



# Pacific & Western

*Credit Corp.*

## **Supplemental Financial Information**

**For the quarter ended October 31, 2008  
(unaudited)**

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### **Use of this Report**

This financial information is supplementary to the Corporation's Fourth Quarter Press Release and its 2008 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)

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	QUARTER								YEAR ENDED					
	2008				2007				2008	2007	2006	2005	2004	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1						
<b>Results of Operations (teb) *</b>														
Total interest income	\$ 18,377	\$ 16,701	\$ 18,764	\$ 21,221	\$ 19,510	\$ 17,537	\$ 18,029	\$ 18,607	\$ 75,065	\$ 73,683	\$ 66,988	\$ 55,727	\$ 54,572	
Net interest income	1,790	1,623	2,944	5,056	4,492	3,780	4,534	4,906	11,415	17,712	19,222	16,019	15,548	
Provision (recovery) for credit losses	2,502	242	64	8	198	142	72	429	2,816	841	787	(61)	(471)	
Impairment writedown on securities	(11,341)	(3,703)	-	-	-	-	-	-	(15,044)	-	-	-	-	
Other income (charges)	129	139	130	(86)	114	260	294	959	312	1,626	16,162	8,869	281	
Total revenue	(11,924)	(2,183)	3,010	4,962	4,408	3,898	4,756	5,436	(6,133)	18,497	34,597	24,949	16,300	
Non-interest expenses	3,280	3,523	3,441	3,781	3,049	3,643	3,548	3,658	14,025	13,897	12,855	12,423	8,652	
Net income (loss) before provision for income taxes	(15,204)	(5,706)	(431)	1,181	1,359	255	1,208	1,778	(20,158)	4,600	21,742	12,526	7,648	
Income tax provision (recovery)	605	(1,491)	170	645	721	128	864	687	(69)	2,400	5,110	4,734	2,447	
Net income (loss)	(15,809)	(4,215)	(601)	536	638	127	344	1,091	(20,089)	2,200	16,986	7,016	5,201	
<b>Per Common Share (\$'s)</b>														
Basic earnings (loss) per share	(1.16)	(0.31)	(0.05)	0.03	0.04	0.01	0.02	0.08	(1.49)	0.14	1.25	0.51	0.38	
Diluted earnings (loss) per share	(1.16)	(0.31)	(0.05)	0.03	0.04	0.00	0.02	0.07	(1.49)	0.14	1.22	0.50	0.37	
Book value/share	1.51	2.67	3.23	3.54	3.91	4.18	4.43	4.55	1.51	3.91	5.00	3.71	3.20	
Closing market price (common share)	3.26	5.00	5.50	7.70	7.75	8.00	9.01	12.00	3.26	7.75	11.81	10.00	7.85	
Weighted average number of common shares	13,643	13,637	13,602	13,649	13,739	13,757	13,730	13,471	13,664	13,674	13,343	13,249	13,206	
Number of common shares outstanding at period end	13,642	13,644	13,598	13,605	13,686	13,754	13,757	13,520	13,642	13,686	13,422	13,308	13,227	
Total market value of common shares	44,473	68,220	74,789	104,759	106,067	110,032	123,951	162,240	44,473	106,067	158,514	133,080	103,832	
<b>Financial Ratios</b>														
Net interest income teb (%)	0.49%	0.47%	0.85%	1.36%	1.33%	1.20%	1.36%	1.45%	0.77%	1.27%	1.56%	1.49%	1.76%	
Return on average common equity	-223.39%	-42.21%	-5.82%	3.71%	4.13%	0.45%	1.91%	6.36%	-54.87%	3.25%	28.75%	14.79%	12.48%	
Return on average assets	-4.31%	-1.21%	-0.17%	0.14%	0.19%	0.04%	0.10%	0.32%	-1.35%	0.16%	1.38%	0.65%	0.59%	
Non-interest expenses to average total assets (annualized)	0.89%	1.01%	0.99%	1.02%	0.90%	1.12%	1.07%	1.08%	0.94%	1.00%	1.04%	1.16%	0.98%	
