



Pacific & Western

Credit Corp.

Supplemental Financial Information

**For the quarter ended October 31, 2009
(unaudited)**

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Use of this Report

This financial information is supplementary to the Corporation's Fourth Quarter Press Release and its 2009 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)

Page 1

| | QUARTER | | | | | | | | YEAR ENDED | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|--|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 | |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | | |
| Results of Operations (teb) * | | | | | | | | | | | | | | |
| Total interest income | \$ 22,450 | \$ 20,097 | \$ 20,039 | \$ 19,146 | \$ 18,377 | \$ 16,701 | \$ 18,764 | \$ 21,221 | \$ 81,732 | \$ 75,065 | \$ 73,683 | \$ 66,988 | \$ 55,727 | |
| Net interest income | 4,752 | 220 | 1,479 | 1,133 | 1,790 | 1,623 | 2,944 | 5,056 | 7,584 | 11,415 | 17,712 | 19,222 | 16,019 | |
| Provision (recovery) for credit losses | 3,183 | 148 | 8 | 110 | 2,502 | 242 | 64 | 8 | 3,449 | 2,816 | 841 | 787 | (61) | |
| Impairment writedown on securities | - | - | - | - | (11,341) | (3,703) | - | - | - | (15,044) | - | - | - | |
| Other income (charges) | 1,887 | 507 | (275) | (670) | 129 | 139 | 130 | (86) | 1,449 | 312 | 1,626 | 16,162 | 8,869 | |
| Total revenue | 3,456 | 579 | 1,196 | 353 | (11,924) | (2,183) | 3,010 | 4,962 | 5,584 | (6,133) | 18,497 | 34,597 | 24,949 | |
| Non-interest expenses | 4,405 | 3,816 | 3,328 | 3,418 | 3,280 | 3,523 | 3,441 | 3,781 | 14,967 | 14,025 | 13,897 | 12,855 | 12,423 | |
| Net income (loss) before provision for income taxes | (949) | (3,237) | (2,132) | (3,065) | (15,204) | (5,706) | (431) | 1,181 | (9,383) | (20,158) | 4,600 | 21,742 | 12,526 | |
| Income tax provision (recovery) | 1,108 | (268) | 47 | (375) | 605 | (1,491) | 170 | 645 | 512 | (69) | 2,400 | 5,110 | 4,734 | |
| Net income (loss) | (2,057) | (2,969) | (2,179) | (2,690) | (15,809) | (4,215) | (601) | 536 | (9,895) | (20,089) | 2,200 | 16,986 | 7,016 | |
| Per Common Share (\$'s) | | | | | | | | | | | | | | |
| Basic earnings (loss) per share | (0.15) | (0.22) | (0.16) | (0.20) | (1.16) | (0.31) | (0.05) | 0.03 | (0.74) | (1.49) | 0.14 | 1.25 | 0.51 | |
| Diluted earnings (loss) per share | (0.15) | (0.22) | (0.16) | (0.20) | (1.16) | (0.31) | (0.05) | 0.03 | (0.74) | (1.49) | 0.14 | 1.22 | 0.50 | |
| Book value/share | 0.98 | 1.27 | 0.93 | 0.96 | 1.51 | 2.67 | 3.23 | 3.54 | 0.98 | 1.51 | 3.91 | 5.00 | 3.71 | |
| Closing market price (common share) | 4.00 | 3.76 | 3.20 | 2.75 | 3.26 | 5.00 | 5.50 | 7.70 | 4.00 | 3.26 | 7.75 | 11.81 | 10.00 | |
| Weighted average number of common shares | 13,656 | 13,642 | 13,642 | 13,642 | 13,643 | 13,637 | 13,602 | 13,649 | 13,646 | 13,664 | 13,674 | 13,343 | 13,249 | |
| Number of common shares outstanding at period end | 13,680 | 13,642 | 13,642 | 13,642 | 13,642 | 13,644 | 13,598 | 13,605 | 13,680 | 13,642 | 13,686 | 13,422 | 13,308 | |
| Total market value of common shares | 54,720 | 51,294 | 43,654 | 37,516 | 44,473 | 68,220 | 74,789 | 104,759 | 54,720 | 44,473 | 106,067 | 158,514 | 133,080 | |
| Financial Ratios | | | | | | | | | | | | | | |
| Net interest income teb (%) | 1.24% | 0.05% | 0.40% | 0.30% | 0.49% | 0.47% | 0.85% | 1.36% | 0.52% | 0.77% | 1.27% | 1.56% | 1.49% | |
| Return on average common equity | -53.55% | -79.92% | -70.97% | -64.68% | -223.39% | -42.21% | -5.82% | 3.71% | -59.41% | -54.87% | 3.25% | 28.75% | 14.79% | |
| Return on average assets | -0.54% | -0.73% | -0.58% | -0.72% | -4.31% | -1.21% | -0.17% | 0.14% | -0.68% | -1.35% | 0.16% | 1.38% | 0.65% | |
| Non-interest expenses to average total assets (annualized) | 1.15% | 0.94% | 0.89% | 0.91% | 0.89% | 1.01% | 0.99% | 1.02% | 1.02% | 0.94% | 1.00% | 1.04% | 1.16% | |
