



# Pacific & Western

*Credit Corp.*

## **Supplemental Financial Information**

**For the quarter ended April 30, 2008  
(unaudited)**

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### **Use of this Report**

This financial information is supplementary to the Corporation's Second Quarter Press Release and its 2007 audited financial statements and should be read in conjunction with those documents.

This report is unaudited and all amounts are in thousands of Canadian dollars, unless indicated otherwise.

**HIGHLIGHTS**  
(unaudited)  
(\$ thousands)

	QUARTER						6 MONTHS ENDED		YEAR ENDED			
	2008		2007				2008	2007				
	Q2	Q1	Q4	Q3	Q2	Q1	Q2	Q2	2007	2006	2005	2004
<b>Results of Operations (teb) *</b>												
Total interest income	\$ 18,764	\$ 21,221	\$ 19,510	\$ 17,537	\$ 18,029	\$ 18,607	\$ 39,985	\$ 36,636	\$ 73,683	\$ 66,988	\$ 55,727	\$ 54,572
Net interest income	2,944	5,056	4,492	3,780	4,534	4,906	8,000	9,440	17,712	19,222	16,019	15,548
Provision (recovery) for credit losses	64	8	198	142	72	429	72	501	841	787	(61)	(471)
Other income (charges)	130	(86)	114	260	294	959	44	1,253	1,626	16,162	8,869	281
Total revenue	3,010	4,962	4,408	3,898	4,756	5,436	7,972	10,192	18,497	34,597	24,949	16,300
Non-interest expenses	3,441	3,781	3,049	3,643	3,548	3,658	7,222	7,206	13,897	12,855	12,423	8,652
Net income (loss) before provision for income taxes	(431)	1,181	1,359	255	1,208	1,778	750	2,986	4,600	21,742	12,526	7,648
Provision for income taxes	170	645	721	128	864	687	815	1,551	2,400	5,110	4,734	2,447
Net income (loss)	(601)	536	638	127	344	1,091	(65)	1,435	2,200	16,986	7,016	5,201
<b>Per Common Share (\$'s)</b>												
Basic earnings (loss) per share	(0.05)	0.03	0.04	0.01	0.02	0.08	(0.01)	0.10	0.14	1.25	0.51	0.38
Diluted earnings (loss) per share	(0.05)	0.03	0.04	0.00	0.02	0.07	(0.01)	0.09	0.14	1.22	0.50	0.37
Book value/share	3.23	3.54	3.91	4.18	4.43	4.55	3.23	4.43	3.91	5.00	3.71	3.20
Closing market price (common share)	5.50	7.70	7.75	8.00	9.01	12.00	5.50	9.01	7.75	11.81	10.00	7.85
Weighted average number of common shares	13,602	13,649	13,739	13,757	13,730	13,471	13,626	13,730	13,674	13,342	13,249	13,206
Number of common shares outstanding at period end	13,598	13,605	13,686	13,754	13,757	13,520	13,598	13,757	13,686	13,422	13,308	13,227
Total market value of common shares	74,789	104,759	106,067	110,032	123,951	162,240	74,789	123,951	106,067	158,514	133,080	103,832
<b>Financial Ratios</b>												
Net interest income teb (%)	0.85%	1.36%	1.33%	1.20%	1.36%	1.45%	1.15%	1.41%	1.27%	1.56%	1.49%	1.76%
Return on average common equity	-5.82%	3.71%	4.13%	0.45%	1.91%	6.36%	-0.76%	4.46%	3.25%	28.75%	14.79%	12.48%
Return on average assets	-0.17%	0.14%	0.19%	0.04%	0.10%	0.32%	-0.01%	0.21%	0.16%	1.38%	0.65%	0.59%