Efficiency ratio	n/m	n/m	\$ 1.12	\$ 0.76	\$ 0.66	\$ 0.90	\$ 0.73	\$ 0.62	n/m	\$ 0.72	\$ 0.36	\$ 0.50	\$ 0.55	
Number of full time equivalent staff at period end	57	58	58	60	57	62	64	65	57	61	61	48	44	
Assets to full time employee**	26,535	24,662	23,005	24,845	25,590	19,767	21,357	20,904	26,535	25,590	21,799	23,567	23,082	
<b>Financial Position</b>														
Cash and securities	370,993	446,908	309,816	478,175	441,727	266,588	432,535	414,315	370,993	441,727	425,418	352,383	327,446	
Cash and securities to total assets (%)	24.53%	31.24%	23.22%	32.08%	30.28%	21.75%	31.65%	30.49%	24.53%	30.32%	31.99%	31.15%	32.24%	
Total loans	1,110,807	948,596	989,714	975,558	977,727	923,385	899,971	895,158	1,110,807	977,727	863,830	749,307	663,637	
Mortgages and loans to total assets (%)	73.44%	66.32%	74.18%	65.44%	67.03%	75.34%	65.84%	65.88%	73.44%	67.03%	64.96%	66.24%	65.35%	
Total assets	1,512,467	1,430,395	1,334,269	1,490,682	1,458,656	1,225,583	1,366,834	1,358,729	1,512,467	1,458,656	1,329,729	1,131,227	1,015,588	
Average assets	1,471,431	1,382,332	1,412,476	1,474,669	1,342,120	1,296,209	1,362,781	1,344,229	1,485,562	1,394,193	1,230,478	1,073,408	884,828	
Deposits	1,389,455	1,173,732	1,214,123	1,363,050	1,282,756	1,116,317	1,155,383	1,174,237	1,389,455	1,282,756	1,210,555	935,758	887,245	
Notes payable	70,405	68,850	40,805	40,732	35,660	35,847	35,523	35,456	70,405	35,660	36,184	36,186	34,186	
Shareholders' equity	24,131	39,946	47,499	51,712	57,054	60,981	64,523	65,087	24,131	57,054	70,650	52,923	45,818	
<b>Credit Quality</b>														
Gross impaired loans	7,791	7,931	1,366	1,363	1,452	2,616	2,544	2,544	7,791	1,452	3,096	362	1,221	
Gross impaired loans as a % of total assets	0.52%	0.55%	0.10%	0.09%	0.10%	0.21%	0.19%	0.19%	0.52%	0.10%	0.23%	0.03%	0.12%	
Net impaired loans	1,749	4,391	(1,932)	(1,851)	(1,754)	(628)	(558)	(451)	1,749	(1,754)	530	(1,527)	(502)	
Net impaired loans as a % of total loans	0.16%	0.46%	-0.20%	-0.19%	-0.18%	-0.07%	-0.06%	-0.05%	0.16%	-0.18%	0.06%	-0.20%	-0.08%	
<b>Capital Adequacy</b>														
Pacific & Western Bank capital ratios														
Tier 1 capital	80,705	91,838	69,927	63,630	61,820	63,701	65,674	64,571	80,705	61,820	70,163	56,447	49,188	
Tier 2 capital	20,000	20,000	20,000	30,000	30,000	30,000	31,248	33,673	20,000	30,000	34,000	28,000	23,500	
Total capital	100,705	111,838	89,927	93,630	91,820	93,701	96,922	98,244	100,705	91,820	104,163	84,447	72,688	
Risk weighted assets	907,151	1,021,138	833,103	825,960	800,582	752,461	778,717	797,169	907,151	800,582	786,005	759,348	675,129	
Risk based capital ratio	11.10%	10.95%	10.79%	11.34%	11.47%	12.45%	12.45%	12.32%	11.10%	11.47%	13.25%	11.12%	10.77%	
Tier 1 ratio	8.90%	8.99%	8.39%	7.70%	7.72%	8.47%	8.43%	8.10%	8.90%	7.72%	8.93%	7.43%	7.29%	
Assets to capital ratio	15.35	13.11	15.21	16.26	16.19	13.35	14.32	13.95	15.35	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 INCOME (teb)**  
**(unaudited)**  
**(\$ thousands)**

