



THIRD QUARTER REPORT TO SHAREHOLDERS

We are pleased to present the interim report of Dundee Bancorp Inc. for the nine months ended September 30, 2000. Net income for the nine months ended September 30, 2000 was \$15.0 million or \$0.57 per share compared with \$18.5 million or \$0.70 per share in the first nine months of 1999. Earnings for the quarter were lower than normal as no gains were crystallized in the investment portfolio. The Company's portfolio is managed with a long-term perspective, therefore realized gains or losses are expected to vary from period to period. Unrealized gains or losses in the portfolio are not recognized in income.

Dundee Bancorp Inc. is a financial service holding company which manages its own investment portfolio and which, through its 85%-owned subsidiary, Dundee Wealth Management Inc., provides prudent wealth management to many types of clients, including independent financial advisors, institutional investors, corporations, individual investors and foundations.

Revenues

Total revenue for the first nine months of 2000 was \$253.9 million, a substantial increase over the \$161.8 million during the same period of 1999. The 2000 results include nine full months of operations relating to the acquisitions which were completed by the Company's subsidiary, Dundee Wealth Management Inc., in August 1999.

Wealth Management

Mutual fund management fee revenue was \$86.4 million in 2000 on average assets under management during the period of \$6.2 billion. The average management fee was approximately 1.86%. Average assets under management during the same period of 1999 were \$5.3 billion with an average management fee of approximately 1.75% which generated mutual fund management fee revenue of \$69.9 million. During the third quarter, the Company also earned \$0.5 million (1999 – \$1.5 million) in performance fee revenue from the management of its labour sponsored fund.

Mutual fund assets under management at September 30, 2000 were \$6.3 billion. Retained market appreciation since December 31, 1999 is \$565 million, offset by net redemptions of \$364 million.

During the first three quarters of 2000, the Company also earned \$4.1 million from the management of other fiduciary assets. This compares with \$3.9 million for the nine months ended September 30, 1999.

The Company funds commissions on sales of mutual fund units sold on a deferred sales charge basis. If a mutual fund unitholder redeems these funds within a specific term, the unitholder will pay a redemption fee to the Company. Total redemption fees received during the first three quarters of 2000 were \$17.3 million compared with \$18.0 million earned during the same period of 1999.

Financial services revenue during the first nine months of 2000 was \$113.5 million compared with \$31.5 million in the same period of 1999.

Brokerage commission and trailer revenue earned in 2000 was \$72.8 million. Retail brokerage operations generated approximately 87% of total commission and trailer revenue, with institutional sales contributing the remaining 13%.

During the nine months ended September 30, 2000, the Company earned a total of \$40.7 million in other financial services revenue, including principal trading revenues of \$20.7 million, corporate finance fees of \$8.2 million and interest on margin accounts of \$9.1 million.

Investment Portfolio

The Company manages its own investment portfolio, both directly and through several wholly owned subsidiaries. The following table summarizes the carrying value of the Company's investment portfolio as at September 30, 2000.

| | Listed | Non-Quoted | Loans | Total Book Value |
|-------------------------------------|------------|------------|-----------|------------------|
| Equity accounted investments | | | | |
| Black Hawk Mining Inc. | \$ 5,569 | \$ - | \$ - | \$ 5,569 |
| Breakwater Resources Ltd. | 73,522 | - | - | 73,522 |
| Dundee Realty Corporation | 119,654 | - | - | 119,654 |
| Eurogas Corporation | 18,934 | - | 9,849 | 28,783 |
| Zemex Corporation | 44,701 | - | - | 44,701 |
| Other | 7,399 | - | 1,991 | 9,390 |
| Marketable securities | 77,040 | - | - | 77,040 |
| Other portfolio investments | 109,738 | 31,659 | 28,262 | 169,659 |
| | \$ 456,557 | \$ 31,659 | \$ 40,102 | \$ 528,318 |

Investment income derived from the portfolio, including realized gains on sales of investments and the Company's share of earnings or losses of equity accounted investments, was \$32.3 million compared with \$37.0 million in the same period of the prior year.

| | 2000 | 1999 |
|---|-----------|-----------|
| Interest, dividends and foreign exchange | \$ 4,037 | \$ 4,748 |
| Realized investment gains, net | 14,770 | 23,791 |
| Share of earnings of equity accounted investments | 13,821 | 11,212 |
| Losses from dilutions of interest in equity accounted investments | (372) | (2,763) |
| | \$ 32,256 | \$ 36,988 |

Expenses

Selling, general and administrative expenses were \$149.2 million in the first three quarters of 2000 compared to \$65.8 million in the same period of 1999. The increase is attributable to the operations of the Company's subsidiary, Dundee Wealth, which has grown dramatically through acquisition and internal growth. As a result of this growth, the Company has \$67.3 million in compensation costs paid to brokers and dealers which is included in selling, general and administrative expenses. These compensation costs are generally variable, calculated as a percentage of commission and trailer revenue generated by financial advisors.