| Efficiency ratio | \$ 0.66 | n/m | n/m | n/m | n/m | n/m | \$ 1.12 | \$ 0.76 | n/m | n/m | \$ 0.72 | \$ 0.36 | \$ 0.50 | |
| Number of full time equivalent staff at period end | 55 | 54 | 54 | 55 | 57 | 58 | 58 | 60 | 55 | 57 | 57 | 61 | 48 | |
| Assets to full time employee | 25,668 | 30,076 | 29,321 | 26,772 | 26,535 | 24,662 | 23,005 | 24,845 | 25,668 | 26,535 | 25,590 | 21,799 | 23,567 | |
| Financial Position | | | | | | | | | | | | | | |
| Cash and securities | 448,144 | 598,132 | 507,359 | 325,121 | 370,993 | 446,908 | 309,816 | 478,175 | 448,144 | 370,993 | 441,727 | 425,418 | 352,383 | |
| Cash and securities to total assets (%) | 31.74% | 36.83% | 32.04% | 22.08% | 24.53% | 31.24% | 23.22% | 32.08% | 31.74% | 24.53% | 30.32% | 31.99% | 31.15% | |
| Total loans | 929,831 | 995,802 | 1,044,556 | 1,115,534 | 1,110,807 | 948,596 | 989,714 | 975,558 | 929,831 | 1,110,807 | 977,727 | 863,830 | 749,307 | |
| Mortgages and loans to total assets (%) | 65.86% | 61.31% | 65.97% | 75.76% | 73.44% | 66.32% | 74.18% | 65.44% | 65.86% | 73.44% | 67.03% | 64.96% | 66.24% | |
| Total assets | 1,411,725 | 1,624,114 | 1,583,321 | 1,472,446 | 1,512,467 | 1,430,395 | 1,334,269 | 1,490,682 | 1,411,725 | 1,512,467 | 1,458,656 | 1,329,729 | 1,131,227 | |
| Average assets | 1,517,920 | 1,603,718 | 1,527,884 | 1,492,457 | 1,471,431 | 1,382,332 | 1,412,476 | 1,474,669 | 1,462,096 | 1,485,562 | 1,394,193 | 1,230,478 | 1,073,408 | |
| Deposits | 1,217,136 | 1,462,488 | 1,417,663 | 1,337,265 | 1,389,455 | 1,173,732 | 1,214,123 | 1,363,050 | 1,217,136 | 1,389,455 | 1,282,756 | 1,210,555 | 935,758 | |
| Notes payable | 77,933 | 107,903 | 103,647 | 73,345 | 70,405 | 68,850 | 40,805 | 40,732 | 77,933 | 70,405 | 35,660 | 36,184 | 36,186 | |
| Preferred share liabilities | 27,892 | - | - | - | - | - | - | - | 27,892 | - | - | - | - | |
| Shareholders' equity | 17,471 | 20,891 | 16,271 | 16,697 | 24,131 | 39,946 | 47,499 | 51,712 | 17,471 | 24,131 | 57,054 | 70,650 | 52,923 | |
| Credit Quality | | | | | | | | | | | | | | |
| Gross impaired loans | 6,395 | 11,293 | 7,794 | 7,787 | 7,791 | 7,931 | 1,366 | 1,363 | 6,395 | 7,791 | 1,452 | 3,096 | 362 | |
| Gross impaired loans as a % of total assets | 0.45% | 0.70% | 0.49% | 0.53% | 0.52% | 0.55% | 0.10% | 0.09% | 0.45% | 0.52% | 0.10% | 0.23% | 0.03% | |
| Net impaired loans | (3,139) | 4,985 | 1,634 | 1,635 | 1,749 | 4,391 | (1,932) | (1,851) | (3,139) | 1,749 | (1,754) | 530 | (1,527) | |
| Net impaired loans as a % of total loans | -0.34% | 0.50% | 0.16% | 0.15% | 0.16% | 0.46% | -0.20% | -0.19% | -0.34% | 0.16% | -0.18% | 0.06% | -0.20% | |
| Capital Adequacy | | | | | | | | | | | | | | |
| Pacific & Western Bank capital ratios | | | | | | | | | | | | | | |
| Tier 1 capital | 87,132 | 86,278 | 81,845 | 74,106 | 80,705 | 91,838 | 69,927 | 63,630 | 87,132 | 80,705 | 61,820 | 70,163 | 56,447 | |
| Tier 2 capital | 41,500 | 41,500 | 40,000 | 20,000 | 20,000 | 20,000 | 20,000 | 30,000 | 41,500 | 20,000 | 30,000 | 34,000 | 28,000 | |
| Total capital | 128,632 | 127,778 | 121,845 | 94,106 | 100,705 | 111,838 | 89,927 | 93,630 | 128,632 | 100,705 | 91,820 | 104,163 | 84,447 | |
| Risk weighted assets | 929,099 | 951,852 | 951,515 | 892,596 | 907,151 | 1,021,138 | 833,103 | 825,960 | 929,099 | 907,151 | 800,582 | 786,005 | 759,348 | |
| Risk based capital ratio | 13.84% | 13.42% | 12.81% | 10.54% | 11.10% | 10.95% | 10.79% | 11.34% | 13.84% | 11.10% | 11.47% | 13.25% | 11.12% | |
| Tier 1 ratio | 9.38% | 9.06% | 8.60% | 8.30% | 8.90% | 8.99% | 8.39% | 7.70% | 9.38% | 8.90% | 7.72% | 8.93% | 7.43% | |
| Assets to capital ratio | 11.20 | 12.90 | 13.21 | 15.98 | 15.35 | 13.11 | 15.21 | 16.26 | 11.20 | 15.35 | 16.19 | 12.96 | 13.60 | |

