



PRESS RELEASE

**EXCELLENT THIRD QUARTER RESULTS REPORTED BY
ATRIUM MORTGAGE INVESTMENT CORPORATION**

TORONTO: October 24, 2013 – Atrium Mortgage Investment Corporation (TSX: AI) is pleased to announce its results for the third quarter of 2013.

Highlights

- Earnings per share (basic and diluted) – \$0.22 (Q3 last year – \$0.20)
- Dividends paid per share – \$0.20
- Total assets – \$276 million
- High quality mortgage portfolio:
 - Increased first mortgages to 88.0% of portfolio
 - 96% of all loans are less than or equal to 75% loan to value
 - Dollar amount in excess of 75% loan to value is \$1.0 million
 - Overall portfolio loan to value reduced to 62.6%
 - Average mortgage interest rate stable at 8.7%
 - Maintained a highly diversified portfolio of mortgage investment
- Atrium recently increased its line of credit to \$80 million, reflecting the growth in business volumes and the confidence of its bankers

Atrium continues to earn well above its dividend payout. Year-to-date earnings are \$0.63, versus dividends paid of \$0.60. Shareholders of record December 31, 2013 will receive a special dividend on March 5, 2014 of the excess of taxable earnings over dividends paid.

“We are very pleased with Atrium’s results for the quarter. We earned 109% of our dividend payout this quarter, and we expect to be able to continue to operate at this elevated level of earnings for the balance of the year. The recently closed \$32.5 million convertible debenture has allowed us to improve our leverage. Our current debt to assets ratio is still less than 23%. We believe that a gradual increase in our leverage, including the recently increased line of credit, will provide further improvement in earnings going forward,” noted Robert Goodall, Chief Executive Officer of Atrium.

Mr. Goodall continued, “We have successfully managed our risk profile by maintaining a conservative loan to value ratio, both on a portfolio and individual loan basis. We are proud of having more than 96% of our portfolio in ‘low ratio mortgages’ (mortgages with a loan to value of less than 75%). We have a diversified mortgage portfolio which is focussed almost exclusively on major urban centres where we have offices and local representation, in Ontario, Alberta and British Columbia.

“The relatively short-term nature of our mortgages allows us to continually alter our investment mix to minimize risk. It also allows us to relatively quickly increase the interest rates on our mortgages should bond yields increase.”

Results of operations

For the three-month period ended September 30, 2013, mortgage interest and fees aggregated \$6.3 million, compared to \$4.2 million in the same period in the previous year, an increase of 48%. The weighted average yield on the mortgage portfolio declined from 8.9% at the end of 2012 to 8.7% in the third quarter of 2013, as we continue our focus on higher quality assets.

Operating expenses aggregated \$1.7 million, or 26.9% of revenues, compared to \$1.2 million or 29.0% of revenues in the prior year period. The major component of operating expenses was mortgage servicing and other fees paid to the manager (that is, the management fee plus HST) which aggregated \$0.7 million for the three months ended September 30, 2013, compared with \$0.4 million in the comparative quarter, reflecting the growth of our mortgage portfolio. Within operating expenses, expenses other than interest and bank charges aggregated \$850,385, which represented 0.3% of the mortgage portfolio or 1.25% annualized. In other words, operating costs in the quarter were about 125 basis points.

Net earnings for the three months ended September 30, 2013 aggregated \$4.6 million, an increase of 52.9% from net earnings of \$3.0 million in the same period in the previous year. Basic and diluted earnings per share were \$0.22 per common for the three months ended September 30, 2013, compared with basic and diluted earnings of \$0.20 per common share for the same period the previous year.

For further details on the financial results, please refer to the unaudited condensed interim financial statements and management's discussion and analysis for the three-month and nine-month periods ended September 30, 2013 and 2012, which are available at www.sedar.com or at www.atriummic.com.

Mortgage portfolio

Atrium's mortgages receivable include 116 mortgage loans and aggregated \$276.4 million at September 30, 2013, an increase of 36.9% from December 31, 2012.

<u>Mortgage category</u>	<u>September 30, 2013</u>			<u>December 31, 2012</u>		
	<u>Number</u>	<u>Outstanding amount</u>	<u>% of Portfolio</u>	<u>Number</u>	<u>Outstanding amount</u>	<u>% of Portfolio</u>
Mixed use real estate/commercial	24	\$90,271,277	32.6%	15	\$69,334,931	34.4%
Low rise residential	17	63,003,641	22.7%	8	24,302,272	12.1%
House and apartment	48	61,090,350	22.0%	31	43,061,190	21.3%
High rise residential	4	25,036,000	9.0%	4	23,686,000	11.8%
Construction	9	22,108,507	8.0%	4	15,087,981	7.5%
Midrise residential	5	13,262,632	4.8%	5	24,381,184	12.1%
Condominium corporation	<u>9</u>	<u>2,475,995</u>	<u>0.9%</u>	<u>10</u>	<u>1,629,664</u>	<u>0.8%</u>
Mortgage portfolio	<u>116</u>	<u>277,248,402</u>	<u>100.0%</u>	<u>77</u>	<u>201,483,222</u>	<u>100.0%</u>
Accrued interest receivable		1,430,636			2,589,639	
Mortgage discount*		(391,442)			385,508	
Mortgage origination fees*		(714,733)			(644,735)	
Provision for mortgage losses		<u>(1,150,667)</u>			<u>(1,087,667)</u>	
Mortgage receivable		<u>\$276,422,196</u>			<u>\$201,954,951</u>	

Atrium Mortgage Investment Corporation actively manages its exposure, and has continued to shift the portfolio towards commercial/mixed use, low rise residential properties and single family homes and apartments, which represent 77.3% of the mortgage portfolio at September 30, 2013, an increase of 9.5% since December 31, 2012.