Trailer fees paid by the Company are calculated as a percentage of mutual fund assets under management. Trailer fees during 2000 were \$16.6 million compared with \$14.1 million in the same period of 1999. The increase in trailer fee expense resulted from an increase in average assets under management.

Depreciation and amortization expense during the first three quarters of the current year was \$40.2 million which includes amortization of deferred sales commissions totalling \$32.6 million.

Operating Segments

Selected information on the Company's operating segments for the nine months ended September 30 is shown below:

(in thousands of dollars) (unaudited)

| | Wealth Management | | Corporate | | Intersegment | | Total Operations | |
|--|-------------------|------------|-----------|-----------|--------------|------------|------------------|------------|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| Revenues | \$ 216,956 | \$ 116,122 | \$ 46,242 | \$ 52,986 | \$ (9,267) | \$ (7,317) | \$ 253,931 | \$ 161,791 |
| Expenses | 194,798 | 100,635 | 28,586 | 30,560 | (6,813) | (7,397) | 216,571 | 123,798 |
| Net income before taxes and non controlling interest | 22,158 | 15,487 | 17,656 | 22,426 | (2,454) | 80 | 37,360 | 37,993 |
| Non controlling interest | (1,114) | 91 | - | - | - | - | (1,114) | 91 |
| Net income before taxes | \$ 21,044 | \$ 15,578 | \$ 17,656 | \$ 22,426 | \$ (2,454) | \$ 80 | \$ 36,246 | \$ 38,084 |

Earnings per Share

Earnings per share is computed by dividing net earnings for the period, adjusted for dividends on preference shares, by the weighted average number of Class A subordinate and Class B common shares outstanding during the period of 26,378,479. On a fully diluted basis, the weighted average number of shares outstanding during the first nine months of 2000 was 27,215,247 resulting in fully diluted earnings per share of \$0.56.

Share Capital Outstanding on September 30, 2000

| | Number of Shares | Amount (\$'000's) |
|---|------------------|-------------------|
| Class A subordinate shares | 25,201,060 | \$ 297,210 |
| Class B common shares | 1,060,346 | 8,327 |
| Options outstanding to acquire Class A subordinate shares | 3,022,505 | - |

CORPORATE INFORMATION

EXECUTIVE OFFICE

Scotia Plaza, 55th Floor
40 King Street West
Toronto, Ontario M5H 4A9
Tel: (416) 863-6990
Fax: (416) 363-4536

STOCK SYMBOLS

Subordinate Voting – DBC.A

STOCK LISTING

The Toronto Stock Exchange

TRANSFER AGENT

Montréal Trust Company of Canada
c/o Computershare Investor Services
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Tel: (416) 263-9410
Fax: (416) 981-9800

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the nine months ended September 30, 2000 and 1999

(expressed in thousands of Canadian dollars, except per share amounts) (unaudited)

| | Three months | | Nine months | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2000 | 1999 | 2000 | 1999 |
| REVENUE | | | | |
| Management and administration fees | \$ 31,340 | \$ 26,718 | \$ 90,968 | \$ 75,280 |
| Redemption fees | 3,917 | 5,414 | 17,255 | 18,019 |
| Financial services | 30,540 | 13,102 | 113,452 | 31,504 |
| | 65,797 | 45,234 | 221,675 | 124,803 |
| Investment income | 3,457 | 5,273 | 32,256 | 36,988 |
| | 69,254 | 50,507 | 253,931 | 161,791 |
| EXPENSES | | | | |
| Selling, general and administrative | 46,114 | 25,047 | 149,194 | 65,780 |
| Amortization of deferred sales commissions | 11,057 | 10,576 | 32,576 | 31,694 |
| Trailer fees | 5,650 | 4,215 | 16,565 | 14,094 |
| Depreciation and amortization | 2,641 | 1,633 | 7,657 | 4,087 |
| Interest expense | 3,964 | 2,851 | 10,579 | 8,143 |
| | 69,426 | 44,322 | 216,571 | 123,798 |
| INCOME BEFORE NON CONTROLLING INTEREST AND TAXES | | | | |
| | (172) | 6,185 | 37,360 | 37,993 |
| Income taxes | 2,240 | 3,974 | 21,211 | 19,538 |
| Non controlling interest | (51) | (91) | 1,114 | (91) |
| NET INCOME | \$ (2,361) | \$ 2,302 | \$ 15,035 | \$ 18,546 |
| RETAINED EARNINGS AT BEGINNING OF PERIOD | | | | |
| | \$ 173,632 | \$ 172,195 | \$ 166,950 | \$ 173,337 |
| Net income | (2,361) | 2,302 | 15,035 | 18,546 |
| Change in opening retained earnings to account for change in accounting policy in respect of income taxes | - | - | (9,353) | (16,055) |
| Premiums related to cancellation of share capital | (12) | (265) | (1,356) | (1,596) |
| Cancellation of stock options | (6) | - | (23) | - |
| RETAINED EARNINGS AT END OF PERIOD | \$ 171,253 | \$ 174,232 | \$ 171,253 | \$ 174,232 |
| EARNINGS PER SHARE | | | | |
| Basic | \$ (0.09) | \$ 0.09 | \$ 0.57 | \$ 0.70 |
| Fully diluted | \$ (0.09) | \$ 0.09 | \$ 0.56 | \$ 0.69 |