* 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.

NET INCOME (teb)
(unaudited)
(\$ thousands)

| | QUARTER | | | | | | | | YEAR ENDED | | | | |
|---|------------|------------|------------|------------|-------------|------------|------------|------------|------------|-------------|------------|-----------|-----------|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | |
| Interest Income | | | | | | | | | | | | | |
| Loans | \$ 13,285 | \$ 12,168 | \$ 15,512 | \$ 15,118 | \$ 13,582 | \$ 12,633 | \$ 13,317 | \$ 13,958 | \$ 56,083 | \$ 53,490 | \$ 52,814 | \$ 47,171 | \$ 40,286 |
| Securities | 8,790 | 7,418 | 4,330 | 3,451 | 3,900 | 3,279 | 4,627 | 6,336 | 23,989 | 18,144 | 18,251 | 17,559 | 13,762 |
| Loan fees | 375 | 511 | 197 | 577 | 895 | 789 | 820 | 927 | 1,660 | 3,431 | 2,618 | 2,258 | 1,679 |
| Total interest income | 22,450 | 20,097 | 20,039 | 19,146 | 18,377 | 16,701 | 18,764 | 21,221 | 81,732 | 75,065 | 73,683 | 66,988 | 55,727 |
| Yield % | 5.87% | 4.97% | 5.38% | 5.09% | 5.01% | 4.79% | 5.39% | 5.71% | 5.59% | 5.05% | 5.28% | 5.44% | 5.19% |
| Interest Expense | | | | | | | | | | | | | |
| Deposits | 14,720 | 17,215 | 16,440 | 16,333 | 14,974 | 13,925 | 14,824 | 15,282 | \$ 64,708 | 59,005 | 52,452 | 44,294 | 36,289 |
| Notes | 2,430 | 2,662 | 2,120 | 1,680 | 1,613 | 1,153 | 996 | 883 | 8,892 | 4,646 | 3,519 | 3,472 | 3,419 |
| Preferred share liabilities | 548 | - | - | - | - | - | - | - | 548 | - | - | - | - |
| Total interest expense | 17,698 | 19,877 | 18,560 | 18,013 | 16,587 | 15,078 | 15,820 | 16,165 | 74,148 | 63,651 | 55,971 | 47,766 | 39,708 |
| Cost of funds % | 4.63% | 4.92% | 4.98% | 4.79% | 4.52% | 4.33% | 4.54% | 4.35% | 5.07% | 4.28% | 4.01% | 3.88% | 3.70% |
| Net interest income | 4,752 | 220 | 1,479 | 1,133 | 1,790 | 1,623 | 2,944 | 5,056 | 7,584 | 11,414 | 17,712 | 19,222 | 16,019 |
| Spread % | 1.24% | 0.05% | 0.40% | 0.30% | 0.49% | 0.47% | 0.85% | 1.36% | 0.52% | 0.77% | 1.27% | 1.56% | 1.49% |
| Provision (recovery) for credit losses | 3,183 | 148 | 8 | 110 | 2,502 | 242 | 64 | 8 | 3,449 | 2,815 | 841 | 787 | (61) |
| Impairment writedown on securities | - | - | - | - | (11,341) | (3,703) | - | - | - | (15,044) | - | - | - |
| Other income (charges) | 1,887 | 507 | (275) | (670) | 129 | 139 | 130 | (86) | 1,449 | 312 | 1,626 | 16,162 | 8,869 |
| Total revenue | 3,456 | 579 | 1,196 | 353 | (11,924) | (2,183) | 3,010 | 4,962 | 5,584 | (6,133) | 18,497 | 34,597 | 24,949 |
