CROWN NORTHCORP INC
Form 8-K/A
March 16, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 8-K/A
(Amendment No. 1)
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Date of Report (Date of earliest event reported) October 26, 2006
CROWN NORTHCORP, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	0-22936	22-3172740
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

P.O. Box 613, Cheyenne, Wyoming	82001
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code 614/488-1169

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.01 Completion of Acquisition or Disposition of Assets

The following information is provided in addition to the information provided in Crown NorthCorp, Inc. s Form 8-K filed January 12, 2007 (the January 12, 2007 Form 8-K).

Effective October 26, 2006, Crown NorthCorp Inc. (Crown), through a newly incorporated special-purpose subsidiary, acquired from HypoVereinsbank (HVB) all of the issued and registered share capital of Westfalenbank AG (WB), a banking and credit institution licensed and operating under the laws of Germany. Crown s quarterly report on Form 10-QSB for the quarter ended September 30, 2006 contains information on the acquisition of WB and is incorporated by reference herein. Set forth below is a further description of the acquisition as well as financial statements and pro forma financial information pertaining to WB.

Crown acquired the share capital of WB from HVB pursuant to a definitive Stock Purchase and Transfer Agreement dated July 31, 2006 (SPA), whereby Crown became the economic owner of WB effective July 3, 2006. The SPA called for a purchase price of Euro 25,000,000 (approximately $31,818,500), which price was derived from arm s-length negotiations and represents the net equity of WB as set forth on its June 30, 2006 financial statements, plus certain premiums and adjustments. Additionally Crown incurred transaction costs of approximately Euro 2,600,000.

The transaction closed on October 26, 2006 upon the approval of regulatory authorities in Germany and the satisfaction of certain other closing conditions.

In conjunction with the execution of the SPA, Crown and certain of its subsidiaries entered into a Euro 25,000,000 Facility Agreement (the Facility Agreement) with a financial institution (the Lender). Crown utilized the Facility Agreement and cash on hand to effect the acquisition of WB.

Pursuant to the Facility Agreement and related documentation, Crown and certain of its subsidiaries have provided cross-guarantees in favor of the Lender and have granted the Lender security over certain of their assets (including security over specific shareholdings). Additionally, throughout the term of the Facility Agreement, Crown must also adhere to a comprehensive set of financial covenants and operating restrictions. Crown has pledged Euro 2,000,000 to ensure payment of interest and fees that may become due under the Facility Agreement. The Lender has also been issued warrants to subscribe, under certain terms and conditions through 2011, to up to 19% of the share capital of the single-purpose entity Crown utilized to acquire WB at that entity s book value as at the date of WB s acquisition.

WB has operated in its present form since June 2006. Historically, WB, which is headquartered in Bochum, Germany, provided corporate and personal banking services. In 2005, WB implemented a business plan to dispose of all of its business lines and substantially

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consolidate operations. In furtherance of this plan, WB sold its asset management and private banking lines of business to third parties in 2005. In June 2006, HVB acquired WB s corporate banking business. This series of transactions reduced WB s assets by approximately 94% leaving WB with assets comprising mainly cash as well as a portfolio of non-performing loans and fixed and other assets required to maintain a core banking platform. The SPA contains usual and customary representations, warranties and indemnities from HVB in favor of Crown with respect to the disposed operations.

As a result of the dispositions and consolidation noted above, WB is in no material respect comparable to the much larger enterprise that existed before WB sold its business lines. Consequently, the company does not believe that historical financial statements of WB would provide relevant or useful information on WB as it has operated since June 2006 and as it was acquired by Crown. For example, in any audited financial statements for WB for the years 2004 and 2005, the vast majority of assets and operations set forth in the reports would be ones that WB sold prior to Crown s acquisition and for which, as noted above, Crown has received appropriate indemnification. Crown believes that the inclusion of any such historical financial reports would be unhelpful and misleading for any third party trying to understand the impact upon Crown of making this acquisition. Consequently, Crown has not included historical financial statements in the financial information presented in Section 9.01 below, as explained in the January 12, 2007 Form 8-K.

