

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Revenue for the three months ending March 31, 2006 increased 19.5% to \$219,880.00 from \$183,877.00 a year earlier. This was due to an increase in mortgage interest income.

Net income for the three months increased 6.8% to \$153,610.00 or \$.21 per share compared with \$148,826.00 or \$.19 per share for the same period in 2005. The higher net income was consistent with an increase in revenues offset partly by an increase in advertising expenses and management fees.

The continued strength and breadth of the real estate market amazes laymen and professionals alike. Homeowners and investors have been paying higher than list prices to get into the marketplace. CMHC and bank economists remain bullish on an increase in Canadian real estate prices throughout 2006. This confidence is predicated on the strong dollar, low inflation, full employment and shortage of new housing inventory. Lenders must remain cautious and prudent when underwriting new loans and not lose focus on the primary basics of lending, the ability of the Borrower to make monthly payments and a reasonable loan to value exposure.

FINANCIAL HIGHLIGHTS

Source: globefund.com

As of March 31, 2006							
Fund name	5 Star Rating	Volatility	1yr %	3yr %	5yr %	10yr %	15yr %
Mandate National Corp. (03/31)	*****	CSB AV+	8.35	7.64	7.27	7.30	7.85

- Annualized return on common shareholders' equity for the three (3) months ending March 31, 2006 was **9.43%** while return on preferred shareholders' equity was **8.70%**. This compares favourably to the average one year return of mortgage funds of 1.0%, G.I.C.'s of up to 3.85%, B. C. Savings Bonds @ 3.65% or 90 day term deposits up to 3.50%.
- Mortgage assets increased 2.2% to \$6,708,002.00 as compared with the same period in 2005. The weighted average interest rate on the portfolio was 9.93%.
- Provisions for losses was \$95,365.00 or 1.3% of the total assets as at March 31st compared to \$172,687.00 or 2.3% in 2005. The lower allowance was the result of the recovery on loans which were repaid in full.