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	QUARTER								YEAR ENDED					
	2008				2007				2008	2007	2006	2005	2004	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1						
<b>Interest Income</b>														
Loans	\$ 13,582	\$ 12,633	\$ 13,317	\$ 13,958	\$ 14,018	\$ 12,923	\$ 12,779	\$ 13,094	\$ 53,490	\$ 52,814	\$ 47,171	\$ 40,286	\$ 36,793	
Securities	3,900	3,279	4,627	6,336	4,657	4,045	4,636	4,913	18,144	18,251	17,559	13,762	16,116	
Loan fees	895	789	820	927	835	569	614	600	3,431	2,618	2,258	1,679	1,663	
Total interest income	18,377	16,701	18,764	21,221	19,510	17,537	18,029	18,607	75,065	73,683	66,988	55,727	54,572	
Yield %	5.01%	4.79%	5.39%	5.71%	5.77%	5.37%	5.43%	5.49%	5.05%	5.28%	5.44%	5.19%	6.17%	
<b>Interest Expense</b>														
Deposits	14,974	13,925	14,824	15,282	14,132	12,853	12,636	12,831	59,005	52,452	44,294	36,289	35,690	
Notes	1,613	1,153	996	883	886	904	859	870	4,646	3,519	3,472	3,419	3,334	
Total interest expense	16,587	15,078	15,820	16,165	15,018	13,757	13,495	13,701	63,651	55,971	47,766	39,708	39,024	
Cost of funds %	4.52%	4.33%	4.54%	4.35%	4.44%	4.22%	4.06%	4.04%	4.28%	4.01%	3.88%	3.70%	4.41%	
Net interest income	1,790	1,623	2,944	5,056	4,492	3,780	4,534	4,906	11,414	17,712	19,222	16,019	15,548	
Spread %	0.49%	0.47%	0.85%	1.36%	1.33%	1.16%	1.36%	1.45%	0.77%	1.27%	1.56%	1.49%	1.76%	
Provision (recovery) for credit losses	2,502	242	64	8	198	142	72	429	2,815	841	787	(61)	(471)	
Impairment writedown on securities	(11,341)	(3,703)	-	-	-	-	-	-	(15,044)	-	-	-	-	
Other income (charges)	129	139	130	(86)	114	260	294	959	312	1,626	16,162	8,869	281	
Total revenue	(11,924)	(2,183)	3,010	4,962	4,408	3,898	4,756	5,436	(6,133)	18,497	34,597	24,949	16,300	
Non-interest expenses	3,280	3,523	3,441	3,781	3,049	3,643	3,548	3,658	14,025	13,897	12,855	12,423	8,652	
Net income (loss) before taxes	(15,204)	(5,706)	(431)	1,181	1,359	255	1,208	1,778	(20,158)	4,600	21,742	12,526	7,648	
Income taxes	605	(1,491)	170	645	721	128	864	687	(69)	2,400	5,110	4,734	2,447	
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	354	(776)	-	
<b>Net income (loss)</b>	<b>\$ (15,809)</b>	<b>\$ (4,215)</b>	<b>\$ (601)</b>	<b>\$ 536</b>	<b>\$ 638</b>	<b>\$ 127</b>	<b>\$ 344</b>	<b>\$ 1,091</b>	<b>\$ (20,089)</b>	<b>\$ 2,200</b>	<b>\$ 16,986</b>	<b>\$ 7,016</b>	<b>\$ 5,201</b>	
<b>Per common share:</b>														
Basic earnings (loss) per share	\$ (1.16)	\$ (0.31)	\$ (0.05)	\$ 0.03	\$ 0.04	\$ 0.01	\$ 0.02	\$ 0.08	\$ (1.49)	\$ 0.14	\$ 1.25	\$ 0.51	\$ 0.38	
Diluted earnings (loss) per share	\$ (1.16)	\$ (0.31)	\$ (0.05)	\$ 0.03	\$ 0.04	\$ -	\$ 0.02	\$ 0.07	\$ (1.49)	\$ 0.14	\$ 1.22	\$ 0.50	\$ 0.37	
<b>Common share dividends</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,787</b>	<b>\$ -</b>	<b>\$ 10,787</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Preferred share dividends paid</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ 240</b>	