Crown s primary objective in acquiring WB was to acquire a licensed platform in Germany to enable Crown to develop special servicing and mortgage origination businesses in Germany, for which a bank license is required. Operating under WB s license, the company intends for WB to offer fee-based services to the real estate financial markets. In furtherance of this plan, Crown has consolidated its loan servicing operations in Europe within the WB structure. Loans WB originates will provide additional opportunities for recurring servicing revenue.

Item 8.01 Other Events

As part of the company s plan to consolidate and operate all of its European servicing operations within the WB structure and pursuant to a definitive agreement dated March 1, 2007, Crown sold to WB all of the issued share capital of Crown NorthCorp Limited, which is incorporated under the laws of the United Kingdom and which owns Crown Mortgage Management Limited, Crown s servicing operation in the U.K. The purchase price, based upon an independent valuation, was Euro 16,324,000. Crown then made a Permitted Reorganisation Repayment (as defined in the Facility Agreement) of Euro 15,000,000, plus capitalized interest and fees, to reduce the outstanding balance under the Facility Agreement.

Item 9.01 Financial Statements and Exhibits

The financial statements and exhibits set forth in this report are:

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Appearing on Exhibit A is the Auditors Report and the Consolidated Balance Sheet of Westfalenbank AG and Subsidiaries according to German GAAP (HGB) as of 03 July 2006.
The Share Purchase and Transfer Agreement between HVB and Crown, filed as Exhibit C to Crown NorthCorp, Inc. s Form 8-K filed January 12, 2007 and incorporated by reference herein.
The Warrant Instrument issued pursuant to the Facility Agreement, filed as Exhibit E to Crown NorthCorp, Inc. s Form 8-K filed January 12, 2007 and incorporated by reference herein.
Appearing on Exhibit F is the agreement dated March 1, 2007 between the company and WB for the sale and purchase of all the issued share capital of Crown NorthCorp Limited.
Appearing on Exhibit G are the unaudited condensed combined balance sheet and statement of operations of Crown NorthCorp, Inc. for the eleven months ending November 30, 2006.
Appearing on Exhibit H is the Facility Agreement arranged by Credit Suisse, London Branch, acting as mandated loan arranger, with Credit Suisse, London Branch, acting as agent, issuing bank and security agent for Crown and certain of its subsidiaries.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

CROWN NORTHCORP, INC.

March 15, 2007

By: /s/ Stephen W. Brown
Stephen W. Brown
Secretary

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EXHIBIT A

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BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
Date: February 26, 2007

AUDITORS REPORT

To The Board of Directors
of Westfalenbank AG

We have audited the accompanying consolidated balance sheet of Westfalenbank AG and subsidiaries (the Company) as of July 3, 2006. The balance sheet is the responsibility of the Company s management. Our responsibility is to express an opinion on this consolidated balance sheet based on our audit. The balance sheet does not include the corresponding amount from the preceding fiscal year.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated balance sheet referred to above presents, in all material respects, the financial position of Westfalenbank AG and subsidiaries as of July 3, 2006 in conformity with accounting principles generally accepted in Germany.

Accounting principles generally accepted in Germany vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 16 to the consolidated balance sheet.