Non-interest expenses to average total assets (annualized)	0.99%	1.02%	0.90%	1.12%	1.07%	1.08%	1.04%	1.08%	1.00%	1.04%	1.16%	0.98%
Efficiency ratio	\$ 1.12	\$ 0.76	\$ 0.66	\$ 0.90	\$ 0.73	\$ 0.62	\$ 0.90	\$ 0.67	\$ 0.72	\$ 0.36	\$ 0.50	\$ 0.55
Number of full time equivalent staff at period end	58	60	57	62	64	65	58	64	57	61	48	44
Assets to full time employee**	23,005	24,845	25,590	19,767	21,357	20,904	23,005	21,357	25,590	21,799	23,567	23,082
<b>Financial Position</b>												
Cash and securities	309,816	478,175	441,727	266,588	432,535	414,315	309,816	432,535	441,727	425,418	352,383	327,446
Cash and securities to total assets (%)	23.22%	32.08%	30.28%	21.75%	31.65%	30.49%	23.22%	31.65%	30.32%	31.99%	31.15%	32.24%
Total loans	989,714	975,558	977,727	923,385	899,971	895,158	989,714	899,971	977,727	863,830	749,307	663,637
Mortgages and loans to total assets (%)	74.18%	65.44%	67.03%	75.34%	65.84%	65.88%	74.18%	65.84%	67.03%	64.96%	66.24%	65.35%
Total assets	1,334,269	1,490,682	1,458,656	1,225,583	1,366,834	1,358,729	1,334,269	1,366,834	1,458,656	1,329,729	1,131,227	1,015,588
Average assets	1,412,476	1,474,669	1,342,120	1,296,209	1,362,781	1,344,229	1,396,463	1,348,282	1,394,193	1,230,478	1,073,408	884,828
Deposits	1,214,123	1,363,050	1,282,756	1,116,317	1,155,383	1,174,237	1,214,123	1,155,383	1,282,756	1,210,555	935,758	887,245
Notes payable	40,805	40,732	35,660	35,847	35,523	35,456	40,805	35,523	35,660	36,184	36,186	34,186
Shareholders' equity	47,499	51,712	57,054	60,981	64,523	65,087	47,499	64,523	57,054	70,650	52,923	45,818
<b>Credit Quality</b>												
Gross impaired loans	1,366	1,363	1,452	2,616	2,544	2,544	1,366	2,544	1,452	3,096	362	1,221
Gross impaired loans as a % of total assets	0.10%	0.09%	0.10%	0.21%	0.19%	0.19%	0.10%	0.19%	0.10%	0.23%	0.03%	0.12%
Net impaired loans	(1,932)	(1,851)	(1,754)	(628)	(558)	(451)	(1,932)	(558)	(1,754)	530	(1,527)	(502)
Net impaired loans as a % of total loans	-0.20%	-0.19%	-0.18%	-0.07%	-0.06%	-0.05%	-0.20%	-0.06%	-0.18%	0.06%	-0.20%	-0.08%
<b>Capital Adequacy</b>												
Pacific & Western Bank capital ratios												
Tier 1 capital	69,927	63,630	61,820	63,701	65,674	64,571	69,927	65,674	61,820	70,163	56,447	49,188
Tier 2 capital	20,000	30,000	30,000	30,000	31,248	33,673	20,000	31,248	30,000	34,000	28,000	23,500
Total capital	89,927	93,630	91,820	93,701	96,922	98,244	89,927	96,922	91,820	104,163	84,447	72,688
Risk weighted assets	833,103	825,960	800,582	752,461	778,717	797,169	833,103	778,717	800,582	786,005	759,348	675,129
Risk based capital ratio	10.79%	11.34%	11.47%	12.45%	12.45%	12.32%	10.79%	12.45%	11.47%	13.25%	11.12%	10.77%
Tier 1 ratio	8.39%	7.70%	7.72%	8.47%	8.43%	8.10%	8.39%	8.43%	7.72%	8.93%	7.43%	7.29%
Assets to capital ratio	15.21	16.26	16.19	13.35	14.32	13.95	15.21	14.32	16.19	12.96	13.60	14.07

