



FIRST QUARTER REPORT TO SHAREHOLDERS

We are pleased to present the interim report of Dundee Bancorp Inc. for the three months ended March 31, 2000. Net income for the three months ended March 31, 2000 was \$15.1 million or \$0.57 per share compared with \$15.5 million or \$0.58 per share in the first three months of 1999.

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: independent financial advisors, institutional investors, corporations, individual investors and foundations.

Revenues

Total revenue for the first three months of 2000 was \$107.7 million, a substantial increase over the \$67.6 million earned during the first three months of 1999. The 2000 results reflect a full post acquisition quarter of operations for the Company's subsidiary, Dundee Wealth Management Inc.

Mutual fund management fee revenue was \$28.3 million in 2000 on average assets under management during the first quarter of \$6.2 billion. The average management fee was approximately 1.83%. Average assets under management during the first three months of 1999 were \$5.3 billion with an average management fee of approximately 1.75% generating mutual fund management fee revenue of \$23.1 million.

Mutual fund assets under management increased from \$6.1 billion at the end of 1999 to \$6.3 billion as at March 31, 2000. This asset growth is comprised of \$339 million of retained market appreciation, offset by net redemptions of \$170 million.

During the first quarter of 2000, the Company also earned \$1.6 million from the management and administration of various other fiduciary assets. This compares with \$1.2 million for the three months ended March 31, 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 quarter of 2000 were \$9.0 million (1999 - \$7.1 million).

Commission and trailer revenue earned in 2000 was \$30.9 million compared with \$5.4 million earned during the same period of 1999. Retail distribution generated approximately 89% of total commission and trailer revenue, with institutional sales contributing the remaining 11%.

During the first quarter of 2000, the Company earned other financial services revenue, including portfolio trading profits and corporate finance fees, of \$17.8 million (1999 - \$2.8 million).

The Company manages its own investment portfolio, both directly and through several wholly owned subsidiaries. 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 \$20.2 million compared with \$28.0 million in the same period of the prior year. 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.

Expenses

Selling, general and administrative expenses were \$54.9 million in the first quarter of 2000 compared to \$18.9 million in the first quarter 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 \$25.5 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 the three months ended March 31, 2000 were \$5.5 million compared with \$5.0 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 quarter was \$13.1 million which includes amortization of deferred sales commissions totalling \$10.6 million.

Operating Segments

Selected information on the Company's operating segments for the three months ended March 31 is shown below:

(in thousands of dollars) (unaudited)

	Wealth Management		Corporate		Intersegment		Total Operations	
	2000	1999	2000	1999	2000	1999	2000	1999
	Revenues	\$ 85,197	\$ 36,085	\$ 24,627	\$ 33,943	\$ (2,159)	\$ (2,470)	\$ 107,665
Expenses	70,959	29,456	8,035	11,672	(2,159)	(2,458)	76,835	38,670
Net income before taxes	14,238	6,629	16,592	22,271	-	(12)	30,830	28,888

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 26,682,128.

Share Capital Outstanding on March 31, 2000

	Number of Shares	Amount (\$'000's)
Class A subordinate shares	25,083,670	\$ 295,658
Class B common shares	1,079,565	8,477
Options outstanding to acquire Class A subordinate shares	2,685,689	-

CORPORATE INFORMATION

EXECUTIVE OFFICE

Scotia Plaza, 55th Floor
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STOCK SYMBOL

Subordinate Voting – DBC.A

STOCK LISTING

The Toronto Stock Exchange

TRANSFER AGENT

Montreal Trust Company
8th Floor, 151 Front Street West
Toronto, Ontario M5J 2N1
Tel: (416) 981-9633
Fax: (416) 981-9800

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the three months ended March 31, 2000 and 1999

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

	2000	1999
REVENUE		
Management and administration fees	\$ 29,852	\$ 24,335
Redemption fees	8,974	7,092
Financial services	48,669	8,157
	87,495	39,584
Investment income	20,170	27,974
	107,665	67,558
EXPENSES		
Selling, general and administrative	54,914	18,925
Amortization of deferred sales commissions	10,649	10,859
Trailer fees	5,483	4,992
Depreciation and amortization	2,451	1,226
Interest expense	3,338	2,668
	76,835	38,670
INCOME BEFORE NON CONTROLLING INTEREST AND TAXES		
	30,830	28,888
Income taxes	14,733	13,377
Non controlling interest	996	-
NET INCOME	\$ 15,101	\$ 15,511
RETAINED EARNINGS AT BEGINNING OF PERIOD		
	\$ 166,950	\$ 173,337
Net income	15,101	15,511
Change in opening retained earnings to account for change in accounting policy in respect of income taxes	-	(16,055)
Premiums related to cancellation of share capital	(1,321)	(623)
Cancellation of stock options	(10)	-
RETAINED EARNINGS AT END OF PERIOD	\$ 180,720	\$ 172,170
EARNINGS PER SHARE		
Basic	\$ 0.57	\$ 0.58
Fully diluted	\$ 0.54	\$ 0.55

CONSOLIDATED BALANCE SHEETS

(expressed in thousands of Canadian dollars) (unaudited)

	<i>March 31, 2000</i>	<i>December 31, 1999</i>
ASSETS		
Cash and short term investments	\$ 43,942	\$ 102,998
Brokerage securities inventory	50,435	47,506
Accounts receivable	27,663	42,178
Client accounts receivable	365,486	219,003
Investment portfolio	532,073	520,249
Deferred sales commissions	92,835	98,265
Capital and other assets	129,969	131,167
TOTAL ASSETS	\$ 1,242,403	\$ 1,161,366
LIABILITIES		
Accounts payable and accrued liabilities	\$ 59,182	\$ 68,477
Brokerage securities sold short	14,323	15,275
Client deposits and related liabilities	346,102	236,755
Deferred acquisition obligations	4,841	5,398
Current taxes payable	9,536	25,228
Corporate debt	189,647	204,982
Future income tax liability	74,847	68,676
Non controlling interest	17,777	17,203
	716,255	641,994
SHAREHOLDERS' EQUITY		
Share capital		
Common shares	345,428	352,050
Equity portion of deferred acquisition obligations	-	372
Retained earnings	180,720	166,950
	526,148	519,372
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,242,403	\$ 1,161,366

CONSOLIDATED STATEMENTS OF CASH FLOW

For the three months ended March 31, 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 taxes	\$ 30,830	\$ 28,888
Items not affecting cash from operations:		
Depreciation and amortization	13,100	12,085
Net investment gains	(17,868)	(25,375)
Share of unremitted equity earnings	(965)	(1,360)
Income taxes	(6,171)	(10,142)
Other non-cash components of income	(901)	(62)
	18,025	4,034
Changes in other non-cash working capital items:		
Accounts receivable	14,515	(4,024)
Accounts payable	(24,987)	(8,298)
Client accounts receivable, net of deposits and related liabilities	(37,136)	6,492
	(29,583)	(1,796)
FINANCING		
Decrease in corporate debt	(18,566)	-
Cancellation of options granted	(10)	-
Issuance of Class A subordinate shares, net of costs	-	236
Acquisition of Class A subordinate shares	(9,099)	(3,803)
	(27,675)	(3,567)
INVESTING		
Proceeds on sales of portfolio investments	80,403	29,711
Acquisition of portfolio investments	(74,158)	(14,041)
Sales commissions paid on distribution of mutual funds	(5,219)	(2,951)
Other	(2,824)	(396)
	(1,798)	12,323
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD	(59,056)	6,960
CASH, BEGINNING OF PERIOD	102,998	49,721
CASH, END OF PERIOD	\$ 43,942	\$ 56,681