

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Revenue for the three months ending June 30, 2010 decreased 32.6% to \$154,035 from \$228,428 a year earlier. This was due to a decrease in mortgage interest income from non-performing loan which are anticipated to be recovered in the third quarter.

Net income for the three months decreased 30.7% to \$129,410 or \$.15 per share compared with \$186,919 or \$.23 per share for the same period in 2009.

The overheated real estate market has finally peaked with prices lower in many areas over the first quarter. As a result, the listings have increased substantially resulting in a buyers market. Rather than having to submit no subject offers, buyers are once again able to take their time and inspect many properties before making an offer, often less than list price. This change was due to the rush to buy before the HST tax became law, together with an increase in long term conventional interest rates.

With the market now considered balanced, Lenders with conservative policies are comfortable making loans without the concern of an asset bubble whereby values can fall substantially resulting in less equity securing their mortgages.

FINANCIAL HIGHLIGHTS

Source: globefund.com

As of June 30, 2010						
Fund name	5 Star Rating	1 yr %	3 yr %	5 yr %	10yr %	15yr %
Mandate	*****	7.95	9.31	9.22	8.18	7.92

- Annualized return on common shareholders' equity for the three (3) months ending June 30, 2010 was **6.38%** while return on preferred shareholders' equity was **6.00%**. This compares favourably to the average one year return of bond funds of 6.8%, G.I.C.'s of up to 1.6% or Fixed Income Mutual Funds up to 2.3%.
- The yield once again exceeded the benchmark return to shareholders of 4.75% (Prime plus 2.0%).
- Provisions for losses totaled \$88,152 or 1.73% of the portfolio compared to \$133,119 or 1.9% in 2009. This is in keeping with the Company policy which is to provide a provision of 60 basis points for all new loans.

MANDATE
National Mortgage Corporation

SECOND QUARTER REPORT

JUNE 30, 2010

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