\* Taxable Equivalent Basis (teb) Adjustment—an addition to interest income to gross up the tax-exempt income earned on preferred shares to an amount which, had it been taxable at the statutory rate, would result in the same after-tax net income as appears in the financial statements. This results in a better reflection of the pre-tax economic yield of these assets and facilitates uniform measurement and comparison of net interest income.

\*\* excludes operations of Discovery Air Inc.



**NET INTEREST INCOME, OTHER INCOME AND TOTAL REVENUES (teb)**  
(unaudited)  
(\$ thousands)

	QUARTER						6 MONTHS ENDED		YEAR ENDED			
	2008		2007				2008	2007				
	Q2	Q1	Q4	Q3	Q2	Q1	Q2	Q2	2007	2006	2005	2004
Net Interest Income	\$ 2,285	\$ 4,212	\$ 3,777	\$ 3,221	\$ 4,043	\$ 4,462	\$ 6,497	\$ 8,505	\$ 15,503	\$ 17,571	\$ 14,244	\$ 13,764
Taxable equivalent adjustment	659	844	715	559	491	444	1,503	935	2,209	1,650	1,775	1,784
<b>Net Interest Income (NII) (teb)</b>	<b>2,944</b>	<b>5,056</b>	<b>4,492</b>	<b>3,780</b>	<b>4,534</b>	<b>4,906</b>	<b>8,000</b>	<b>9,440</b>	<b>17,712</b>	<b>19,221</b>	<b>16,019</b>	<b>15,548</b>
Earnings (loss) from equity accounted investments	-	-	-	-	-	-	-	-	-	1,721	-	-
Administration fees	-	-	-	-	-	-	-	-	-	5	155	263
Gains	-	-	-	-	-	888	-	888	888	16,933	655	-
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	26	5,059	-
Impairment writedown on securities	-	-	-	-	-	-	-	-	-	(3,230)	-	-
Impairment writedown on other assets	-	(20)	(100)	-	-	-	(20)	-	(100)	(616)	-	-
Other	130	(66)	214	260	294	71	64	365	839	1,323	3,000	18
<b>Total other income (charges)</b>	<b>130</b>	<b>(86)</b>	<b>114</b>	<b>260</b>	<b>294</b>	<b>959</b>	<b>44</b>	<b>1,253</b>	<b>1,627</b>	<b>16,162</b>	<b>8,869</b>	<b>281</b>
<b>Net interest and other income (teb)</b>	<b>\$ 3,074</b>	<b>\$ 4,970</b>	<b>\$ 4,606</b>	<b>\$ 4,040</b>	<b>\$ 4,828</b>	<b>\$ 5,865</b>	<b>\$ 8,044</b>	<b>\$ 10,693</b>	<b>\$ 19,339</b>	<b>\$ 35,383</b>	<b>\$ 24,888</b>	<b>\$ 15,829</b>
Other income (charges) as a % of total revenue	4.23%	-1.73%	2.48%	6.44%	6.09%	16.35%	0.55%	11.72%	8.41%	45.68%	35.64%	1.78%
Net interest income-loans	1.27%	1.71%	1.77%	1.72%	2.01%	2.15%	1.32%	2.11%	2.01%	2.06%	2.11%	2.18%
Net interest income-securities	0.22%	1.12%	0.78%	0.43%	0.42%	0.60%	1.25%	0.42%	0.60%	0.63%	0.35%	1.00%
Net interest income per average assets	0.85%	1.36%	1.33%	1.16%	1.36%	1.45%	1.16%	1.41%	1.27%	1.56%	1.49%	1.76%

(unaudited)  
(\$ thousands)

	QUARTER						6 MONTHS ENDED		YEAR ENDED			
	2008		2007				2008	2007				
	Q2	Q1	Q4	Q3	Q2	Q1	Q2	Q2	2007	2006	2005	2004
<b>Average loans</b>	982,636	\$ 976,643	\$ 950,556	\$ 911,678	\$ 897,565	\$ 879,494	\$ 983,721	\$ 881,901	\$ 920,779	\$ 806,569	\$ 706,472	\$ 608,021
<b>Average total assets</b>	1,412,476	1,474,669	1,342,120	1,296,209	1,362,781	1,344,229	1,396,463	1,348,282	1,394,193	1,230,478	1,073,408	884,828
<b>Average common equity</b>	46,061	50,838	55,473	59,207	61,260	64,324	48,732	64,042	60,307	58,242	45,826	39,758
<b>Average total equity</b>	49,606	54,383	59,018	62,752	64,805	67,869	52,277	67,587	63,852	61,787	49,371	43,303