| Non-interest expenses | 4,405 | 3,816 | 3,328 | 3,418 | 3,280 | 3,523 | 3,441 | 3,781 | 14,967 | 14,025 | 13,897 | 12,855 | 12,423 |
| Net income (loss) before taxes | (949) | (3,237) | (2,132) | (3,065) | (15,204) | (5,706) | (431) | 1,181 | (9,383) | (20,158) | 4,600 | 21,742 | 12,526 |
| Income taxes | 1,108 | (268) | 47 | (375) | 605 | (1,491) | 170 | 645 | 512 | (69) | 2,400 | 5,110 | 4,734 |
| Non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | 354 | (776) |
| Net income (loss) | \$ (2,057) | \$ (2,969) | \$ (2,179) | \$ (2,690) | \$ (15,809) | \$ (4,215) | \$ (601) | \$ 536 | \$ (9,895) | \$ (20,089) | \$ 2,200 | \$ 16,986 | \$ 7,016 |
| Per common share: | | | | | | | | | | | | | |
| Basic earnings (loss) per share | \$ (0.15) | \$ (0.22) | \$ (0.16) | \$ (0.20) | \$ (1.16) | \$ (0.31) | \$ (0.05) | \$ 0.03 | \$ (0.74) | \$ (1.49) | \$ 0.14 | \$ 1.25 | \$ 0.51 |
| Diluted earnings (loss) per share | \$ (0.15) | \$ (0.22) | \$ (0.16) | \$ (0.20) | \$ (1.16) | \$ (0.31) | \$ (0.05) | \$ 0.03 | \$ (0.74) | \$ (1.49) | \$ 0.14 | \$ 1.22 | \$ 0.50 |
| Common share dividends | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,787 | \$ - | \$ - |
| Preferred share dividends paid | \$ 115 | \$ - | \$ - | \$ 240 | \$ - | \$ - | \$ - | \$ 240 | \$ 355 | \$ 240 | \$ 240 | \$ 240 | \$ 240 |
| Comprehensive Income | | | | | | | | | | | | | |
| Net income (loss) | \$ (2,057) | \$ (2,969) | \$ (2,179) | \$ (2,690) | \$ (15,809) | \$ (4,215) | \$ (601) | \$ 536 | \$ (9,895) | \$ (20,089) | \$ 2,200 | \$ 16,986 | \$ 7,016 |
| Other comprehensive income, net of tax | | | | | | | | | | | | | |
| Net unrealized gains (losses) on assets held as available-for-sale | (2,345) | 7,350 | 1,636 | (4,874) | (4,960) | (5,474) | (3,716) | (5,158) | 1,767 | (11,866) | (9,377) | - | - |
| Amount transferred to net income (loss) for hedges | - | - | - | - | 27 | 55 | 54 | 53 | - | 190 | 212 | - | - |
| Amount transferred to net income (loss) for available-for-sale assets | 377 | 184 | 91 | 332 | 89 | 30 | (33) | (123) | 984 | (38) | (1,358) | - | - |
| Amount transferred to net income (loss) for impairment writedown on available-for-sale assets | - | - | - | - | 4,782 | 1,863 | - | - | - | (797) | - | - | - |
| | (1,968) | 7,534 | 1,727 | (4,542) | (62) | (3,526) | (3,695) | (5,228) | 2,751 | (12,511) | (10,523) | - | - |
| Total Comprehensive Income | \$ (4,025) | \$ 4,565 | \$ (452) | \$ (7,232) | \$ (15,871) | \$ (7,741) | \$ (4,296) | \$ (4,692) | \$ (7,144) | \$ (32,600) | \$ (8,323) | \$ 16,986 | \$ 7,016 |

