

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Revenue for the three months ended June 30, 2008 was \$221,266.00, a decrease of .03% from the same period last year. Net income increased 9.25% to \$187,893.00 or \$.25 a share compared to \$.24 for the same period in 2007. While gross revenue was essentially stable a lower provision for bad debt and management fees were responsible for increasing the net income.

During the second quarter the real estate market finally started to show evidence of a correction. Specifically, the number of listings for all categories of housing has increased while the sales volumes have declined. As a result, there exists an "over balanced" or buyers market for the first time in many years. Inevitably, lower prices follow and buyers who were previously unable to afford housing will eventually enter the market and increase demand. Price increases are not expected to follow due to the oversupply of new inventory.

For mortgage Lenders, caution is of the utmost concern. With soft or declining property values, current appraisals may not necessarily be accurate as they indicate current or past numbers, not the future. With a maximum loan to value ratio of 75%, management will remain extremely careful when reviewing loan applications to ensure there is an appropriate equity cushion in the event values decline further.

FINANCIAL HIGHLIGHTS

Source: globefund.com

Fund name	5 Star Rating	1 yr %	3 yr %	5 yr %	10yr %	15yr %
Mandate	*****	10.29	9.48	8.64	7.93	7.90

- Annualized return on common shareholders' equity for the three (3) months ending June 30, 2008 was **11.27%** while return on preferred shareholders' equity was **10.39%**. This far exceeds the average one year return of bond funds of 4.10%, G.I.C.'s of up to 4.05%, Canada Savings Bonds @ 3.75%, or 90 day term deposits up to 3.0%
- The yield once again exceeded the benchmark return to shareholders of 6.87% (Prime plus 2.0%).
- Provisions for losses totaled \$125,421 or 2.1% of the portfolio compared to \$102,144 or 1.5% in 2007. This is in keeping with the Company policy which is to provide a provision of 60 basis points for all new loans.

M A N D A T E
National Mortgage Corporation

SECOND QUARTER REPORT

JUNE 30, 2008

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