

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

**Stock market symbol
TSX: MKP**

MCAN MORTGAGE CORPORATION REPORTS FOURTH QUARTER EARNINGS

Toronto, Ontario – February 12, 2010. MCAN Mortgage Corporation (“MCAN”, the “Company” or “we”) reported net income of \$6.1 million for the fourth quarter of 2009, down from \$9.9 million a year earlier. Earnings per share for the quarter were \$0.43 compared to \$0.70 last year. The decrease is primarily due to a one-time gain on the sale of mortgages in the prior year and a significant increase to an existing specific mortgage provision in the current year.

Net income for the year ended December 31, 2009 was \$24.7 million, down from \$30.3 million in 2008, while earnings per share were \$1.73 compared to \$2.14 in 2008.

Although general economic conditions have been weak over the course of the year, MCAN continued its strong 2009 performance in the fourth quarter. Despite historically low interest rates, the yield on our mortgage portfolio increased by 1.20% over the third quarter as a result of a significant increase in the realization of discounts embedded in our mortgage portfolio. In addition, substantial decreases in new term deposit funding rates facilitated a 0.73% decrease in our average term deposit interest rate over the third quarter. Both items contributed to a significant increase in spreads over last quarter.

MCAN continued its participation in the Canada Mortgage Bonds (“CMB”) program during the fourth quarter, which has led to significant incremental income in recent quarters.

The general deterioration in the economy has led to a significant increase in impaired mortgages during 2009, however during the fourth quarter impaired mortgages decreased slightly and total mortgage arrears decreased by \$4 million. While our impaired mortgages are much higher than last year, we did not experience material losses during 2009.

Although earnings per share have decreased from 2008, our results are strong by historical standards. However, it must be cautioned that the primary contributing activities are significantly more volatile than our core activities.

Net Investment Income: Net investment income for the fourth quarter decreased from \$11.5 million in 2008 to \$8.1 million in 2009.

During the quarter, we realized \$2.1 million (included in mortgage interest income) relating to the partial recovery of purchase price discounts on mortgages that we acquired in 2008, up from \$1.3 million realized in the prior year. We also received \$1.1 million (included in fees) from MCAP Commercial LP (“MCLP”) from a profit sharing arrangement relating to discounted mortgages acquired by MCLP, compared to \$820,000 in 2008.

Mortgage interest income decreased from \$8.6 million to \$7.4 million due to a \$81 million decrease in the average mortgage portfolio, partially offset by a 0.63% increase in the average mortgage yield. The increase in the yield is primarily due to an increase in the yield on the mortgages in the acquired portfolio as a result of higher discount income.

The mortgages in the acquired portfolios have higher effective yields than those in our regular portfolio, as they have been acquired at a discount to their par values. The portion of the discount that we expect to recover is amortized into income over the remaining term of the respective mortgages. Upon the payout of a mortgage, the remaining unamortized discount is recognized as income.

The prime rate decreased from 3.50% at December 31, 2008 to 2.25% at December 31, 2009. This decrease has negatively impacted mortgage interest income, as 57% of our mortgages at quarter end were floating rate.

Interest owing but not accrued on impaired mortgages is included in the mortgage yield to accurately represent the underlying portfolio. The mortgage yield for the quarter would have decreased by 0.33% if interest owing but not accrued was not included in the yield calculation.

As at December 31, 2009, we held discounted mortgages with a net discount of \$22 million. We retain 50% of any recoveries of that amount, and we pay the remaining 50% to MCLP. The amount of the discount ultimately recovered is dependent on the value of the real estate securing the mortgage, as well as the financial capacity of the borrower. Additionally, these mortgages have maturity dates ranging from 2010 to 2032. As such, it is difficult to accurately estimate the timing and quantum of the discount ultimately recovered. However, we do expect that material amounts will be realized over the next few years.

Interest on loans and investments decreased from \$1.1 million to \$910,000 due to a lower average prime rate in 2009.

We recognized securitization income of \$1.8 million during the quarter compared to \$2.8 million in the prior year. Current quarter income consists of an up-front gain from securitization of \$470,000 (2008 - \$125,000) and residual securitization income of \$1.3 million (2008 - \$2.6 million). Residual securitization income decreased in the current year as a result of negative fair value adjustments to CMB-related financial instruments of \$207,000 (2008 - positive impact of \$2.2 million). Forward interest rates have been volatile since early 2008, which can lead to unanticipated income variances in either direction. The negative impact of fair value adjustments in the current year has been partly offset by a significant increase in refinancing and renewal gains and a larger CMB portfolio.

Fees increased from \$1.8 million to \$1.9 million. Fees consist primarily of the amounts received from MCLP related to the profit sharing noted above, and also include construction loan commitment fees.

Equity income from our ownership in MCLP was \$523,000 in the quarter compared to \$788,000 in 2008.