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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Consolidated Financial Statements of Westfalenbank AG and Subsidiaries to German GAAP (HGB)
as of 03 July 2006

	EUR
ASSETS	
1 cash reserve	
a) cash on hand	3,300
b) balances with central banks	10,265,554
	10,268,854
2 receivables from banks	
a) payable on demand	35,521,549
b) other	
3 receivables from customers	15,985,776
4 equity interests	13,045
5 interests in affiliated companies	
6 trust fund assets	10,829,081
7 intangible assets	426,782
8 fixed assets	1,220,085
9 other assets	12,918,072
10 accrued items	537,952
total assets	**87,721,195**
LIABILITIES	
1 liabilities to banks	
a) payable on demand	3,290,166
b) with an agreed term or period of notice	330,261
2 liabilities to customers	28,833,755
3 trust fund liabilities	10,829,081
4 other liabilities	13,936,069
5 accrued items	1.958
6 provisions	
a) provision for pensions and similar liabilities	545,239

b) provision for deferred taxes	
c) other provisions	5,628,159
	6,173,398
7 subordinated capital	2,000,000
8 shareholder s equity	
a) subscribed capital	20,000,000
b) capital reserve	11,304,812
c) accumulated net gain	9,861
d) net loss/ gain for the year	-8,988,165
	22,326,508
total liabilities and shareholder s equity	**87,721,195**

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Balance Sheet Presentation

The accompanying consolidated balance sheet has been prepared on the basis of accounting principles generally accepted in Germany.

Principles of Consolidation

The accompanying consolidated balance sheet includes the accounts of Westfalenbank AG and its wholly owned subsidiary (collectively, the Company). All significant intercompany balances and transactions have been eliminated. Subsidiaries in liquidation are presented under other assets, we refer to Note 6.

Business Description

The Company is a financial services company providing servicing of distressed debt, mortgage origination, servicing and ancillary services to investors in real estate and mortgage interest in Germany.

Cash and Cash Equivalents

The cash reserve includes cash on hand and balances with the central bank, which are carried at nominal value. The company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to earnings and a credit to a reserve for uncollectible accounts, based upon its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the reserve account.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BUSINESS DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES Continued

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation Repairs, maintenance and minor replacements are expensed as incurred. Upon retirement, sale or disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and a gain or loss is included in operations. Depreciation is computed using the straight-line method over the expected useful life of the assets as follows:

Computer hardware	3 years
Vehicles	6 years
Office furniture and equipment	5 to 13 years

Works of art are generally not depreciated and are carried at cost.

Long-Lived Assets

The Company evaluates long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When discounted future cash flows will not be sufficient to recover an asset s carrying amount, the asset is written down to its fair value. The discount rate reflects the risk that is specific to that asset. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Long-lived assets to be disposed by sale are classified as held for sale and are reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
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NOTE 1 BUSINESS DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES Continued

Investments in Non Performing Loans and Reserves for Loan Losses

Investments in non performing loans are carried at lower of cost or fair value. Under German law, when a loan is classified as non performing, the original terms of the loan terms are cancelled.

At each balance sheet date, the Company assesses whether there is objective evidence that the loan is impaired. A loan is considered impaired when the borrower fails to make any payment within three months and there are no assessable collaterals. When a loan is considered non performing, accruals of interest are no longer capitalized. An allowance is applied in full on the current loan amount (principle, accrued interest and costs). Collaterals are assessed only if there is a market price for the charged objects and sale or foreclosure can be achieved within a reasonable time. Real estate is assessed by considering the source, quality and date of valuations or appraisals. Discounts are made when necessary because of market development and individual aspects of the properties. Regarding properties in legal foreclosure proceedings, discounts are applied on valuations depending on historical local foreclosure results. This foreclosure can vary from 30% to 50%. When no formal appraisal is available, asset managers who are experienced in standard appraisal techniques make assessments. Assignment of life insurances and deposits are assessed according to official statements of the relevant companies. Liens on chattels are assessed only when a market price is traceable.

Intangible Assets

Intangible assets consist of purchased software, which are not an integral part of the related hardware. They are carried at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over a useful life of three to five years. If there are indications that impairment might have occurred, a write down is recognized for the relevant asset.