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

Page 3

| | QUARTER | | | | | | | | YEAR ENDED | | | | |
|---|-----------------|---------------|-----------------|---------------|-------------------|-------------------|-----------------|-----------------|-----------------|-------------------|------------------|------------------|------------------|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | |
| Net Interest Income | \$ 4,085 | \$ (401) | \$ 778 | \$ 388 | \$ 1,115 | \$ 944 | \$ 2,285 | \$ 4,212 | \$ 4,850 | \$ 8,555 | \$ 15,503 | \$ 17,571 | \$ 14,244 |
| Taxable equivalent adjustment | 667 | 621 | 701 | 745 | 675 | 679 | 659 | 844 | 2,734 | 2,857 | 2,209 | 1,650 | 1,775 |
| Net Interest Income (NII) (teb) | 4,752 | 220 | 1,479 | 1,133 | 1,790 | 1,623 | 2,944 | 5,056 | 7,584 | 11,412 | 17,712 | 19,221 | 16,019 |
| Earnings (loss) from equity accounted investments | - | - | - | - | - | - | - | - | - | - | - | 1,721 | - |
| Administration fees | - | - | - | - | - | - | - | - | - | - | - | 5 | 155 |
| Gains | - | - | - | - | - | - | - | - | - | - | 888 | 16,933 | 655 |
| Impairment writedown on securities | - | - | - | - | - | (3,703) | - | - | - | (3,703) | - | (3,230) | - |
| Impairment writedown on other assets | - | - | - | - | (11,321) | - | - | (20) | - | (11,341) | (100) | (616) | - |
| Other | 1,887 | 507 | (275) | (670) | 109 | 139 | 130 | (66) | 1,449 | 312 | 839 | 1,349 | 8,059 |
| Total other income (charges) | 1,887 | 507 | (275) | (670) | (11,212) | (3,564) | 130 | (86) | 1,449 | (14,732) | 1,627 | 16,162 | 8,869 |
| Net interest and other income (teb) | \$ 6,639 | \$ 727 | \$ 1,204 | \$ 463 | \$ (9,422) | \$ (1,941) | \$ 3,074 | \$ 4,970 | \$ 9,033 | \$ (3,320) | \$ 19,339 | \$ 35,383 | \$ 24,888 |
| Other income (charges) as a % of total revenue | 28.42% | n/m | n/m | n/m | n/m | n/m | 4.23% | -1.73% | 16.04% | n/m | 8.41% | 45.68% | 35.64% |
| Net interest income-loans | 1.01% | 0.01% | 0.96% | 0.81% | 1.12% | 1.18% | 1.27% | 1.71% | 0.59% | 1.17% | 2.01% | 2.06% | 2.11% |
| Net interest income-securities | 2.06% | 0.41% | -0.70% | -0.91% | -0.69% | -0.90% | 0.22% | 1.12% | 0.79% | 0.18% | 0.60% | 0.63% | 0.35% |
| Net interest income per average assets | 1.24% | 0.05% | 0.40% | 0.30% | 0.49% | 0.47% | 0.85% | 1.36% | 0.52% | 0.77% | 1.27% | 1.56% | 1.49% |

(unaudited)
(\$ thousands)

| | QUARTER | | | | | | | | YEAR ENDED | | | | |
|------------------------------|------------|--------------|--------------|--------------|--------------|------------|------------|------------|--------------|--------------|------------|------------|------------|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | |
| Average loans | \$ 962,817 | \$ 1,020,179 | \$ 1,080,045 | \$ 1,113,171 | \$ 1,029,702 | \$ 969,155 | \$ 982,636 | \$ 976,643 | \$ 1,020,319 | \$ 1,044,267 | \$ 920,779 | \$ 806,569 | \$ 706,472 |
| Average total assets | 1,517,920 | 1,603,718 | 1,527,884 | 1,492,457 | 1,471,431 | 1,382,332 | 1,412,476 | 1,474,669 | 1,462,096 | 1,485,562 | 1,394,193 | 1,230,478 | 1,073,408 |
| Average common equity | 15,367 | 15,036 | 12,939 | 16,869 | 28,494 | 40,178 | 46,061 | 50,838 | 16,987 | 37,048 | 60,307 | 58,242 | 45,826 |
| Average total equity | 19,181 | 18,581 | 16,484 | 20,414 | 32,039 | 43,723 | 49,606 | 54,383 | 20,801 | 40,593 | 63,852 | 61,787 | 49,371 |