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

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	QUARTER								YEAR ENDED				
	2008				2007				2008	2007	2006	2005	2004
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
Net Interest Income	\$ 1,115	\$ 944	\$ 2,285	\$ 4,212	\$ 3,777	\$ 3,221	\$ 4,043	\$ 4,462	\$ 8,555	\$ 15,503	\$ 17,571	\$ 14,244	\$ 13,764
Taxable equivalent adjustment	675	679	659	844	715	559	491	444	2,857	2,209	1,650	1,775	1,784
<b>Net Interest Income (NII) (teb)</b>	<b>1,790</b>	<b>1,623</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>11,412</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	16,933	655	-
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	-	26	5,059	-
Impairment writedown on securities	-	(3,703)	-	-	-	-	-	-	(3,703)	-	(3,230)	-	-
Impairment writedown on other assets	(11,321)	-	-	(20)	(100)	-	-	-	(11,341)	(100)	(616)	-	-
Other	109	139	130	(66)	214	260	294	71	312	839	1,323	3,000	18
<b>Total other income (charges)</b>	<b>(11,212)</b>	<b>\$ (3,564)</b>	<b>130</b>	<b>(86)</b>	<b>114</b>	<b>260</b>	<b>294</b>	<b>959</b>	<b>(14,732)</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>(9,422)</b>	<b>\$ (1,941)</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>\$ (3,320)</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	n/m	n/m	4.23%	-1.73%	2.48%	6.44%	6.09%	16.35%	n/m	8.41%	45.68%	35.64%	1.78%
Net interest income-loans	1.12%	1.18%	1.27%	1.71%	1.77%	1.72%	2.01%	2.15%	1.17%	2.01%	2.06%	2.11%	2.18%
Net interest income-securities	-0.69%	-0.90%	0.22%	1.12%	0.78%	0.43%	0.42%	0.60%	0.18%	0.60%	0.63%	0.35%	1.00%
Net interest income per average assets	0.49%	0.47%	0.85%	1.36%	1.33%	1.16%	1.36%	1.45%	1.02%	1.27%	1.56%	1.49%	1.76%

(unaudited)  
(\$ thousands)

	QUARTER								YEAR ENDED				
	2008				2007				2008	2007	2006	2005	2004
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Average loans</b>	\$ 1,029,702	\$ 969,155	\$ 982,636	\$ 976,643	\$ 950,556	\$ 911,678	\$ 897,565	\$ 879,494	\$ 1,044,267	\$ 920,779	\$ 806,569	\$ 706,472	\$ 608,021
<b>Average total assets</b>	1,471,431	1,382,332	1,412,476	1,474,669	1,342,120	1,296,209	1,362,781	1,344,229	1,485,562	1,394,193	1,230,478	1,073,408	884,828
<b>Average common equity</b>	28,494	40,178	46,061	50,838	55,473	59,207	61,260	64,324	37,048	60,307	58,242	45,826	39,758
<b>Average total equity</b>	32,039	43,723	49,606	54,383	59,018	62,752	64,805	67,869	40,593	63,852	61,787	49,371	43,303

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

	QUARTER								12 MONTHS ENDED				
	2008				2007				2008	2007	2006	2005	2004
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Salaries and Employee Benefits</b>													
Salaries	\$ 1,094	\$ 1,491	\$ 1,495	\$ 1,577	\$ 1,204	\$ 1,590	\$ 1,620	\$ 1,605	\$ 5,657	\$ 5,304	\$ 5,059	\$ 4,044	\$ 3,626
Employee Benefits	458	443	471	569	348	458	474	515	1,941	2,509	1,533	759	773
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	-	616	1,231	-
Total	1,552	1,934	1,966	2,146	1,552	2,048	2,094	2,120	7,598	7,813	7,208	6,034	4,399
<b>Premises</b>													
Rent	177	156	167	178	175	184	151	161	678	671	509	419	379
Depreciation	275	275	258	248	240	221	240	223	1,056	924	512	355	324
Other	48	53	61	56	45	56	44	33	218	178	154	118	127
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	-	81	608	-
Total	500	484	486	482	460	461	435	417	1,952	1,773	1,256	1,500	830
<b>General and administrative</b>													
Capital and business taxes	14	225	87	184	154	150	131	174	510	609	625	501	434
Insurance	81	76	71	67	76	74	71	75	295	296	275	216	183
Listing, sustaining fees and annual meeting	59	40	60	55	32	35	74	75	214	216	151	221	180
Marketing and business development	68	107	114	152	153	147	147	125	441	572	531	388	301
Professional fees and services	263	124	157	193	160	207	133	164	737	664	534	468	351
Postage and stationary	25	39	40	33	39	26	43	37	137	145	124	125	142
Telephone and communications	34	27	33	30	33	36	32	41	124	142	132	108	98
Travel	223	132	163	157	134	222	193	203	675	752	545	194	176
Other	461	335	264	282	256	237	195	225	1,342	915	1,190	1,994	1,558
Aerial forest fire operations	-	-	-	-	-	-	-	-	-	-	284	674	-
Total	1,228	1,105	989	1,153	1,037	1,134	1,019	1,119	4,475	4,311	4,391	4,889	3,423
<b>Total non-interest expenses</b>	<b>\$ 3,280</b>	<b>\$ 3,523</b>	<b>\$ 3,441</b>	<b>\$ 3,781</b>	<b>\$ 3,049</b>	<b>\$ 3,643</b>	<b>\$ 3,548</b>	<b>\$ 3,656</b>	<b>\$ 14,025</b>	<b>\$ 13,897</b>	<b>\$ 12,855</b>	<b>\$ 12,423</b>	<b>\$ 8,652</b>

