



Corporate Profile MFC Bancorp Ltd. is an independent merchant banking company, incorporated in Canada. The Company provides specialized banking and corporate finance services through its wholly owned subsidiary, Swiss-based MFC Merchant Bank S.A., and also engages in proprietary investing for its own account. The Company's shares are listed for trading on the NASDAQ National Market (symbol: MXBIF) and on the Frankfurt Stock Exchange (MFC GR).

Financial Highlights

As at December 31 (In Thousands, Except Earnings Per Share)	U.S. Dollars		
	1999	1998	1997
Revenues	\$ 84,490	\$ 83,121	\$ 62,155
Net income*	24,452	20,381	17,058
Earnings per share (fully diluted)*	1.75	1.49	1.29
Return on investment*	23.5%	25.2%	25.8%
Book value per share	9.83	8.37	6.82
Total assets	187,145	155,576	158,765
Debt	21,421	26,195	29,110
Shareholders' equity	118,348	100,878	84,078

* from continuing operations



About MFC What does MFC do?

MFC works with clients closely and exclusively, to assist them through critical stages in their development. Typically this involves time critical, unstructured situations where creativity, clear vision and rapid decision making are vital. MFC also invests its own capital in or alongside its clients, and in projects related to its fee based services.

Where does MFC operate?

MFC operates internationally, with an emphasis on Europe and North America and southeast Asia.

Whom does MFC serve?

MFC serves clients from a wide range of industries and profiles, typically small to mid-sized public companies and private companies that intend to go public in the future. MFC believes that these clients, particularly in Europe, are neither served nor targeted by traditional large investment banks that concentrate on serving their Fortune 500-sized clients.

When does MFC invest its own capital?

MFC invests its own capital in companies where its skills and expertise can unlock significant underlying value. MFC prefers to be an active investor, seeking out special situations where there is an opportunity to develop and increase asset value in the long term.

Why is MFC different?

MFC emphasizes agility, creativity and flexibility to serve clients that do not fit the typical categories that other investment and merchant banks prefer to serve. MFC specializes in assisting companies in unstructured and novel situations where a strong financial partner is needed and traditional, off-the-shelf solutions are not workable.



Adam Smith

“Timing is exact; experience is treacherous;
judgment is difficult.”

HIPPOCRATES

By drawing on a wealth of experience and its specialized knowledge base, MFC Bancorp Ltd. is able to respond rapidly to client concerns in an environment where timing is paramount.



To Our Shareholders MFC achieved its primary financial goals in 1999, attaining record levels of revenue and net income. Return on equity, which we consider our most significant performance measure, was again in excess of 20% per annum, well above the industry average.

We plan to maintain our stable and profitable growth of the past year by keeping the focus on our core business: providing clients with value-added services. While continuing to broaden our client base, we will work even more closely with existing clients to better serve their needs. The strong skills and broad experience of our staff will be crucial in making this strategy effective and profitable. People are MFC's key asset; we will continue to build our talent pool by recruiting leading individuals.

Change and Opportunity in Europe

MFC conducts its business activities mainly in central and northern Europe and North America. As demonstrated in 1999 by the adoption of the euro as their common currency, the countries of the European Union are undergoing a process of steady economic unification. This is accompanied by financial liberalization, marked by a notable shift from the traditional European system of debt-based corporate finance to American-style equity financing, as well as a trend to increased corporate restructuring, mergers, and acquisitions throughout western Europe. We believe our independent, specialized, and entrepreneurial services will be in significant demand in this changing environment.

We at MFC also have substantial experience in the privatization and restructuring of former East German enterprises, and we anticipate significant opportunities in this field throughout eastern Europe over the next ten years. Enhancing our ability to identify and capitalize on these opportunities, we have recently nominated Dr. Stefan Feuerstein to our Board of Directors. Dr. Feuerstein is Managing Director of the Industrial Investment Council of the New German States (i.e., the former East Germany), and has extensive experience across the breadth of German industries. Since 1992 he has been a leader in bringing investment into the former East German states, first as President of the Thuringian Economic Development Corporation, and since 1997 in his current position.



MFC Bancorp Ltd. has gained broad experience in North American corporate finance, Swiss banking, western European financial services, and desocialization in the former East Bloc. This fund of expertise allows the Company to build strong, highly-focused teams with the special knowledge and the right skills to find the best solution to each new challenge.