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

| | QUARTER | | | | | | | | YEAR ENDED | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|--|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 | |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | | |
| Salaries and Employee Benefits | | | | | | | | | | | | | | |
| Salaries | \$ 1,392 | \$ 1,355 | \$ 1,363 | \$ 1,352 | \$ 1,094 | \$ 1,491 | \$ 1,495 | \$ 1,577 | \$ 5,462 | \$ 5,657 | \$ 5,304 | \$ 5,675 | \$ 5,275 | |
| Employee benefits | 466 | 388 | 322 | 304 | 458 | 443 | 471 | 569 | 1,480 | 1,941 | 2,509 | 1,533 | 759 | |
| Total | 1,858 | 1,743 | 1,685 | 1,656 | 1,552 | 1,934 | 1,966 | 2,146 | 6,942 | 7,598 | 7,813 | 7,208 | 6,034 | |
| Premises | | | | | | | | | | | | | | |
| Rent | 181 | 169 | 199 | 176 | 177 | 156 | 167 | 178 | 725 | 678 | 671 | 509 | 419 | |
| Depreciation | 272 | 272 | 271 | 272 | 275 | 275 | 258 | 248 | 1,087 | 1,056 | 924 | 512 | 355 | |
| Other | 64 | 49 | 81 | 83 | 48 | 53 | 61 | 56 | 277 | 218 | 178 | 235 | 726 | |
| Total | 517 | 490 | 551 | 531 | 500 | 484 | 486 | 482 | 2,089 | 1,952 | 1,773 | 1,256 | 1,500 | |
| General and administrative | | | | | | | | | | | | | | |
| Capital and business taxes | 170 | 213 | 134 | 129 | 14 | 225 | 87 | 184 | 646 | 510 | 609 | 625 | 501 | |
| Insurance | 80 | 89 | 80 | 80 | 81 | 76 | 71 | 67 | 329 | 295 | 296 | 275 | 216 | |
| Listing, sustaining fees and annual meeting | 33 | 55 | 44 | 55 | 59 | 40 | 60 | 55 | 187 | 214 | 216 | 151 | 221 | |
| Marketing and business development | 105 | 83 | 66 | 82 | 68 | 107 | 114 | 152 | 336 | 441 | 572 | 531 | 388 | |
| Professional fees and services | 583 | 378 | 188 | 184 | 263 | 124 | 157 | 193 | 1,333 | 737 | 664 | 534 | 468 | |
| Postage and stationary | 33 | 29 | 29 | 22 | 25 | 39 | 40 | 33 | 113 | 137 | 145 | 124 | 125 | |
| Telephone and communications | 27 | 31 | 25 | 32 | 34 | 27 | 33 | 30 | 115 | 124 | 142 | 132 | 108 | |
| Travel | 185 | 163 | 111 | 150 | 223 | 132 | 163 | 157 | 609 | 675 | 752 | 545 | 194 | |
| Other | 814 | 542 | 415 | 497 | 461 | 335 | 264 | 282 | 2,268 | 1,342 | 915 | 1,474 | 2,668 | |
| Total | 2,030 | 1,583 | 1,092 | 1,231 | 1,228 | 1,105 | 989 | 1,153 | 5,936 | 4,475 | 4,311 | 4,391 | 4,889 | |
| Total non-interest expenses | \$ 4,405 | \$ 3,816 | \$ 3,328 | \$ 3,418 | \$ 3,280 | \$ 3,523 | \$ 3,441 | \$ 3,781 | \$ 14,967 | \$ 14,025 | \$ 13,897 | \$ 12,855 | \$ 12,423 | |

BALANCE SHEET
(unaudited)
(\$ thousands)