An analysis of mortgages by size is presented below.

<u>Mortgage amount</u>	<u>September 30, 2013</u>			<u>December 31, 2012</u>		
	<u>Number</u>	<u>Outstanding amount</u>	<u>% of Portfolio</u>	<u>Number</u>	<u>Outstanding amount</u>	<u>% of Portfolio</u>
\$0 – \$2,500,000	78	\$ 83,340,747	30.1%	50	\$ 48,628,362	24.2%
\$2,500,001 - \$5,000,000	24	80,421,992	29.0%	16	55,814,860	27.7%
\$5,000,001 - \$7,500,000	7	44,649,842	16.1%	5	30,670,000	15.2%
\$7,500,001 +	<u>7</u>	<u>68,835,821</u>	<u>24.8%</u>	<u>6</u>	<u>66,370,000</u>	<u>32.9%</u>
	<u>116</u>	<u>\$277,248,402</u>	<u>100%</u>	<u>77</u>	<u>\$201,483,222</u>	<u>100%</u>

As of September 30, 2013, the mortgage portfolio consisted of 116 investments with an average outstanding balance of \$2.4 million and a median outstanding balance of \$1.5 million.

Analysis of mortgages as at September 30, 2013 by type of mortgage, nature of the underlying property, and location of the underlying property is set out below:

<u>Description</u>	<u>Number of mortgages</u>	<u>Amount</u>	<u>Percentage</u>	<u>Weighted average yield</u>
Type of mortgage				
First mortgages	105	\$243,835,522	88.0%	8.4%
Second and third mortgages	<u>11</u>	<u>33,412,880</u>	<u>12.0%</u>	<u>10.8%</u>
	<u>116</u>	<u>\$277,248,402</u>	<u>100.0%</u>	<u>8.7%</u>
Nature of underlying property				
Residential	92	\$186,977,125	67.4%	8.7%
Commercial	<u>24</u>	<u>90,271,277</u>	<u>32.6%</u>	<u>8.7%</u>
	<u>116</u>	<u>\$277,248,402</u>	<u>100.0%</u>	<u>8.7%</u>
Location of underlying property				
Greater Toronto Area	96	\$222,805,983	80.4%	8.7%
Non-GTA Ontario	6	22,464,599	8.1%	9.1%
British Columbia	9	12,469,255	4.5%	8.4%
Alberta	<u>5</u>	<u>19,508,565</u>	<u>7.0%</u>	<u>8.6%</u>
	<u>116</u>	<u>\$277,248,402</u>	<u>100.0%</u>	<u>8.7%</u>

The exceptionally high percentage of first mortgages is a core strategy and is unmatched by Atrium's peer group. The company expects its geographic diversification strategy to accelerate in 2014, as business in Alberta has increased substantially during the past 30-60 days.

The average loan-to-value in the portfolio improved further to 62.6%, compared to 65.5% last quarter. As importantly, only 3.6% of Atrium's mortgages are over 75% loan to value which is the lowest percentage in the industry.

Conference call

Atrium will host a conference call for investors and shareholders to discuss its results on Monday October 28, 2013 at 4:00 p.m. EDT. To participate or listen to the conference call live, please call 1 (866) 544-4631 or (416) 849-5571.

For a replay of the conference call (available until August 15, 2013) please call 1 (866) 245-6755, access code 457028.

About Atrium

As a mortgage investment corporation, Atrium is a non-bank provider of residential and commercial real estate mortgages that lends in major urban centres in Canada where the stability and liquidity of real estate are high. Atrium's objectives are to provide its shareholders with stable and secure dividends and preserve shareholders' equity by lending within conservative risk parameters.

Forward-Looking Statements

Certain information included in this news release is forward-looking, within the meaning of applicable securities laws. Much of this information can be identified by words such as "believe", "expects", "expected", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar expressions suggesting future outcomes or events. Forward looking statements regarding earnings and portfolio growth are based upon the following key assumptions: that other factors such as revenues and expenses continue to follow current trends, and that current trends in portfolio growth continue. Atrium believes the expectations reflected in all forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Forward-looking statements are based on current information and expectations that involve a number of risks and uncertainties, which could cause actual results or events to differ materially from those anticipated. These risks include, but are not limited to, the uncertainty associated with accessing capital markets and the risks related to Atrium's business, including those identified in Atrium's annual information form dated December 31, 2012 and short form prospectus dated June 11, 2013 under the heading "Risk Factors" (copies of which may be obtained at www.sedar.com). Forward looking statements contained in this news release are made as of the date hereof and are subject to change. All forward-looking statements in this news release are qualified by these cautionary statements. Except as required by applicable law, Atrium undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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