

Bank Crozier Ltd - -Updated Solvency Analysis

Summary Of Values					
Note US\$ (000's)	As per Balance sheet dated April 24, 2003	4/23/03 \$		9/27/02 \$	
		High	Low	High	Low
Assets					
Cash Held at correspondent Banks	3,600	3,600	3,600	4,199	4,199
Carlabella	1,500	1,500	1,500	-	-
MasterCard Deposit	600	570	507	570	510
1 Stourbridge Limited	8,376	-	-	-	-
2 Addtrust AB	3,331	-	-	3,331	2,665
3 Investment	725	225	185	225	185
4 Loans & Overdrafts - Related Parties	3,024	1,600	1,600	3,000	3,000
5 Loans & Overdrafts - Unrelated Parties	2,050	600	400	1,500	1,000
6 Unistar	1,100	-	-	1,600	400
7 Blue Ocean Properties	437	415	371	415	371
8 Due from Croztrade	303	303	303	303	303
9 Fixed Assets	785	262	157	262	157
TOTAL ASSETS	25,831	9,075	8,623	15,405	12,790
Liabilities					
Customers Deposits	15,246	15,246	15,246	21,045	21,045
BCIL	6,357	6,357	6,357	-	-
Other Liabilities	208	208	208	238	238

Less Total Liabilities	21,811	22,000	22,000	21,283	2,1283
Surplus/(Shortfall)	4,020	(12,925)	(13,377)	(5,878)	(8,493)
Midpoint		(13,200)		(7,200)	

This current analysis of the Bank's solvency/liquidity should be read in conjunction with our previous analysis, completed and forwarded to GIFSA on October 2, 2002. This analysis is that the assets of the Bank are realized on in an orderly fashion and that the proceeds are applied to discharge the Bank's liabilities.

1. Stourbridge Limited

Stourbridge Limited ("Stourbridge") is a wholly owned subsidiary of the Bank, whose sole asset is its investment in Exchange Bank & Trust Ltd. ("Exchange"). Mr. Johansson estimated in his letter of September 25, 2002 that the liquidation of Exchange would be completed by the middle of December 2002 and result in Stourbridge realizing US\$11.96 million, providing Bank Crozier with a surplus of US\$3.62 million after the original investment in Stourbridge of US\$8.34 million.

In our letter of October 2, 2002 we stated that in our experience the liquidation of a bank is a complicated process with significant risk associated with the ultimate realizations each stakeholder receives. The liquidation of Exchange is further complicated with increased risk due to the various regulatory agencies involved in multiple jurisdictions.

Further, as you will recall, at the time of completing our October 2, 2002 analysis, we were not provided with any significant detailed information surrounding Exchange. As a result, we were unable to make an informed assessment of the value of the Bank's US\$8.34 million investment in Stourbridge, and therefore, assigned a value of zero to this asset.

At the time of our April 16, 2003 meeting with Mr. Johansson, he stated that a hearing is to be held in late April with the regulators in British Columbia, and that the results of this meeting could potentially result in Stourbridge realizing on its investment in Exchange, and therefore the Bank demonstrating that its \$8.34 million investment in Stourbridge has real value. However, we have not been provided with any documentary or other evidence with which to gauge the veracity or accuracy of Mr. Johansson's statement. On the basis

of the above, for the purposes of this analysis, we are unable to assign a value for this asset.

2. Addtrust AB

The Bank holds 3,331,202 shares in Addtrust, representing 2.3% of the outstanding equity of the company. The shares have been valued in the Bank's balance sheet as at December 31, 2001 at US\$1 per share and this share price was supported by a number of trades which were conducted over the course of 2002. Therefore, in our October 2, 2002 analysis, we estimated the value of the Addtrust shares to be in the range of US\$3.3 million to US\$2.7 million, allowing for a small discount to account for the potentially illiquid nature of the shares.

However, it has very recently come to our attention that Addtrust is in serious financial trouble and that the company was placed into administration. An April 24, 2003 discussion with the Administrator of Addtrust has confirmed the following facts:

- The date of the Administration order was January 28, 2003.
- The assets of Addtrust were sold to a Swedish private company called Scantrust earlier in 2003.
- The Shareholders will not receive any distribution
- The Administration is continuing and a report is due sometime in late July 2003.