Subordinated Liabilities

Subordinated liabilities include liabilities, which will only be repaid once all other unsubordinated liabilities have been repaid in the case of insolvency or liquidation. Subordinated liabilities are eligible capital within the meaning of the German Banking Act (Kreditwesengesetz-KWG) and thus qualify as liable capital (TIER II). If the liabilities have a remaining teim of less than two years, they are only partially allocated to eligible capital.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 1 BUSINESS DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES Continued

Other Provisions

Other provisions are recognized for current legal or constructive obligations for which the date and/or the amount of the obligations are uncertain, and for which an outflow of resources required to settle the obligations is probable. Provisions for expenses, which do not relate to external obligations, are not recognized. Other provisions are measured in the amount expected to be utilized.

Pension Provisions

Pension provisions are recorded at discounted value according to actuarial principles in accordance with the US GAAP.

Revenue Recognition

Management fees are recorded as services required under the contract are performed.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in Germany requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 RECEIVABLES FROM BANKS AND CUSTOMERS

The Company maintains several cash accounts with a total of 45.8 million. Major items are the account with the Bundesbank 10.3 million and the account with the HypoVereinsbank AG(HVB) 31.9 million.

The management believes that the risk is limited because the Deutsche Bundesbank reflects the state risk and Bayerische Hypo-und Vereinsbank AG (HVB) can be considered as a bank with a strong financial position.

The receivables from customers amounts to 15,985,776. Included are the non performing loans recorded with 12,394,520. The face value of the non performing loan portfolio is 98,910,122 less a provision of 86,515,602. Each of these loans has been valued individually and any impairments have been considered.

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WESTFALENBANK AG AND SUBSIDIARIES
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As of July 3, 2006

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of July 3, 2006:

	2006
Land and buildings	919,960
Office equipment	6,276,267
Vehicles	186,655
Computer equipment	4,127,312
Property and equipment total	11,510,194
Less: accumulated depreciation and sales	10,290,109
Property and equipment net	1,220,085

The remaining property and equipment of 1,220,085 includes land of a value of 413,789. This land was obtained from a bail out purchase. In connection with the former loan commitment and the realization of the land, the Bank received an advance payment to the amount of 260,000, which is shown in other liabilities. With respect to the result from the realization of the land, the Share Purchase and Transfer Agreement stated that HVB would guarantee the net value of 413,789 after netting the prepayment and selling costs latest December 31,2007.

NOTE 4 INTANGIBLE ASSETS

Capitalized software consists of the following as of July 3, 2006:

	2006
Software	25,359,547
Less: accumulated amortization	24,932,765
Software net	426,782

NOTE 5 INVESTMENTS

The Company holds an investment of 50% in Crown Credit Services GmbH (former Crown Westfalen Credit Services GmbH) with a book value of 13,045.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 6 SUBSIDIARIES IN LIQUIDATION

The Bank has 5 participations in affiliated companies. Four of those companies are in liquidation. The liquidation was decided by shareholder meetings of each of the companies. According to German law there is a waiting period of 12 months between the liquidation resolution and the initial termination of a company. The start of the liquidation process is published in the Bundesanzeiger in order to inform creditors so they can raise claims against the assets before distribution.

The four companies are:

BAK Verwaltungsgesellschaft mbH, Bochum, Huestr. 21-25

The company was founded in 1969 in order to manage participations in other banks. The liquidation resolution was passed on January 26th 2006. The book value is 25,672.

Gesellschaft für Grundbesitz mbH, Bochum, Huestir. 21-25

The company was founded in 1922 for trading with real estate and for building, letting and administration of buildings. The liquidation resolution was passed on January 26th 2006. The book value is 766,989.

Westfalen Kapitalverwaltungsgesellschaft mbH, Bochum, Huestr. 21-25

The company was founded in 1987 for a joint shareholding with a corporate customer of the bank. The liquidation resolution was passed on January 26th 2006. The book value is 511,292.

Westfalen Corporate Finance mbH, Bochum Huestr. 21-25

The company was founded in 1993 to manage Corporate Finance projects. The liquidation resolution was passed on January 26th 2006. The book value is 1,028,913.