Term deposit interest and expenses decreased to \$2.5 million in 2009 from \$4.9 million in 2008 as a result of a 1.87% decrease in the average interest rate and a \$87 million decrease in the average outstanding balance. The average interest rate has continued to decrease over the last three quarters despite no changes in the prime rate, as the funding rate on new term deposits has been significantly lower than that of the majority of maturing term deposits.

Allowances for loan losses were increased by \$1.4 million during the quarter compared to a decrease of \$103,000 for the same period last year. In the current year, we increased a specific mortgage provision on a loan in our construction portfolio by \$1.5 million compared to net specific provisions of \$92,000 in the prior year. Write-offs for the quarter decreased to \$16,000 from \$48,000 in the prior year.

Impaired loans net of specific allowances were 5.81% (\$17 million) at December 31, 2009, compared to 5.88% (\$21 million) at September 30, 2009 and 0.80% (\$3.4 million) at December 31, 2008. We continue to proactively monitor loan arrears and take prudent steps to collect overdue accounts. Total mortgages past due but not impaired decreased from \$14 million at September 30, 2009 to \$13 million at December 31, 2009.

Total mortgage arrears decreased during the fourth quarter from \$35 million to \$31 million. The high arrears levels experienced in 2009 are primarily due to two significant residential construction loan arrears in Ontario and one in Alberta. Our current arrears levels are a reflection of the general deterioration in the Canadian economy over the past year. There were no other assets in arrears at quarter end.

Operating Expenses: Operating expenses increased from \$1.6 million to \$2.0 million.

Financial Position: As of December 31, 2009, total consolidated assets were \$507 million, an increase of \$7 million from September 30, 2009. The increase in assets since September 30, 2009 consists of increases of \$49 million in cash and \$11 million in securitization investments, partially offset by decreases of \$48 million in mortgages and \$4 million in loans receivable and other investments. Term deposit liabilities were \$361 million at December 31, 2009, unchanged from September 30, 2009. Total shareholders' equity of \$123 million

increased by \$1.9 million from September 30, 2009. Activity for the quarter consisted of net income of \$6.1 million, partially offset by the fourth quarter dividend of \$3.7 million, a charge of \$264,000 to retained earnings relating to current and future income taxes and a decrease to accumulated other comprehensive income of \$219,000.

Outlook: We continue to carry significant unutilized investment capacity. During the quarter, we began to fund new single family mortgages to employ some of this investment capacity. The market for new housing construction has started to improve, so we will also be cautiously growing our residential construction loan portfolio.

While interest rates are expected to remain low for the next few quarters, our average term deposit interest rate has continued to decrease as maturing deposits are replaced by new deposits at significantly lower rates. This decrease should contribute to improved spread income in 2010, compared to 2009.

Arrears in our single family mortgage portfolio remain high due to continued high unemployment levels. Property values have stabilized in most markets in which we invest on rising sales volume. We have not experienced material loan losses resulting from these arrears.

Arrears in our construction loan portfolio also remain high. The large size of these loans causes them to skew our arrears statistics. The nature of these loans also usually results in a more protracted resolution period.

Economic growth and job creation was evident during the quarter. As this trend continues, we expect an increase in our mortgage portfolio and lower mortgage arrears.

Management believes that the continuing disruption in the financial markets has not materially affected the capital or liquidity of the Company.

We are in discussions with staff of the Office of the Superintendent of Financial Institutions (“OSFI”) in connection with a review being undertaken by OSFI. The review has focused on MCAN’s relationship with both MCLP and MCAP Service Corporation (“MSC”), and whether either or both of those entities should be designated as related parties of MCAN within the *Trust and Loan Companies Act* (the “Trust Act”). MCAN is co-operating with OSFI staff in connection with this review.

MCLP and MSC are not currently related parties of MCAN, and MCAN has made oral and written submissions to OSFI as to why such entities should not be designated as related parties pursuant to the Superintendent’s discretion under the Trust Act. At this stage, it is unclear what the results of the review will be. However, MCAN notes that if OSFI, in its discretion, decides to designate MCLP and/or MSC as related parties, any resulting restructuring that may be necessary could have at least a temporary negative impact on MCAN’s operations and results.

Dividend: The Board of Directors declared a first quarter dividend of \$0.41 per share to be paid March 31, 2010 to shareholders of record as of March 15, 2010. This dividend comprises the regular quarterly dividend of \$0.26 and a \$0.15 extra dividend. Under the Income Tax Act (Canada), the Company can deduct dividends paid up to 90 days following year-end against the previous year’s taxable income. The extra dividend declared is necessary to fully offset taxable income in 2009.