| | QUARTER | | | | | | | | YEAR ENDED | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | |
| Cash resources | \$ 172,297 | \$ 215,602 | \$ 231,098 | \$ 199,324 | \$ 207,831 | \$ 225,237 | \$ 160,847 | \$ 185,463 | \$ 172,297 | \$ 207,831 | \$ 113,421 | \$ 207,720 | \$ 72,532 |
| Securities | 275,847 | 382,530 | 276,261 | 125,797 | 163,162 | 221,671 | 148,969 | 292,712 | 275,847 | 163,162 | 328,306 | 217,698 | 279,851 |
| Loans | | | | | | | | | | | | | |
| Residential mortgages | 183,942 | 206,568 | 227,169 | 310,711 | 320,247 | 200,453 | 250,427 | 246,523 | 183,942 | 320,247 | 247,802 | 175,363 | 197,608 |
| Government financing-direct and indirect | 211,680 | 209,885 | 229,560 | 242,477 | 266,513 | 269,415 | 289,278 | 283,600 | 211,680 | 266,513 | 283,000 | 249,562 | 200,998 |
| Corporate loans | 521,876 | 565,668 | 574,028 | 548,790 | 510,163 | 458,600 | 420,838 | 415,053 | 521,876 | 510,163 | 412,330 | 389,407 | 282,472 |
| Personal loans | 12,333 | 13,681 | 13,799 | 13,556 | 13,884 | 20,128 | 29,171 | 30,382 | 12,333 | 13,884 | 34,595 | 49,498 | 68,229 |
| Total | 929,831 | 995,802 | 1,044,556 | 1,115,534 | 1,110,807 | 948,596 | 989,714 | 975,558 | 929,831 | 1,110,807 | 977,727 | 863,830 | 749,307 |
| Other assets | | | | | | | | | | | | | |
| Capital assets | 6,731 | 6,997 | 7,324 | 7,580 | 7,814 | 8,027 | 8,174 | 8,218 | 6,731 | 7,814 | 8,164 | 3,536 | 9,793 |
| Investment in Discovery Air * | 2,603 | 2,386 | 1,952 | 2,603 | 3,470 | 9,218 | 10,736 | 13,122 | 2,603 | 3,470 | 16,592 | 24,985 | - |
| Other assets | 24,416 | 20,797 | 22,130 | 21,608 | 19,383 | 17,646 | 15,829 | 15,609 | 24,416 | 19,383 | 14,446 | 11,960 | 19,744 |
| Total | 33,750 | 30,180 | 31,406 | 31,791 | 30,667 | 34,891 | 34,739 | 36,949 | 33,750 | 30,667 | 39,202 | 40,481 | 29,537 |
| Total assets | \$ 1,411,725 | \$ 1,624,114 | \$ 1,583,321 | \$ 1,472,446 | \$ 1,512,467 | \$ 1,430,395 | \$ 1,334,269 | \$ 1,490,682 | \$ 1,411,725 | \$ 1,512,467 | \$ 1,458,656 | \$ 1,329,729 | \$ 1,131,227 |
| Deposits | | | | | | | | | | | | | |
| Demand | \$ 39,296 | \$ 38,857 | \$ 35,649 | \$ 29,060 | \$ 18,860 | \$ 14,951 | \$ 10,394 | \$ 7,251 | \$ 39,296 | \$ 18,860 | \$ 7,544 | \$ 7,859 | \$ 10,131 |
| Term (including accrued interest) | 1,177,840 | 1,423,631 | 1,382,014 | 1,308,205 | 1,370,595 | 1,158,781 | 1,203,729 | 1,355,799 | 1,177,840 | 1,370,595 | 1,275,212 | 1,202,696 | 925,627 |
| Total | 1,217,136 | 1,462,488 | 1,417,663 | 1,337,265 | 1,389,455 | 1,173,732 | 1,214,123 | 1,363,050 | 1,217,136 | 1,389,455 | 1,282,756 | 1,210,555 | 935,758 |
| Other liabilities | 71,293 | 32,832 | 45,740 | 45,139 | 28,476 | 147,867 | 31,842 | 35,188 | 71,293 | 28,476 | 83,186 | 12,340 | 105,606 |
| Notes payable | 77,933 | 107,903 | 103,647 | 73,345 | 70,405 | 68,850 | 40,805 | 40,732 | 77,933 | 70,405 | 35,660 | 36,184 | 36,186 |
| Preferred share liabilities | 27,892 | - | - | - | - | - | - | - | 27,892 | - | - | - | - |
| Non-controlling interest in subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | 754 |
| Shareholders' Equity | | | | | | | | | | | | | |
| Share capital | | | | | | | | | | | | | |
| Common | 36,143 | 35,961 | 35,906 | 35,880 | 35,842 | 35,786 | 35,598 | 35,532 | 36,143 | 35,842 | 35,925 | 34,230 | 33,249 |
| Preferred shares | 4,083 | 3,545 | 3,545 | 3,545 | 3,545 | 3,545 | 3,545 | 3,545 | 4,083 | 3,545 | 3,545 | 3,545 | 3,545 |
| Retained earnings (deficit) | 40,226 | 39,506 | 39,451 | 39,425 | 39,387 | 39,331 | 39,143 | 39,077 | 40,226 | 39,387 | 39,470 | 37,775 | 36,794 |
| Accumulated other comprehensive income (loss) | (6,454) | (4,282) | (1,313) | 866 | 3,796 | 19,605 | 23,820 | 24,404 | (6,454) | 3,796 | 24,125 | 32,875 | 16,129 |
| | (16,301) | (14,333) | (21,867) | (23,594) | (19,052) | (18,990) | (15,464) | (11,769) | (16,301) | (19,052) | (6,541) | - | - |
| | 17,471 | 20,891 | 16,271 | 16,697 | 24,131 | 39,946 | 47,499 | 51,712 | 17,471 | 24,131 | 57,054 | 70,650 | 52,923 |
| Total liabilities and shareholders' equity | \$ 1,411,725 | \$ 1,624,114 | \$ 1,583,321 | \$ 1,472,446 | \$ 1,512,467 | \$ 1,430,395 | \$ 1,334,269 | \$ 1,490,682 | \$ 1,411,725 | \$ 1,512,467 | \$ 1,458,656 | \$ 1,329,729 | \$ 1,131,227 |