These subsidiaries have no strategic impact for Westfalenbank AG. Westfalenbank AG will receive at minimum the book value of the subsidiaries of a total of 2.332,866. This has been guaranteed by HVB in the Sales and Purchase Agreement of the shares of Westfalenbank AG. Since Westfalenbank AG will receive the balance of its investment accounts in cash at the end of the 12 months waiting period without any risk; these companies are not consolidated and included under other assets.

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WESTFALENBANK AG AND SUBSIDIARIES
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NOTE 7 OTHER ASSETS

	2006
HVB Veiwa 5 GmbH & Co. Restrukturierung KG	6,594,360
Claim vis-à-vis Fortis due to sale of Asset Management	2,399,579
Receivables from subsidiaries in liquidation (See note 6)	2,332,866
Tax claims receivable	998,876
Others assets	592,391
Total other assets	12,918,072

The claim against HVB Verwa 5 GmbH & Co. Restrukturierung KG reflects the contribution of the loss for the first half of 2006 that HVB accepted to take in conjunction with the spinn-off of the Corporate Business. The claim against Fortis refers to the sale of the Asset Management business in 2005. Both claims were reimbursed until end of September 2006, The tax claims receivable consist of short term claims against the local tax authorities and claims for withholding tax against froeign tax authorities. The claim for the foreign withholding tax is expected to be reimbursed withing the next 5 years.

NOTE 8 TRUST ASSETS AND LIABILITIES

The Company entered into an Agency and Trust Agreement with Credit Suisse International, London (CS) on November 23/24, 2005 governing the management of receivables from non-bank customers. This Agreement was amended December 30, 2005 due to CS purchasing a loan portfolio from a savings bank in the second half of 2005. According to the regulation in of the Trust Agreement, Westfalenbank is responsible for account maintenance and loan extensions by the trust and in such a manner that the Bank has rights and duties vis-à-vis the customer externally, but acts for the account of CS internally. All customer default risks arising from the trust loans are borne by CS and the financing was provided by CS.

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WESTFALENBANK AG AND SUBSIDIARIES
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As of July 3, 2006

NOTE 9 LONG TERM DEBT

Long-term debt as of July 3, 2006 consists of the following items:

Promissory note, issued June 9, 2006 with interest payable annually at a rate of 4.55%. Principal due February 11, 2013	5,000,000
Promissory note, issued June 9, 2006 with interest payable annually at a rate of 5.19%. Principal due March 4, 2014	1,000,000
Promissory note, issued June 9, 2006 with interest payable quarterly at a variable rate of 3 month Libor +0.805% (3.86% at July 3, 2006). Principal due January 16, 2013	5,000,000
Promissory note, issued June 9, 2006 with interest payable annually at a rate of 5.13%. Principal due February 4, 2014	7,000,000
Promissory note, issued June 9, 2006 with interest payable annually at a rate of 4.70%. Principal due February 4, 2014	1,000,000
Total debt	19,000,000
Less: current portion	
Total long term debt	19,000,000

The accrued interest is recorded under short-term liabilities to customers.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 9 LONG TERM DEBT Continued

Future debt maturities are as follows:

Year ending December 31,	
2006	
2007	
2008	
2009	
2010	
Thereafter	19,000,000
Total	19,000,000

NOTE 10 SUBORDINATED DEBT

Subordinated debt as of July 3, 2006 consists of the following:

Subordinated promissory note, issued January 25, 2005 with interest payable annually at a rate of 6.13%. Principal due February 4, 2014	2,000,000
Total Subordinated debt	2,000,000
Less: current portion	
Total subordinated debt	2,000,000

Future subordinated debt maturities are as follows:

Year ending December 31,	
2006	
2007	
2008	
2009	
2010	
Thereafter	2,000,000
Total	2,000,000

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 10 SUBORDINATED DEBT Continued

The conditions relative to the subordinated liabilities comply with the requirements of supplementary capital according to section 10, subsection 5a, of the German Banking Act. There are no obligations for early repayment. The accrued interest is recorded under other liabilities.