Selected Quarterly Financial Data

(Unaudited) (dollars in thousands, except for per share amounts)

Year Ended December 31, 2009	Q1	Q2	Q3	Q4	Total
Net investment income	\$7,703	\$6,875	\$8,007	\$8,056	\$30,641
Operating expenses	1,269	1,268	1,410	1,952	5,899
Income before income taxes	6,434	5,607	6,597	6,104	24,742
Provision for income taxes	-	-	-	-	-
Net income	\$6,434	\$5,607	\$6,597	\$6,104	\$24,742
Basic and diluted earnings per share	\$0.45	\$0.39	\$0.46	\$0.43	\$1.73
Dividends per share					
Regular	\$0.68	\$0.25	\$0.25	\$0.26	\$1.44
Capital gains	-	-	-	-	-
Total	\$0.68	\$0.25	\$0.25	\$0.26	\$1.44
Year Ended December 31, 2008	Q1	Q2	Q3	Q4	Total
Net investment income	\$6,064	\$6,062	\$12,485	\$11,471	\$36,082
Operating expenses	922	1,173	2,088	1,551	5,734
Income before income taxes	5,142	4,889	10,397	9,920	30,348
Provision for income taxes	-	-	-	-	-
Net income	\$5,142	\$4,889	\$10,397	\$9,920	\$30,348
Basic and diluted earnings per share	\$0.36	\$0.35	\$0.73	\$0.70	\$2.14
Dividends per share					
Regular	\$0.12	\$0.23	\$0.25	\$0.25	\$0.85
Capital gains	0.11	-	-	-	0.11
Total	\$0.23	\$0.23	\$0.25	\$0.25	\$0.96

CONSOLIDATED BALANCE SHEETS
(Unaudited) (dollars in thousands)

As at	December 31 2009	September 30 2009	December 31 2008
Assets			
Investments			
Cash and cash equivalents	\$ 89,843	\$ 41,269	\$ 58,071
Mortgages	295,415	343,458	393,010
Securitization investments	73,590	62,360	39,743
Loans receivable and other investments	16,885	21,367	35,624
Equity investment in MCAP Commercial LP	17,905	17,723	18,300
	493,638	486,177	544,748
Derivative financial instruments	11,490	12,748	23,541
Other assets	1,555	1,320	1,865
	\$ 506,683	\$ 500,245	\$ 570,154
Liabilities and Shareholders' Equity			
Liabilities			
Term deposits	\$ 360,744	\$ 361,156	\$ 426,663
Securitization liabilities	5,048	5,005	7,095
Accounts payable and accrued charges	11,001	7,718	12,186
Future taxes payable	7,011	5,385	7,601
	383,804	379,264	453,545
Shareholders' Equity			
Share capital	98,490	98,490	97,493
Contributed surplus	510	510	510
Retained earnings	22,165	20,048	17,313
Accumulated other comprehensive income	1,714	1,933	1,293
	122,879	120,981	116,609
	\$ 506,683	\$ 500,245	\$ 570,154

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited) (dollars in thousands except for per share amounts)

	Quarters Ended December 31		Years Ended December 31	
	2009	2008	2009	2008
Investment Income				
Mortgage interest	\$ 7,413	\$ 8,643	\$ 27,420	\$ 33,429
Interest on loans and investments	910	1,133	3,878	5,617
Securitization income	1,801	2,765	7,558	7,761
Fees	1,893	1,783	8,024	5,051
Equity income from MCAP Commercial LP	523	788	1,456	3,025
Interest on cash and cash equivalents	34	183	234	1,109
Gain on sale of mortgages	-	1,851	-	5,326
Marketable securities	-	-	-	(97)
	12,574	17,146	48,570	61,221
Financial Expenses				
Term deposit interest and expenses	2,525	4,901	13,133	20,684
Mortgage expenses	615	877	2,761	3,524
Provision for (recovery of) losses	1,378	(103)	2,035	931
	4,518	5,675	17,929	25,139
Net Investment Income	8,056	11,471	30,641	36,082
Operating Expenses				
Salaries and benefits	933	682	2,587	2,226
General and administrative	1,019	869	3,312	3,508
	1,952	1,551	5,899	5,734
Income Before Income Taxes	6,104	9,920	24,742	30,348
Provision for income taxes	-	-	-	-
Net Income	\$ 6,104	\$ 9,920	\$ 24,742	\$ 30,348
Basic and diluted earnings per share	\$ 0.43	\$ 0.70	\$ 1.73	\$ 2.14
Dividends per share	\$ 0.26	\$ 0.25	\$ 1.44	\$ 0.96
Weighted average number of basic and diluted shares (000's)	14,321	14,224	14,294	14,192

Further Information: Complete copies of the Company's 2009 Annual 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.mcanmortgage.com by March 31, 2010.

For further information, please contact:

MCAN Mortgage Corporation

Website: www.mcanmortgage.com

e-mail: mcanexecutive@mcanmortgage.com

Blaine Welch
President and Chief Executive Officer
(416) 591-2726

Tammy Oldenburg
Vice President and Chief Financial Officer
(416) 847-3542

This report may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company. These forward looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature. These statements are based on current expectations, and are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technology change, global market activity, interest rates, changes in government and economic policy and general economic conditions in geographic areas where the Company operates. Reference is made to the risk factors disclosed in the Company's 2009 Annual Information Form, which are incorporated herein by reference. These and other factors should be considered carefully and undue reliance should not be placed on the Company's forward-looking statements. Subject to applicable securities law requirements, we do not undertake to update any forward-looking statements.