* 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 | | | | | |
|--|------------|------------|--------------|--------------|--------------|------------|------------|------------|------------|--------------|------------|------------|------------|--|
| | 2009 | | | | 2008 | | | | 2009 | 2008 | 2007 | 2006 | 2005 | |
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | | | | | |
| Gross impaired loans | | | | | | | | | | | | | | |
| Residential mortgages | \$ 1,076 | \$ 1,076 | \$ 1,075 | \$ 1,074 | \$ 1,188 | \$ 1,180 | \$ 1,225 | \$ 1,225 | \$ 1,076 | \$ 1,188 | \$ 1,303 | \$ 1,106 | \$ - | |
| Government financing-direct and indirect | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Business loans | 1,629 | 6,035 | 6,279 | 6,263 | 6,327 | 6,549 | - | - | 1,629 | 6,327 | - | 1,977 | 362 | |
| Personal loans | 3,690 | 4,182 | 440 | 450 | 276 | 202 | 141 | 138 | 3,690 | 276 | 149 | 13 | - | |
| Total gross impaired loans | \$ 6,395 | \$ 11,293 | \$ 7,794 | \$ 7,787 | \$ 7,791 | \$ 7,931 | \$ 1,366 | \$ 1,363 | \$ 6,395 | \$ 7,791 | \$ 1,452 | \$ 3,096 | \$ 362 | |
| Allowance for credit losses | | | | | | | | | | | | | | |
| Specific provisions | \$ 1,133 | \$ 1,041 | \$ 993 | \$ 985 | \$ 830 | \$ 813 | \$ 683 | \$ 481 | \$ 1,133 | \$ 830 | \$ 473 | \$ 358 | \$ - | |
| General allowance | 8,401 | 5,267 | 5,167 | 5,167 | 5,212 | 2,727 | 2,615 | 2,733 | 8,401 | 5,212 | 2,733 | 2,208 | 1,889 | |
| Total allowance for credit losses | \$ 9,534 | \$ 6,308 | \$ 6,160 | \$ 6,152 | \$ 6,042 | \$ 3,540 | \$ 3,298 | \$ 3,214 | \$ 9,534 | \$ 6,042 | \$ 3,206 | \$ 2,566 | \$ 1,889 | |
| Reconciliation of allowance for credit losses | | | | | | | | | | | | | | |
| Balance, beginning of period | \$ 6,308 | \$ 6,160 | \$ 6,152 | \$ 6,042 | \$ 3,540 | \$ 3,298 | \$ 3,214 | \$ 3,206 | \$ 6,042 | \$ 3,206 | \$ 2,566 | \$ 1,889 | \$ 1,723 | |
| Provision (recovery) for credit losses | 3,183 | 148 | 8 | 110 | 2,502 | 242 | 64 | 8 | 3,449 | 2,816 | 841 | 787 | (61) | |
| Recoveries (write-offs) | 43 | - | - | - | - | - | 20 | - | 43 | 20 | (201) | (110) | 227 | |
| Balance, end of period | \$ 9,534 | \$ 6,308 | \$ 6,160 | \$ 6,152 | \$ 6,042 | \$ 3,540 | \$ 3,298 | \$ 3,214 | \$ 9,534 | \$ 6,042 | \$ 3,206 | \$ 2,566 | \$ 1,889 | |
| Total net impaired loans | \$ (3,139) | \$ 4,985 | \$ 1,634 | \$ 1,635 | \$ 1,749 | \$ 4,391 | \$ (1,932) | \$ (1,851) | \$ (3,139) | \$ 1,749 | \$ (1,754) | \$ 530 | \$ (1,527) | |
| Total loans | \$ 929,831 | \$ 995,802 | \$ 1,044,556 | \$ 1,115,534 | \$ 1,110,807 | \$ 948,596 | \$ 989,714 | \$ 975,558 | \$ 929,831 | \$ 1,110,807 | \$ 977,727 | \$ 863,830 | \$ 749,307 | |
| Net impaired loans (after general allowance) as a % of total loans | -0.34% | 0.50% | 0.16% | 0.15% | 0.16% | 0.46% | -0.20% | -0.19% | -0.34% | 0.16% | -0.18% | 0.06% | -0.20% | |
| Gross impaired loans as a % of total assets | 0.45% | 0.70% | 0.49% | 0.53% | 0.52% | 0.55% | 0.10% | 0.09% | 0.45% | 0.52% | 0.10% | 0.23% | 0.03% | |
| Allowance for credit losses as a % of gross impaired loans | 149.09% | 55.86% | 79.04% | 79.00% | 77.55% | 44.63% | 241.43% | 235.80% | 149.09% | 77.55% | 220.80% | 82.88% | 521.82% | |