NOTE 11 OTHER LIABILITIES AND OTHER PROVISONS

	2006
Other liabilities	
Liabilities to creditors	2,176,425
Lease Düsseldorf building	8,300,000
Liabilities personnel lay off	1,829,481
Other liabilities	1,630,163
Total other liabilities	13,936,069
Other provisions	
Provision for credit business (long term)	1,929,984
Long term Provision	1,080,000
Provision restructuring	1,000,000
Other provisions	1,618,175
Total other provisions	5,628,159

In conjunction with the winding down process of the business, the bank shut down the branch in Düsseldorf. Due to early termination of the lease contract for the office room in Düssedorf the bank had to pay 8,300,000. The liabilities personnel lay off refer to the fact that part of the staff left the company in July. Both liabilities were paid until end of August 2006. The long term provision refers to the fact the bank is obliged to archive all electronic data relating to the discontinued business for 10 years.

The provision for credit business reflects the contingency risk the bank has out of unused credit facilities of customers. The provision is valued at best estimate. The credit facilities do not have a specific maturaty date.

NOTE 12 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The nature and the amount of the pension payments to eligible employees are governed by applicable pension rules based on individual pension commitments. They largely depend on the date of commencement of employment.

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WESTFALENBANK AG AND SUBSIDIARIES
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The pension provisions were calculated by the Unternehmensberatung fur Versorgung & Verügutung Dr. Dr. Heissmann GmbH in accordance with actuarial principles based on the Banks pension Regulations 1982 in the version of December 1, 1986, and individual pension commitments. The mortality tables 2005 G of Klaus Heubeck were used for the calculation of the pension obligations. Their results are presented in an actuarial report.

The calculation of the pension provision was in accordance with the Financial Statement Accounting Board Standard (FASB) Statements No. 87, Employers Accounting for Pensions, No. 88, Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and FAS 132(R): Employers Disclosures about Pensions and Other Postretirement Benefits an amendment of FASB Statements No. 87, 88, and 106. Pension costs under the Company s defined benefit plan are actuarially determined.

Weighted average assumptions used to determine the benefit obligation at the measurement date July 3, 2006

Discount Rate	45%
Rate of inflation	1.5%
Rate of pension increases	1.5%
Vested benefit obligation:	
Actives	545,239
Vested Terminated	
Pensioners	
Total	545,239
Accumulated benefit obligation	545,239
Fair value of plan assets	
Underfunded benefit obligation	545,239
Unrecognized transitional amount	
Unrecognized prior service cost	
Unrecognized net (gain) or loss	
Accrued Pension Cost	545,239

The calculation of the pension provision according to US-GAAP leads to a higher value than the german tax regulation requires.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

NOTE 13 SHAREHOLDERS EQUITY

At the balance sheet date, the subscribed capital (share capital) amounts to 20,000,000 and is divided into 1,942,857 bearer shares without par value. There are no preferences or restrictions with regard to the distribution of dividends. Economically effective July 1, 2006 and upon BaFin Federal Financial Supervisory Authority approval on October 26 2006, Crown Westfalen BV purchased the entire share capital of the Company from HVB. The entire share capital of the Company has been pledged to a lender in connection with a 25,000,000 facility agreement obtained by the shareholder of the purchaser of the Company.

NOTE 14 LEASES

The company leases office facilities located in Bochum, Germany. The obligation amounts to 4,500 plus VAT per month until the end of 2008 for a pre-defined space. If the company decides to use more space after December 31, 2007, the price has been fixed at 5 per square meter. After the end of 2008 no fixed obligation exists, although the company has an option to stay in the existing premises.