**NON-INTEREST EXPENSES**  
(unaudited)  
(\$ thousands)

	QUARTER						6 MONTHS ENDED		YEAR ENDED			
	2008		2007				2008	2007	2007	2006	2005	2004
	Q2	Q1	Q4	Q3	Q2	Q1	Q2	Q2				
<b>Salaries and Employee Benefits</b>												
Salaries	\$ 1,495	\$ 1,577	\$ 1,204	\$ 1,590	\$ 1,620	\$ 1,605	\$ 3,072	\$ 3,225	\$ 5,304	\$ 5,059	\$ 4,044	\$ 3,626
Employee Benefits	471	569	348	458	474	515	1,040	989	2,509	1,533	759	773
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	616	1,231	-
Total	1,966	2,146	1,552	2,048	2,094	2,120	4,112	4,214	7,813	7,208	6,034	4,399
<b>Premises</b>												
Rent	167	178	175	184	151	161	345	312	671	509	419	379
Depreciation	258	248	240	221	240	223	506	463	924	512	355	324
Other	61	56	45	56	44	33	117	77	178	154	118	127
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	81	608	-
Total	486	482	460	461	435	417	968	852	1,773	1,256	1,500	830
<b>General and administrative</b>												
Capital and business taxes	87	184	154	150	131	174	271	305	609	625	501	434
Insurance	71	67	76	74	71	75	138	146	296	275	216	183
Listing, sustaining fees and annual meeting	60	55	32	35	74	75	115	149	216	151	221	180
Marketing and business development	114	152	153	147	147	125	266	272	572	531	388	301
Professional fees and services	157	193	160	207	133	164	350	297	664	534	468	351
Postage and stationary	40	33	39	26	43	37	73	80	145	124	125	142
Telephone and communications	33	30	33	36	32	41	63	73	142	132	108	98
Travel	163	157	134	222	193	203	320	396	752	545	194	176
Other	264	282	256	237	195	225	546	420	915	1,190	1,994	1,558
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	284	674	-
Total	989	1,153	1,037	1,134	1,019	1,119	2,142	2,138	4,311	4,391	4,889	3,423
<b>Total non-interest expenses</b>	\$ 3,441	\$ 3,781	\$ 3,049	\$ 3,643	\$ 3,548	\$ 3,656	\$ 7,222	\$ 7,204	\$ 13,897	\$ 12,855	\$ 12,423	\$ 8,652

**BALANCE SHEET**  
(unaudited)  
(\$ thousands)

	QUARTER						YEAR ENDED			
	2008		2007				2007	2006	2005	2004
	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Cash resources</b>	\$ 160,847	\$ 185,463	\$ 113,421	\$ 25,714	\$ 136,383	\$ 142,656	\$ 113,421	\$ 207,720	\$ 72,532	\$ 43,728
<b>Securities</b>	148,969	292,712	328,306	240,874	296,152	271,659	328,306	217,698	279,851	283,718
<b>Loans</b>										
Residential mortgages	250,427	246,523	247,802	245,845	208,386	181,941	247,802	175,363	197,608	196,798
Government financing-direct and indirect	289,278	283,600	283,000	255,140	254,039	258,947	283,000	249,562	200,998	191,075
Business loans	420,838	415,053	412,330	390,836	396,188	408,113	412,330	389,407	282,472	180,358
Personal loans	29,171	30,382	34,595	31,564	41,358	46,157	34,595	49,498	68,229	95,406
Total	989,714	975,558	977,727	923,385	899,971	895,158	977,727	863,830	749,307	663,637
<b>Other assets</b>										
Capital assets	8,174	8,218	8,164	6,957	6,487	6,266	8,164	3,536	9,793	3,124
Deferred financing charges	-	-	-	-	-	-	-	629	858	1,087
Investment in Discovery Air *	10,736	13,122	16,592	16,828	16,858	30,763	16,592	24,985	-	-
Other assets	15,829	15,609	14,446	11,825	10,983	12,227	14,446	11,331	18,886	20,294
Total	34,739	36,949	39,202	35,610	34,328	49,256	39,202	40,481	29,537	24,505
<b>Total assets</b>	\$ 1,334,269	\$ 1,490,682	\$ 1,458,656	\$ 1,225,583	\$ 1,366,834	\$ 1,358,729	\$ 1,458,656	\$ 1,329,729	\$ 1,131,227	\$ 1,015,588
<b>Deposits</b>										
Demand	\$ 10,394	\$ 7,251	\$ 7,544	\$ 15,982	\$ 7,255	\$ 7,301	\$ 7,544	\$ 7,859	\$ 10,131	\$ 14,280
Term (including accrued interest)	1,203,729	1,355,799	1,275,212	1,100,335	1,148,128	1,166,936	1,275,212	1,202,696	925,627	872,965
Total	1,214,123	1,363,050	1,282,756	1,116,317	1,155,383	1,174,237	1,282,756	1,210,555	935,758	887,245
<b>Other liabilities</b>	31,842	35,188	83,186	12,438	111,405	83,949	83,186	12,340	105,606	48,339
<b>Notes payable</b>	40,805	40,732	35,660	35,847	35,523	35,456	35,660	36,184	36,186	34,186
<b>Non-controlling interest in subsidiary</b>	-	-	-	-	-	-	-	-	754	-
<b>Shareholders' Equity</b>										
Share capital										
Common	35,598	35,532	35,925	36,372	36,339	34,737	35,925	34,230	33,249	32,920
Preferred shares	3,545	3,545	3,545	3,545	3,545	3,545	3,545	3,545	3,545	3,545
Retained earnings	39,143	39,077	39,470	39,917	39,884	38,282	39,470	37,775	36,794	36,465
Accumulated other comprehensive income (loss)	23,820	24,404	24,125	23,513	23,386	23,131	24,125	32,875	16,129	9,353
	(15,464)	(11,769)	(6,541)	(2,449)	1,253	3,674	(6,541)	-	-	-
	47,499	51,712	57,054	60,981	64,523	65,087	57,054	70,650	52,923	45,818
<b>Total liabilities and shareholders' equity</b>	\$ 1,334,269	\$ 1,490,682	\$ 1,458,656	\$ 1,225,583	\$ 1,366,834	\$ 1,358,729	\$ 1,458,656	\$ 1,329,729	\$ 1,131,227	\$ 1,015,588