CONSOLIDATED BALANCE SHEETS

(expressed in thousands of Canadian dollars) (unaudited)

| | September 30, 2000 | December 31, 1999 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and short term investments | \$ 144,798 | \$ 137,988 |
| Brokerage securities inventory | 14,569 | 12,516 |
| Accounts receivable | 29,338 | 42,178 |
| Client accounts receivable | 260,752 | 219,003 |
| Investment portfolio | 528,318 | 520,249 |
| Deferred sales commissions | 78,752 | 98,265 |
| Capital and other assets | 129,292 | 131,167 |
| TOTAL ASSETS | \$ 1,185,819 | \$ 1,161,366 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 45,126 | \$ 68,477 |
| Brokerage securities sold short | 14,182 | 15,275 |
| Client deposits and related liabilities | 277,347 | 236,755 |
| Deferred acquisition obligations | 4,841 | 5,398 |
| Current taxes payable | 9,747 | 25,228 |
| Corporate debt | 218,071 | 204,982 |
| Future income tax liability | 80,486 | 68,676 |
| Non controlling interest | 18,524 | 17,203 |
| | 668,324 | 641,994 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | | |
| Common shares | 346,242 | 352,050 |
| Equity portion of deferred acquisition obligations | - | 372 |
| Retained earnings | 171,253 | 166,950 |
| | 517,495 | 519,372 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 1,185,819 | \$ 1,161,366 |

CONSOLIDATED STATEMENTS OF CASH FLOW

*For the nine months ended September 30, 2000 and 1999
(expressed in thousands of Canadian dollars) (unaudited)*

| | 2000 | 1999 |
|--|-------------------|------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Income before non controlling interest and taxes | \$ 37,360 | \$ 37,993 |
| Items not affecting cash from operations: | | |
| Depreciation and amortization | 40,233 | 35,781 |
| Net investment gains | (14,770) | (23,791) |
| Share of unremitted equity earnings | (13,449) | (8,449) |
| Income and capital taxes paid | (26,173) | (10,326) |
| Other non-cash components of income | 3,161 | 796 |
| | 26,362 | 32,004 |
| Changes in other non-cash working capital items: | | |
| Accounts receivable | 12,887 | (5,670) |
| Accounts payable | (23,351) | (13,310) |
| Client accounts receivable, net of deposits and related liabilities | (1,157) | (9,087) |
| | 14,741 | 3,937 |
| FINANCING | | |
| Increase (decrease) in corporate debt | 9,552 | (648) |
| Cancellation of options granted | (41) | - |
| Issuance of Class A subordinate shares, net of costs | 1,463 | 246 |
| Acquisition of Class A subordinate shares | (9,267) | (7,968) |
| | 1,707 | (8,370) |
| INVESTING | | |
| Proceeds on sales of portfolio investments | 89,157 | 73,837 |
| Acquisition of portfolio investments | (81,927) | (69,313) |
| Sales commissions paid on distribution of mutual funds | (13,063) | (7,489) |
| Other | (3,805) | (1,859) |
| | (9,638) | (4,824) |
| NET INCREASE (DECREASE) IN CASH DURING THE PERIOD | 6,810 | (9,257) |
| CASH, BEGINNING OF PERIOD | 137,988 | 65,614 |
| CASH, END OF PERIOD | \$ 144,798 | \$ 56,357 |