Dr. Feuerstein's expertise promises to be of great value to our company both in expanding our presence in Germany, Europe's largest economy, and in our ongoing exploration of opportunities in the emerging market economies of eastern Europe, including Poland, Hungary and the Czech Republic.

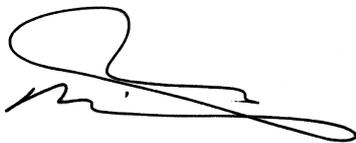
Into the 21st Century For the year immediately ahead, we will continue to focus on our core business and primary centers of profitability. The combination of economic unification and deregulation in western Europe is creating an atmosphere of excitement, rapid changes, and expanding opportunity in the financial services industry, especially for a provider like MFC, with our broad experience in a number of different environments and market segments. We will concentrate on serving our established niche with specialized and innovative services, as well as seeking suitable opportunities to participate in Europe's growing small-cap equity markets.

Because of our smaller size, we offer more entrepreneurial services and more objective, impartial advice to clients. These advantages will help us continue growing both in number of clients and in the range of services we offer.

Our growth goals may be best achieved by continuing to build our Swiss-based finance team and by seeking out appropriate acquisitions in businesses and markets that complement our established operations.

Our valuable people assets give us the ability to build strong relationships with specific clients, and to provide effective, timely solutions in rapidly evolving and unstructured situations. Utilizing these unique capabilities, we recorded solid performance in 1999, with gains in a number of areas. We thank our clients, shareholders and employees for their support over the past year, and hope that they will continue to encourage and share our achievements as we move into the 21st century.

On Behalf of the Board,

A handwritten signature in black ink, appearing to read 'Michael J. Smith', with a large, stylized loop at the end.

Michael J. Smith,

President



Review of Operations



MFC Bancorp Ltd. was created in June 1996 by spinning off the financial services activities of its former parent company. In February 1997 MFC Bancorp Ltd. acquired MFC Merchant Bank S.A. (“the Bank”) a Geneva-based fully licensed Swiss bank through which it now conducts the majority of its operations.

MFC maintains a highly liquid asset mix, primarily in cash and equivalents, securities that trade in liquid markets, and client loans collateralized by marketable securities. MFC uses this high liquidity to provide client services and to act as a financial intermediary for third parties, as well as for its own proprietary investing. For the immediate future, MFC expects to generate sufficient cash flow from operations to meet its working capital requirements.

The Bank places client deposits with major financial institutions on a fiduciary basis, receiving fee income instead of the traditional spreads. This practice allows the Bank to increase income without the need to raise additional capital or dilute share value.



The modern financial services industry is a complex and constantly shifting competitive arena. With attention to detail and a flair for strategic innovation, MFC Bancorp Ltd. can seek out, recognize and act on opportunities as they arise, whether on behalf of clients or for its own portfolio.



Financial Results

for 1999

MFC Bancorp Ltd.'s financial results for 1999 showed improvements over those of 1998, with either advances or continuing strong performance in most key indicators. Revenue was up \$2.2 million or 1.8%, from \$123.3 million to \$125.5 million. At the same time, MFC reduced its expenses from \$92.8 million in 1998 to \$89.4 million, a reduction of 3.7%. This reduction was achieved mainly through lower costs for financial services.

MFC's total assets increased 13% in 1999, from \$238.1 million in 1998 to \$270.1 million, an increase of \$32.0 million. Shareholders' equity increased \$16.4 million, from \$154.4 million to \$170.8 million, an increase of 11% from 1998's level. These results are considered to indicate a high level of corporate performance.

Net income from continuing operations was \$36.3 million for 1999, an increase of \$6.1 million or 20.2% from 1998's level of \$30.2 million. On a per-share basis, income from continuing operations increased from \$2.48 per share (\$2.20 per share fully diluted) in 1998 to \$3.00 per share (\$2.60 fully diluted) in 1999, an increase of 21.0% basic or 18.2% fully diluted.

MFC considers return on equity one of its most important performance measures, and achieved a 23.5% return on equity from continuing operations in 1999. This is well above the industry average, and in line with MFC's historically strong level of performance on this key indicator.