Further on, the bank has an obligation from IT contracts. The contracts are under negotiation due to the restructuring of the bank.

NOTE 15 CONTINGENCIES

Prior to the transfer of share capital on July 1, 2006, the Company was involved in some litigation matters. As part of the Share Purchase and Transfer Agreement, the Seller HVB agreed to indemnify and hold the Company harmless in any of these preexisting lawsuits. Accordingly, no provisions have been set aside in connection with any of the pending litigation.

Unused credit facilities of customers amount to 902,039 and are recorded below the balance sheet.

NOTE 16 GERMAN TO US GAAP RECONCILATION

Reconciliation of shareholders equity from GERMAN GAAP TO US GAAP

The consolidated balance sheet has been prepared in accordance with Generally Accepted Accounting Principles in Germany (GERMAN GAAP), which differs in certain respects from Generally Accepted Accounting Principles in the United States (US GAAP). The effect of applying US GAAP principles to shareholders equity is set out below along with an explanation of applicable differences between GERMAN GAAP and US GAAP. The differences in GERMAN GAAP and US GAAP listed below relate only to the applicable

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

differences, and therefore do not incorporate a full list of all differences between GERMAN GAAP and US GAAP.

The effect of applying US GAAP principles to shareholders equity is:

	Note	2006
Shareholders equity in accordance with GERMAN GAAP		22,326,508
Items in-/ decreasing net profit:		
Impairment on non performing loan portfolio	(a)	(220,000)
Discount on long term provisions	(b)	243,824
Deferred tax liability	(c)	(97,530)
Shareholders equity in accordance with US GAAP		22,252,802

a) Non Performing Loan Portfolio

Under GERMAN GAAP, investments in non performing loans are carried at lower cost or fair value. Under German law, when a loan is classified as non performing, the original terms of the loan terms are cancelled.

Under US GAAP, the company is required to account for the non performing loan portfolio in accordance with FASB No. 114 Accounting by Creditors for Impairment of a Loan . This statement requires the creditor to recognize impairment of a loan if the present value of expected future cash flows discounted at the loan s effective interest rate or as a practical expedient, at the observable market price of the loan or the fair value of the collateral if the loan is collateral dependent, is less than the recorded investment in the impaired loan.

The company has recognized an additional impairment on the non performing loan portfolio based upon the expected future cash flows discounted at the loan s effective interest rate.

b) Discount on long term provisions

Under GERMAN GAAP, long term provisions are presented at face value.

Under US GAAP, the long term portion of the provisions is discounted for the remaining period with the market rate of 4.5%.

c) Deferred tax liability

The deferred tax liability results from the discount of long term provision.

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WESTFALENBANK AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED BALANCE SHEET
As of July 3, 2006

Other differences between GERMAN GAAP and US GAAP not affecting the determination of shareholders equity for the period presented:

Under US GAAP, the Company is required to disclose the estimated fail value of its financial instruments in accordance with SFAS No. 107, Disclosures about Fair Value of Financial Instruments .. These disclosures do not attempt to estimate or represent the Company s fair value as a whole. The disclosure excludes assets and liabilities that are not financial instruments. The fair value amounts disclosed represent point-in-time estimates that may change in subsequent reporting periods due to market conditions and other factors. Estimated fair value amounts in theory represent the amounts for which financial instruments could be exchanged in transactions between willing parties.

Estimated Fair values:

	In Euro	
	Carrying Value	Estimated Fair Value
Financial assets:		
Cash and other short term Financial instruments	45,790,403	45,790,403
Investments	13,045	13,045
Receivables	15,765,776	15,765,776
Financial liabilities:		
Long-term and subordinated debt	21,000,000	20,853,000

February 22, 2006
Westfalenbank AG, Bochum
Dt Joachim Paulus Dr Christian von Villiez

F-14

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EXHIBIT F

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DATED 1 MARCH 2007

(1) CROWN NORTHCORP INC.

