

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Revenue for the three months ended June 30, 2006 was \$215,525.00 an increase of 15.2% from the same period last year. Net income increased 15.8% to \$162,533.00 or \$.22 a share compared to \$.18 for the same period in 2005. These increases are attributed primarily to an increase in the bank Prime Rate from 4.25% at June 30, 2005 to 6.0% at June 2006. As the majority of the Company's loans float upward with the Prime Rate, so does interest income.

The Lower Mainland has experienced real wage gains in the past year averaging six per cent thereby enabling potential purchasers more income to service mortgages. Mortgage rates remain at relatively low levels while the mortgage market has become more liberal. For example, Canada Mortgage & Housing Corp. will now insure 30 year and 35 year mortgages as well as interest only loans, allowing buyers the ability to borrow more money on the same income in order to participate in the market.

B. C. continues to experience positive economic growth which bolsters the housing market with no imminent signs of slowing.

FINANCIAL HIGHLIGHTS

Source: globefund.com

As of June 30, 2006							
Fund name	5 Star Rating	Volatility	1 yr %	3 yr %	5 yr %	10yr %	15yr %
Mandate National	*****	CSB AV+	8.74	7.84	7.32	7.37	7.83

- Annualized return on common shareholders' equity for the three (3) months ending June 30, 2006 was **9.75%** while return on preferred shareholders' equity was **9.0%**. This far exceeds the average one year return of mortgage funds of .30%, G.I.C.'s of up to 4.25%, Canada Government Bonds @ 4.56%, or 90 day term deposits up to 3.85%
- The yield once again exceeded the benchmark return to shareholders of 8.0% (Prime plus 2.0%)
- Provisions for losses totaled \$94,774 or 1.4% of the portfolio compared to \$172,971 or 2.6% in 2005. The lower amount was due to the payout of loans during the past twelve (12) months which required a higher provision in the event of a loss on recovery.