

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Net income for the three months ended December 31, 2010 decreased 21.1% to \$146,081 or \$.167 per share compared with \$185,112 or \$.217 per share for the same period in 2009. Revenue for the three months decreased 22.8% to \$201,227 from \$260,532 a year earlier.

Net income for the year decreased 18.1% to \$585,243 from \$714,761. Year over year revenue decreased 20.1% to \$729,001. At year end, the mortgage portfolio consisted primarily of residential first mortgages.

Revenue decreased for the year due to a decrease in interest and fee income generated from mortgage lending and syndications. Net income decreased proportionally in keeping with the decrease in Revenue. Operating expenses were 19.7% of the gross revenue compared to 21.7% in 2009.

The outlook for the real estate market for the first six (6) months of 2011 is for continued strength in values and housing starts. Sales volume is expected to remain robust in the first quarter as purchasers attempt to close before changes to amortization & loan value ratios become effective March 18th. Accordingly, demand for mortgage funds is expected to remain active at least for the first half of the year. However, should interest rates increase in the second half of 2011, sales volume & values may soften as fewer buyers may qualify for financing.

FINANCIAL HIGHLIGHTS

Source: globefund.com

As at December 31, 2010							
Fund name	5 Star Rating	1 yr %	3 yr %	5 yr %	10yr %	15yr %	Incep.
Mandate	*****	6.95	8.69	8.99	8.12	7.84	10.11

- Annualized return on common shareholders' equity for the three (3) months ending December 31, 2010 was **7.22%** while return on preferred shareholders' equity was **6.68%**. Annual return based on four quarters was an EPS (Earnings Per Share) of \$.667.
- The weighted average interest rate on the portfolio was 11.71% at year end compared to 11.72% a year earlier.
- Loan loss provisions at year end were \$98,260 compared to \$125,548 a year earlier. The Company's policy is to provide an allowance of up to 1.0% of the total mortgage assets on a risk weighted basis.