On the basis of the above comments by the Administrator of Addtrust in respect of a distribution to shareholders, we have now applied a zero value for the Addtrust shares held by the Bank.

3. Investment

Investments are comprised of units in Bear Stearns Venture Partner LLP, which is primarily invested in "start-up through late-stage" technology companies in the high growth sectors of the biotech/healthcare, communications, information technology and e-commerce industries. There is not sufficient liquidity associated with these investments.

As stated in our October 2, 2002 letter, the market value of this investment as at March 31, 2002 was US\$265,000 as to its cost of US\$ 400,000, and that the Bank had failed to provide us with any information to support an increase in the current market value of this investment. On this basis, we estimated the net realizable value of this investment to be in the range of US\$265,000 to US\$185,000. For the purposes of this updated analysis, we have assumed that this range of values remains relevant.

4. Loans and Overdrafts - Related parties

The following is a schedule of loans to related parties:

	As Of April 23, 2003
Fund advance to peter Johnansson and companies controlled by him	\$2,065,000
Funds advance to parties connected to Bank Crozier	\$959,000
Total	\$3,024,000

In our October 2, 2002 analysis we advised that Mr. Johansson had stated that he intended on providing cash backed security for these loans with a value of US\$3.0 million, and on this basis we provided a value of US\$3 million for these loans.

To date Crozier Financial has provided cash backed security of US\$1.6 million in respect of these loans, and we have set this balance off against the amounts due from Peter Johansson and companies controlled by him, leaving a US\$1.4 million shortfall. For the purposes of this analysis, we have assumed that no additional amounts will be realized by Bank Crozier from these asset loans.

5. Loans and Overdrafts - Unrelated Parties

Please see the schedule below for details of these loans and the respective security arrangements.

As set out in our October 2, 2002 analysis:

- The loans were effectively unsecured.
- The Bank was unable us with audited account for these borrowing companies
- We were unable to determine the risk that the Bank had assumed in making these loans and continuing to carry these loans in its portfolio.
- Mr. Johansson assured us that he would provide valid, enforceable and registered security in respect of these loans.

Over the course of the last 8 months, one of the loans (Private Portfolio Management Ltd. in the amount of \$1 million has been taken off the books of the bank (i.e. the loan was setoff against amounts owed by the Bank to PPML In the form of CD's), leaving a balance for unrelated party loans of approximately US\$2 million.

As at the date of this analysis, valid, enforceable and registered security in respect of the balance of the unrelated party loans in the amount of US\$2 million has not been put in place.

On the basis that the overall balance of the unrelated party loans has decreased by US\$1 million and that the remaining loans remain unsecured, we now estimate recoveries in respect of these loans to range from US\$0.6 million to US\$0.4 million.

Funds Advance to Unrelated Parties	Balance as of 4/23/03	High	Low
	\$	\$	\$
Parman Enterprise Inc.	346,857	-	-
Evergreen Company Corporation	1,141,640	600,000	400,000
Othello Holding AB	561,723	-	-
Total	2,050,220	600,000	400,000

6. Unistar

The Unistar bonds held by the Bank matured on September 16, 2002 and as of the date of this letter the company has been unable to settle payment in full. Initially Mr. Johansson informed us that the bond would be settled in three equal payments of US\$500,000, excluding accrued interest. The first amount of \$400,000 was paid September 27, 2002, and nothing has been received since, despite numerous requests by the Bank to the company.

Based on the above, we have estimated the net realizable value from the balance of the bond to be nil.

7. Blue Ocean Properties

We believe the comments contained in our previous analysis remain relevant, and accordingly, have provided realization values consistent with our October 2, 2002 report (i.e. net realizable value of the properties to be in the range of US\$415,000 to US\$371,000).

8. Due From Croztrade

This is a receivable from Croztrade, a member of the Crozier Financial Group of Companies, with respect to the development of online trading software. Mr. Johansson stated in paragraph 28 of his September 25, 2002 correspondence that the amount would be paid •in two installments, with the first installment due October 31, 2002. To date no amounts were received by the Bank in respect of this loan.

However, for the purposes of this analysis, we have assumed that the loan will be setoff against the US\$0.7 million owed by the Bank to Croztrade (i.e. Croztrade deposits held by the Bank).

9. Fixed Assets

We believe the comments contained accordingly we have provided realization values consistent in our October 2, 2002 report (i.e. net realizable \$262,000 to US\$157,000).