

## MANDATE NATIONAL MORTGAGE CORPORATION

### PRESIDENT'S REPORT

Net income for the three months ended December 31, 2007 increased 10.4% to \$188,716 or \$.246 per share compared with \$170,991 or \$.23 per share for the same period in 2006. Net income for the year increased 9.3% to \$703,301 from \$643,240.

Revenue for the three months increased 18.5% to \$267,631 from \$225,877 a year earlier. Year over year revenue increased 6.8% to \$914,347. At year end, the mortgage portfolio consisted primarily of residential first mortgages.

The outlook for 2008 continues to be cautiously promising for real estate values in B. C. given the stable interest rate environment and strong provincial economy. Both of these factors should stimulate additional demand for property and mortgage funds in keeping with 2004 to 2007.

The Company's Offering Memorandum for the issuance of up to \$5.0 million of Redeemable Preferred shares remains open for sale to investors. This Offering will enable the Company to continue to grow its mortgage asset base thereby increasing revenues and net income for distribution to its shareholders via quarterly dividends. **As a consistent dividend stock, the Company and its predecessor have paid dividends every quarter since inception in 1983.**

### FINANCIAL HIGHLIGHTS

- Return on common shareholders' equity for the three (3) months ending December 31, 2007 was **11.07%** while return on preferred shareholders equity was **10.21%**. Actual return for the twelve (12) months ending December 31, 2007 was **10.70%** for common shares and **9.87%** for preferred shares.

Source: [globefund.com](http://globefund.com)

As of December 31, 2007							
Fund name	5 Star Rating	Volatility	1 yr %	3 yr %	5 yr %	10yr %	15yr %
Mandate National	*****	CSB	9.84	9.00	8.30	7.78	7.84

- The weighted average interest rate on the portfolio was 11.22% at year end compared to 10.07% a year earlier.
- Loan loss provisions at year end were \$116,511 compared to \$95,804 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.

**MANDATE NATIONAL  
MORTGAGE  
CORPORATION**

**FOURTH QUARTER REPORT**

**DECEMBER 31, 2007**

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## **CORPORATE PROFILE**

Mandate National Mortgage Corporation is a Federally incorporated company which carries on business in British Columbia as a mortgage investment corporation for the purposes of the Income Tax Act (Canada). The Company has been carrying on business as a mortgage investment corporation, either itself or through its predecessor, Mandate Mortgage Investment Corporation since 1982.

The Company's business is to obtain a stable source of income by investing in a diverse portfolio of mortgages. The Company's primary source of income is derived from investments in residential and commercial mortgages, both fixed and floating rates. Such properties include single family dwellings, duplexes, townhouses, condominium units and apartment buildings. Mortgages cannot exceed 75% of the appraised value of the property. In the interest of prudent lending, management restricts its lending on condominium units to 65% of appraised value and generally restricts its lending to Greater Vancouver, Vancouver Island and the Okanagan Valley.

The Company qualifies as a mortgage investment corporation for the purposes of the Income Tax Act (Canada) and, consequently, subject to certain limitations set out in that Act, is entitled to employ leverage by issuing debt obligations up to a maximum of five times the cost amount of its assets in excess of its liabilities. As a mortgage investment corporation, the Company is entitled to deduct from income all dividends paid. The Company distributes its income by way of dividends on a quarterly basis and all of its net income and net realized capital gains annually. Consequently, it does not expect to incur any material liability for income tax.

### **AUDITOR**

MacKay LLP, Chartered Accountants