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

	QUARTER								YEAR ENDED				
	2008				2007				2008	2007	2006	2005	2004
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Cash resources</b>	\$ 207,831	\$ 225,237	\$ 160,847	\$ 185,463	\$ 113,421	\$ 25,714	\$ 136,383	\$ 142,656	\$ 207,831	\$ 113,421	\$ 207,720	\$ 72,532	\$ 43,728
<b>Securities</b>	163,162	221,671	148,969	292,712	328,306	240,874	296,152	271,659	163,162	328,306	217,698	279,851	283,718
<b>Loans</b>													
Residential mortgages	320,247	200,453	250,427	246,523	247,802	245,845	208,386	181,941	320,247	247,802	175,363	197,608	196,798
Government financing-direct and indirect	354,244	312,994	289,278	283,600	283,000	255,140	254,039	258,947	354,244	283,000	249,562	200,998	191,075
Corporate loans	422,432	415,021	420,838	415,053	412,330	390,836	396,188	408,113	422,432	412,330	389,407	282,472	180,358
Personal loans	13,884	20,128	29,171	30,382	34,595	31,564	41,358	46,157	13,884	34,595	49,498	68,229	95,406
Total	1,110,807	948,596	989,714	975,558	977,727	923,385	899,971	895,158	1,110,807	977,727	863,830	749,307	663,637
<b>Other assets</b>													
Capital assets	7,814	8,027	8,174	8,218	8,164	6,957	6,487	6,266	7,814	8,164	3,536	9,793	3,124
Deferred financing charges	-	-	-	-	-	-	-	-	-	-	629	858	1,087
Investment in Discovery Air *	3,470	9,218	10,736	13,122	16,592	16,828	16,858	30,763	3,470	16,592	24,985	-	-
Other assets	19,383	17,646	15,829	15,609	14,446	11,825	10,983	12,227	19,383	14,446	11,331	18,886	20,294
Total	30,667	34,891	34,739	36,949	39,202	35,610	34,328	49,256	30,667	39,202	40,481	29,537	24,505
<b>Total assets</b>	\$ 1,512,467	\$ 1,430,395	\$ 1,334,269	\$ 1,490,682	\$ 1,458,656	\$ 1,225,583	\$ 1,366,834	\$ 1,358,729	\$ 1,512,467	\$ 1,458,656	\$ 1,329,729	\$ 1,131,227	\$ 1,015,588
<b>Deposits</b>													
Demand	\$ 18,860	\$ 14,951	\$ 10,394	\$ 7,251	\$ 7,544	\$ 15,982	\$ 7,255	\$ 7,301	\$ 18,860	\$ 7,544	\$ 7,859	\$ 10,131	\$ 14,280
Term (including accrued interest)	1,370,595	1,158,781	1,203,729	1,355,799	1,275,212	1,100,335	1,148,128	1,166,936	1,370,595	1,275,212	1,202,696	925,627	872,965
Total	1,389,455	1,173,732	1,214,123	1,363,050	1,282,756	1,116,317	1,155,383	1,174,237	1,389,455	1,282,756	1,210,555	935,758	887,245
<b>Other liabilities</b>	28,476	147,867	31,842	35,188	83,186	12,438	111,405	83,949	28,476	83,186	12,340	105,606	48,339
<b>Notes payable</b>	70,405	68,850	40,805	40,732	35,660	35,847	35,523	35,456	70,405	35,660	36,184	36,186	34,186
<b>Non-controlling interest in subsidiary</b>	-	-	-	-	-	-	-	-	-	-	-	754	-
<b>Shareholders' Equity</b>													
Share capital													
Common	35,842	35,786	35,598	35,532	35,925	36,372	36,339	34,737	35,842	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	3,545	3,545	3,545
Retained earnings	39,387	39,331	39,143	39,077	39,470	39,917	39,884	38,282	39,387	39,470	37,775	36,794	36,465
Accumulated other comprehensive income (loss)	3,796	19,605	23,820	24,404	24,125	23,513	23,386	23,131	3,796	24,125	32,875	16,129	9,353
	(19,052)	(18,990)	(15,464)	(11,769)	(6,541)	(2,449)	1,253	3,674	(19,052)	(6,541)	-	-	-
	24,131	39,946	47,499	51,712	57,054	60,981	64,523	65,087	24,131	57,054	70,650	52,923	45,818
<b>Total liabilities and shareholders' equity</b>	\$ 1,512,467	\$ 1,430,395	\$ 1,334,269	\$ 1,490,682	\$ 1,458,656	\$ 1,225,583	\$ 1,366,834	\$ 1,358,729	\$ 1,512,467	\$ 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)