(2) WESTFALENBANK AG

FOR THE SALE AND PURCHASE OF ALL THE ISSUED SHARE CAPITAL OF CROWN NORTHCORP LIMITED

160 Queen Victoria Street
London EC4V 4QQ, UK
Tel: +44 (0) 20 7184 7000
Fax: +44 (0) 20 7184 7001

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THIS AGREEMENT is dated 1 March 2007

BETWEEN

(1) **CROWN NORTHCORP INC.** (No. 2298568) a company incorporated in the State of Delaware, United States whose principal office is at 1251 Dublin Road, Columbus, OH, 43215, USA (the **Seller**); and

(2) **WESTFALENBANK AG** (No. HRB1941) a company registered with the commercial register of the local court in Bochum (the **Buyer**).

WHEREAS

(A) The Seller has agreed to sell and the Buyer has agreed to purchase all of the issued share capital in the Company (as hereinafter defined) on the terms set out in this agreement.

THE PARTIES AGREE AS FOLLOWS:

1 **DEFINITIONS**

In this agreement the following expressions shall bear the following meanings, unless the context otherwise requires:

Company means the company owned by the Seller whose name and other details are set out in Schedule 1;

Completion means the completion of this agreement in accordance with clause 3 hereof;

Completion Date means the date hereof;

Consideration means the sum of 16,567,218;

Dividend Payment means the payment of a dividend of an amount equal to £100,000;

Effective Date means 1 January 2007;

Encumbrances means any mortgage, charge (fixed or floating), pledge, lien, security or other third party right or interest (legal or equitable) including any right of pre-emption, assignment by way of security, reservation of title or any other security interest of any kind however created or arising or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect or restriction over or in respect of the use of the relevant security or right;

Group means the Company and its subsidiary; and

Shares means all the issued shares in the Company.

2 **SALE**

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2.1 Upon the terms of this agreement the Seller shall sell and the Buyer shall purchase with effect from the Effective Date the Shares with full title guarantee free from any Encumbrances and together with all accrued benefits and rights attaching thereto but excluding sums set aside for the Dividend Payment.

2.2 The profit of the fiscal year of the Company from and including 1 January 2007 including retained profits of preceding fiscal years, (excluding sums set aside for the Dividend Payment), if any, shall belong to the Buyer only.

2.3 The consideration for the sale and purchase of the Shares shall be the sum of 16,567,218 be paid at Completion into an account nominated by the Seller.

3 **COMPLETION**

3.1 Completion shall take place on the Completion Date whereupon:

(a) the Seller shall deliver to or make available to the Buyer: (i) share transfers in the appropriate form relating to the Shares duly executed by the Seller in favour of the Buyer and share certificates relating to all the Shares; and (ii) a copy of the minutes of a meeting of the board of directors of the Seller authorizing the execution by the Seller of this agreement and all other documents ancillary to it or the transactions contemplated in this agreement and appointing the relevant signatory or signatories to execute this agreement and any such documents on its behalf; and

(b) upon compliance by the Seller with the provisions of clause 3.1(a) the Buyer shall pay the Consideration to the Seller or as the Seller shall direct.

3.2 On the Completion Date the Seller shall procure that the directors of the Company shall hold a board meeting at which the transfer of the Shares to the Buyer shall be approved for registration in the Company s statutory register.

4 **WARRANTIES**

The Seller warrants and represents to the Buyer that the following statements are true and accurate as at the date of this Agreement and as the date upon which the transfer of the Shares becomes valid and binding:

4.1 the Shares constitute the whole of the allotted and issued share capital of the Company and are fully paid;

4.2 it is the sole legal and beneficial owner of the Shares;

4.3 the Shares are free from all Encumbrances and there is no agreement or commitment given to create an Encumbrance affecting the Shares;

4.4 that it has obtained all corporate authorization and all other applicable governmental, statutory, regulatory or other consents, licences, waivers or exemptions require