

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Revenue for the three months ending March 31, 2010 decreased 4.9% to \$224,354 from \$235,409 a year earlier. This was due to a decrease in mortgage and syndication fee income.

Net income for the three months decreased marginally to \$180,400 or \$.21 per share compared with \$181,352 or \$.22 per share for the same period in 2009.

Long term interest rates are rising. We're supposed to be in the early phase of what could be a long cycle of rate increases. The Bank of Canada hasn't started raising its overnight rate which sets the trend for borrowing costs other than fixed-rate mortgages. The overnight rate could very well start rising June 1, but even then it's not certain that rates will move. Mortgage rates are linked to bond yields, which have been rising recently, but mortgage rates have been moving faster.

The 10-year average for posted five-year-fixed-rate mortgages is 6.75% which means this rate is almost 93% of the way back to its long-term average. There is zero consensus that things have normalized after the financial crisis, but the banks are just about all the way back to pricing mortgages as if they were.

As most shareholders know, the Company's policy is to lend on terms of one year or less with a rate that floats above the Chartered Bank Prime Rate, currently at 2.25%. The purpose for the variable or adjustable rate is for all loans to benefit in the event of an increase in rates. However, the interest rate does not float down if the Prime rate drops, thereby increasing the "spread" or yield to the portfolio.

FINANCIAL HIGHLIGHTS

Source: globefund.com

As of March 31, 2010						
Fund Name	1yr	3yr	5yr	10yr	15yr	Since
Mandate	%	%	%	%	%	Inception
	8.79	9.64	9.29	8.24	7.99	10.24

- Annualized return on common shareholders' equity for the three (3) months ending March 31, 2010 was **9.22%** while return on preferred shareholders' equity was **8.53%**. This compares favourably to the average one year return of bond funds of 9.10%, G.I.C.'s of up to 2.0%, or 90 day term deposits up to .50%.
- The weighted average interest rate on the portfolio was 11.53%.
- Provisions for losses was \$114,975 or 1.34% of the total assets as at March 31st compared to \$131,917 or 1.6% in 2009.

M A N D A T E
National Mortgage Corporation

FIRST QUARTER REPORT

MARCH 31, 2010

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CORPORATE PROFILE

Mandate National Mortgage Corporation is a Federally incorporated company which carries on business in British Columbia as a mortgage investment corporation for the purposes of the Income Tax Act (Canada). The Company has been carrying on business as a mortgage investment corporation, either itself or through its predecessor, Mandate Mortgage Investment Corporation since 1982.

The Company's business is to obtain a stable source of income by investing in a diverse portfolio of mortgages. The Company's primary source of income is derived from investments in residential and commercial mortgages, both fixed and floating rates. Such properties include single family dwellings, duplexes, townhouses, condominium units and apartment buildings. Mortgages cannot exceed 75% of the appraised value of the property. In the interest of prudent lending, management restricts its lending on condominium units to 65% of appraised value and generally restricts its lending to Greater Vancouver, Vancouver Island and the Okanagan Valley.

The Company qualifies as a mortgage investment corporation for the purposes of the Income Tax Act (Canada) and, consequently, subject to certain limitations set out in that Act, is entitled to employ leverage by issuing debt obligations up to a maximum of five times the cost amount of its assets in excess of its liabilities. As a mortgage investment corporation, the Company is entitled to deduct from income all dividends paid. The Company distributes its income by way of dividends on a quarterly basis and all of its net income and net realized capital gains annually. Consequently, it does not expect to incur any material liability for income tax.

AUDITOR

MacKay LLP, Chartered Accountants