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	QUARTER								YEAR ENDED					
	2008				2007				2008	2007	2006	2005	2004	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1						
<b>Gross impaired loans</b>														
Residential mortgages	\$ 1,188	\$ 1,180	\$ 1,225	\$ 1,225	\$ 1,303	\$ 1,461	\$ 1,102	\$ 1,102	\$ 1,188	\$ 1,303	\$ 1,106	\$ -	\$ 207	
Government financing-direct and indirect	-	-	-	-	-	-	-	-	-	-	-	-	-	
Business loans	6,327	6,549	-	-	-	1,065	1,352	1,352	6,327	-	1,977	362	1,014	
Personal loans	276	202	141	138	149	90	90	90	276	149	13	-	-	
Total gross impaired loans	\$ 7,791	\$ 7,931	\$ 1,366	\$ 1,363	\$ 1,452	\$ 2,616	\$ 2,544	\$ 2,544	\$ 7,791	\$ 1,452	\$ 3,096	\$ 362	\$ 1,221	
<b>Allowance for credit losses</b>														
Specific provisions	\$ 830	\$ 813	\$ 683	\$ 481	\$ 473	\$ 708	\$ 687	\$ 652	\$ 830	\$ 473	\$ 358	\$ -	\$ 75	
General allowance	5,212	2,727	2,615	2,733	2,733	2,536	2,415	2,343	5,212	2,733	2,208	1,889	1,648	
Total allowance for credit losses	\$ 6,042	\$ 3,540	\$ 3,298	\$ 3,214	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 6,042	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723	
<b>Reconciliation of allowance for credit losses</b>														
Balance, beginning of period	\$ 3,540	\$ 3,298	\$ 3,214	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 2,566	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723	\$ 1,476	
Provision (recovery) for credit losses	2,502	242	64	8	198	142	72	429	2,816	841	787	(61)	(471)	
Recoveries (write-offs)	-	-	20	-	(236)	-	35	-	20	(201)	(110)	227	718	
Balance, end of period	\$ 6,042	\$ 3,540	\$ 3,298	\$ 3,214	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 6,042	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723	
Total net impaired loans	\$ 1,749	\$ 4,391	\$ (1,932)	\$ (1,851)	\$ (1,754)	\$ (628)	\$ (558)	\$ (451)	\$ 1,749	\$ (1,754)	\$ 530	\$ (1,527)	\$ (502)	
Total loans	\$ 1,110,807	\$ 948,596	\$ 989,714	\$ 975,558	\$ 977,727	\$ 923,385	\$ 899,971	\$ 895,158	\$ 1,110,807	\$ 977,727	\$ 863,830	\$ 749,307	\$ 663,637	
Net impaired loans (after general allowance) as a % of total loans	0.16%	0.46%	-0.20%	-0.19%	-0.18%	-0.07%	-0.06%	-0.05%	0.16%	-0.18%	0.06%	-0.20%	-0.08%	
Gross impaired loans as a % of total assets	0.52%	0.55%	0.10%	0.09%	0.10%	0.21%	0.19%	0.19%	0.52%	0.10%	0.23%	0.03%	0.12%	
Allowance for credit losses as a % of gross impaired loans	77.55%	44.63%	241.43%	235.80%	220.80%	124.01%	121.93%	117.72%	77.55%	220.80%	82.88%	521.82%	141.11%	