

MATERIAL CHANGE REPORT

s. 85 of the *Securities Act* (British Columbia),
s. 118 of the *Securities Act* (Alberta),

1. **Reporting Issuer:**

The full name and address of the principal office in Canada of the reporting issuer are:

Bancorp Financial Group Inc.
1090 West Georgia Street, Suite #488
Vancouver, B.C.
V6E 3V7

2. **Date of Material Change:**

The material change described in this report occurred on October 31, 2002.

3. **Publication of the Material Change:**

On November 8, 2002, Bancorp Financial Group Inc. (the "Company") issued a press release relating to the material change. The press release, a copy of which is attached as Schedule A to this report, was distributed by Canada News Wire.

4. **Summary of Material Change:**

Bancorp Financial Services Inc., a wholly owned subsidiary of the Company, has purchased a controlling interest in Freedom Management Services Ltd and entered into a binding agreement for the purchase of all remaining issued and outstanding shares in Freedom Management Services Ltd. Freedom Management Services Ltd. is the manager of Bancorp Investments (Fund 2) Ltd., a mortgage investment corporation.

5. **Description of Material Change:**

Bancorp Financial Services Inc., a wholly owned subsidiary of the Company, has completed the purchase for cash of a majority of the issued and outstanding shares in the capital of Freedom Management Services Ltd., effective October 31, 2002. In addition, Bancorp Financial Services Inc. has entered into a binding agreement to purchase the remaining issued and outstanding shares of Freedom Management Services Ltd.

Freedom Management Services Ltd. is the manager of Bancorp Investments (Fund 2) Ltd. (the "Fund"), a mortgage investment corporation established in April of 1995 which offers investment opportunities to preferred shareholders and mortgage loans to developers and owners of residential and commercial properties. The Fund has an annual compound rate of return to investors of 10.48% for the seven years ended July 31, 2002.

Bancorp Financial Services Inc. provides a complete range of financial resources to the real estate industry and is the advisor/manager to Bancorp First Mortgage Fund Inc. as well as an advisor to the Fund.

The principals of Freedom Management Services Ltd., Mr. Hershey Porte, Mr. Michael Smith and Mr. Derek Mowatt, are all directors of the Fund and have agreed to remain in such capacity. No change in the direction, management, philosophy or investment criteria of the Fund is contemplated.

As Mr. Mowatt is a director of both Freedom Management Services Ltd. and the Company, this transaction may be considered a related party transaction for purposes of TSX Venture Exchange Policy 5.9 and Ontario Securities Commission Rule 61-501. However, this transaction is not subject to the formal valuation or minority approval requirements set out in Ontario Securities Commission Rule 61-501, as the transaction is not an amalgamation or merger and is one in which, at the date the transaction is agreed to, neither the fair market value of, nor the fair market value of the consideration for, the transaction is greater than 25% of the Company's market capitalization.

6. **Reliance on Confidential Filing Provisions:**

N/A

7. **Omitted Information:**

No significant facts otherwise required to be disclosed in this report have been omitted.

8. **Senior Officers:**

The following senior officer of the Company is knowledgeable about the material change and may be contacted by any of the Securities Commissions respecting the change:

Arnie Miles-Pickup
President and Chief Executive Officer
Telephone: (604) 609-7105
Fax: (604) 609-7107

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, British Columbia, this 8th day of November, 2002.

(Signed) "*Arnie Miles-Pickup*"

Arnie Miles-Pickup
President and Chief Executive Officer

SCHEDULE A
PRESS RELEASE

November 8, 2002

Bancorp Financial Group Inc., a company listed on the TSX Venture Exchange, is pleased to announce that Bancorp Financial Services Inc., a wholly owned subsidiary, has completed the purchase of Freedom Management Services Ltd. effective October 31, 2002.

Freedom Management Services Ltd. is the Manager of Bancorp Investments (Fund 2) Ltd., (the Fund), a Mortgage Investment Corporation established in April of 1995, offering investment opportunities to Preferred Shareholders and mortgage loans to developers and owners of residential and commercial properties. The Fund has an annual compound rate of return to investors of 10.48% for the seven years ended July 31, 2002.

Bancorp Financial Services Inc. provides a complete range of financial resources to the real estate industry and is the Advisor/Manager to Bancorp First Mortgage Fund Inc. as well as the Advisor to Bancorp Investments (Fund2) Ltd.

The principals of Freedom Management Services, Mr. Hershey Porte, Mr. Michael Smith, and Mr. Derek Mowatt are all Directors of Bancorp Investments (Fund 2) Ltd. and have agreed to remain in that capacity. No change in the direction, management philosophy or investment criteria of the Fund is contemplated.

For further information, please call either Mr. Ron Paton at 604 609-7101 or Mr. Arnie Miles-Pickup at (604) 609-7105.