including the Russia/Ukraine conflict;
- sufficiency of our access to 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, including the impact of government actions related to COVID-19;
- the economic and social impact, management, duration and potential worsening of the impact of COVID-19 or any other future pandemic;
- factors and assumptions regarding interest rates, including the effect of Bank of Canada actions already taken;
- the effect of supply chains 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.

The COVID-19 pandemic, external conflicts such as the Russia/Ukraine conflict and post-pandemic government and Bank of Canada actions taken, 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 impact the COVID-19 pandemic or any further variants or outbreaks, including measures to prevent their spread and related government actions adopted in response thereto, will have on our business continues to be uncertain and difficult to predict.

Reliance should not be placed on forward-looking information because it involves known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from anticipated future results expressed or implied by such forward-looking information. Factors that could cause actual results to differ materially from those set forth in the forward-looking information include, but are not limited to, the risks and uncertainties referred to in our Annual Information Form for the year ended December 31, 2021, our MD&A and our other public filings with the applicable Canadian regulatory authorities.

Subject to applicable securities law requirements, we undertake no obligation to publicly update or revise any forward-looking information after the date of this news release whether as a result of new information, future events or otherwise or to explain any material difference between subsequent actual events and any forward-looking information. However, any further disclosures made on related subjects in subsequent reports should be consulted.