\* Prior to April, 2006 Discovery Air Inc. was accounted for on the consolidation basis.

**IMPAIRED LOANS AND ALLOWANCE FOR CREDIT LOSSES**  
(unaudited)  
(\$ thousands)

	QUARTER						YEAR ENDED			
	2008		2007				2007	2006	2005	2004
	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Gross impaired loans</b>										
Residential mortgages	1,225	\$ 1,225	\$ 1,303	\$ 1,461	\$ 1,102	\$ 1,102	\$ 1,303	\$ 1,106	\$ -	\$ 207
Government financing-direct and indirect	-	-	-	-	-	-	-	-	-	-
Business loans	-	-	-	1,065	1,352	1,352	-	1,977	362	1,014
Personal loans	141	138	149	90	90	90	149	13	-	-
Total gross impaired loans	\$ 1,366	\$ 1,363	\$ 1,452	\$ 2,616	\$ 2,544	\$ 2,544	\$ 1,452	\$ 3,096	\$ 362	\$ 1,221
<b>Allowance for credit losses</b>										
Specific provisions	683	\$ 481	\$ 473	\$ 708	\$ 687	\$ 652	\$ 473	\$ 358	\$ -	\$ 75
General allowance	2,615	2,733	2,733	2,536	2,415	2,343	2,733	2,208	1,889	1,648
Total allowance for credit losses	\$ 3,298	\$ 3,214	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723
<b>Reconciliation of allowance for credit losses</b>										
Balance, beginning of period	3,214	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 2,566	\$ 2,566	\$ 1,889	\$ 1,723	\$ 1,476
Provision (recovery) for credit losses	64	8	198	142	72	429	841	787	(61)	(471)
Recoveries (write-offs)	20	-	(236)	-	35	-	(201)	(110)	227	718
Balance, end of period	\$ 3,298	\$ 3,214	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723
Total net impaired loans	\$ (1,932)	\$ (1,851)	\$ (1,754)	\$ (628)	\$ (558)	\$ (451)	\$ (1,754)	\$ 530	\$ (1,527)	\$ (502)
Total loans	\$ 989,714	\$ 975,558	\$ 977,727	\$ 923,385	\$ 899,971	\$ 895,158	\$ 977,727	\$ 863,830	\$ 749,307	\$ 663,637
Net impaired loans (after general allowance) as a % of total loans	-0.20%	-0.19%	-0.18%	-0.07%	-0.06%	-0.05%	-0.18%	0.06%	-0.20%	-0.08%
Gross impaired loans as a % of total assets	0.10%	0.09%	0.10%	0.21%	0.19%	0.19%	0.10%	0.23%	0.03%	0.12%
Allowance for credit losses as a % of gross impaired loans	241.43%	235.80%	220.80%	124.01%	121.93%	117.72%	220.80%	82.88%	521.82%	141.11%