Highlights

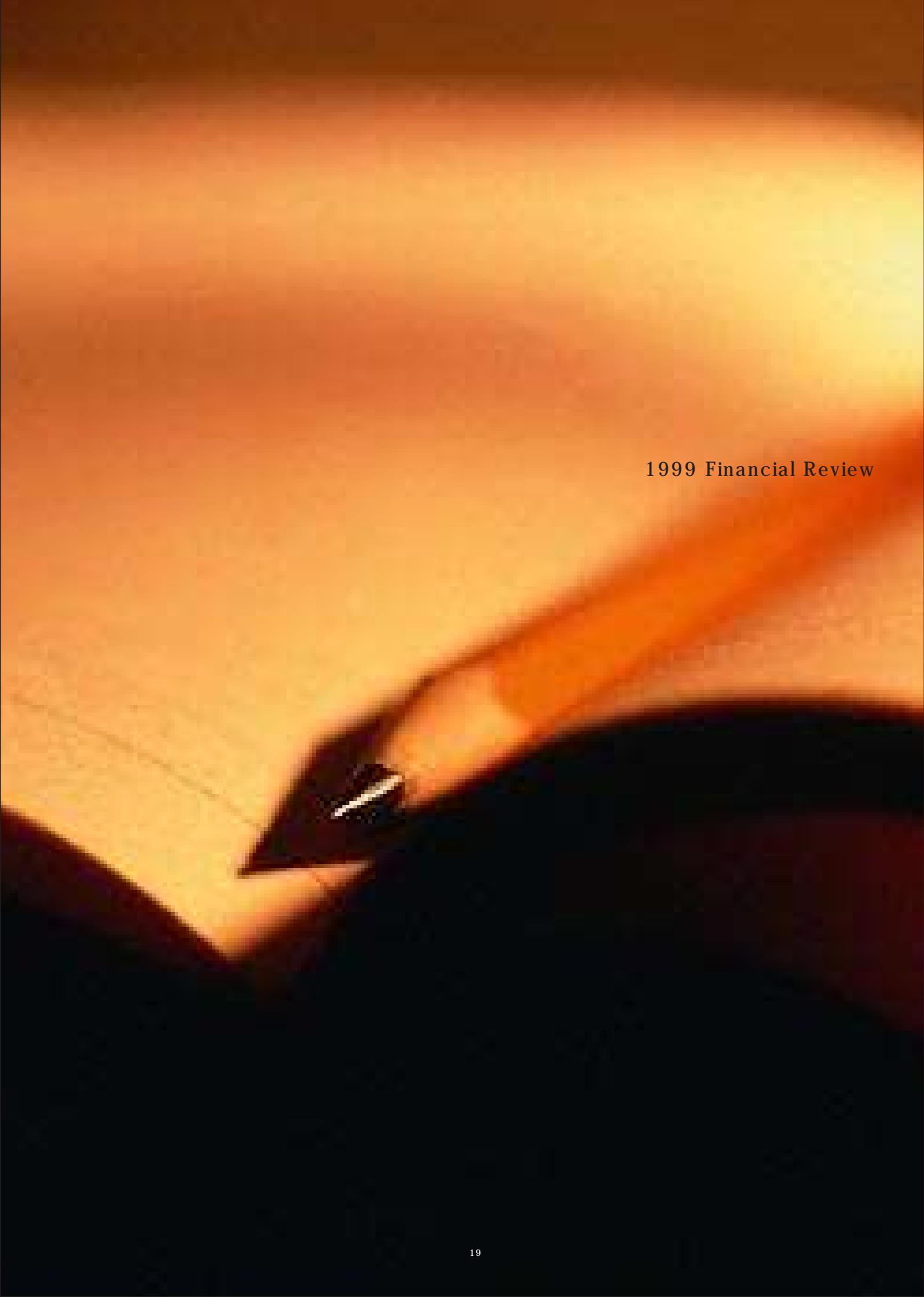
for 1999 Profits from continuing operations increased from \$30.2 million to **\$36.3** million.

Return on equity was **23.5%**.

Shareholders' equity increased from \$154.4 million to **\$170.8** million.

Book value per share increased from \$12.81 to **\$14.19**, basic.

Fully diluted earnings per share from continuing operations increased from
\$2.20 to **\$2.60**.



1999 Financial Review