



# Pacific & Western

*Credit Corp.*

## **Supplemental Financial Information**

**For the quarter ended January 31, 2006  
(unaudited)**

### **Page**

- |   |  |
|---|--|
| 1 | Highlights   |
| 2 | Net Income   |
| 3 | Net Interest Income, Other Income and Total Revenues |
| 4 | Non-Interest Expenses                                |
| 5 | Balance Sheet  |
| 6 | Impaired Loans and Allowance for Credit Losses       |

### **Use of this Report**

This financial information is supplementary to the Corporation's First Quarter Press Release and its 2005 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			
	2006	2005				2005	2004	2003	2002
	Q1	Q4	Q3	Q2	Q1				
<b>Results of Operations (teb) *</b>									
Total interest income	\$ 15,565	\$ 14,329	\$ 13,540	\$ 13,744	\$ 14,114	\$ 55,727	\$ 54,572	\$ 47,819	\$ 37,095
Net interest income	4,974	4,483	3,540	4,078	3,918	16,019	15,548	9,627	1,936
Provision (recovery) for credit losses	49	147	91	38	(337)	(61)	(471)	501	890
Other income	832	2,592	4,275	1,078	924	8,869	281	1,236	112
Total revenue	5,757	6,928	7,724	5,118	5,179	24,949	16,300	10,362	1,158
Non-interest expenses	3,284	3,904	3,652	2,746	2,121	12,423	8,652	7,758	5,849
Net income before provision (recovery) for income taxes	2,473	3,024	4,072	2,372	3,058	12,526	7,648	2,604	(4,691)
Provision (recovery) for income taxes	1,051	1,196	1,507	840	1,191	4,734	2,447	1,092	(1,302)
Net income (loss)	1,659	1,756	1,739	1,639	1,882	7,016	5,201	1,512	(3,389)
<b>Per Common Share (\$'s)</b>									
Basic earnings (loss) per share	0.12	0.13	0.12	0.12	0.14	0.51	0.38	0.10	(0.27)
Diluted earnings (loss) per share	0.12	0.13	0.12	0.12	0.13	0.50	0.37	0.10	(0.27)
Book value/share	3.83	3.71	3.58	3.44	3.32	3.71	3.20	2.82	2.72
Closing market price (common share)	10.00	10.00	9.99	8.84	7.26	10.00	7.85	5.81	4.40
Weighted average number of common shares	13,319	13,275	13,235	13,234	13,234	13,249	13,206	13,198	13,231
Number of common shares outstanding at period end	13,337	13,308	13,242	13,235	13,234	13,308	13,227	13,204	13,200
Total market value of common shares	133,370	133,080	132,288	116,997	96,079	133,080	103,832	76,715	58,080
<b>Financial Ratios</b>									
Net interest income teb (%)	1.72%	1.63%	1.34%	1.61%	1.52%	1.49%	1.76%	1.31%	0.32%
Return on average common equity	12.63%	13.91%	14.33%	14.46%	16.76%	14.79%	12.48%	3.48%	-10.22%
Return on average assets	0.58%	0.64%	0.66%	0.65%	0.73%	0.65%	0.59%	0.21%	-0.47%
Non-interest expenses to average total assets (annualized)	1.14%	1.42%	1.38%	1.08%	0.82%	1.16%	0.98%	1.05%	0.81%
Efficiency ratio	56.56%	55.18%	46.73%	53.26%	43.80%	49.92%	54.66%	71.42%	285.60%
Number of full time equivalent staff at period end	50	48	46	44	44	48	44	40	35
Assets to full time employee**	23,153	23,567	22,766	23,953	23,399	23,567	23,082	18,852	20,523
<b>Financial Position</b>									
Cash and securities	362,869	352,383	326,019	347,536	339,014	352,383	327,446	180,625	289,625
Cash and securities to total assets (%)	31.35%	31.15%	31.13%	32.98%	32.93%	31.15%	32.24%	23.95%	40.32%
Total loans	768,850	749,307	690,091	678,829	662,135	749,307	663,637	552,405	402,932
Mortgages and loans to total assets (%)	66.42%	66.24%	65.90%	64.41%	64.31%	66.24%	65.35%	73.26%	56.09%
Total assets	1,157,631	1,131,227	1,047,236	1,053,913	1,029,573	1,131,227	1,015,588	754,068	718,306
Average assets	1,144,429	1,089,232	1,050,575	1,041,743	1,022,581	1,073,408	884,828	736,187	725,841
Deposits	966,395	935,758	903,675	922,295	912,526	935,758	887,245	673,229	636,351
Notes payable	36,186	36,186	36,186	36,186	34,186	36,186	34,186	34,186	34,186
Shareholders' equity	54,599	52,923	50,919	49,138	47,493	52,923	45,818	40,788	39,502
<b>Credit Quality</b>									
Gross impaired loans	380	362	361	1,356	1,356	362	1,221	4,885	10,240
Gross impaired loans as a % of total assets	0.03%	0.03%	0.03%	0.13%	0.13%	0.03%	0.12%	0.65%	1.43%
Net impaired loans	(1,560)	(1,527)	(1,380)	(432)	(383)	(1,527)	(502)	3,409	8,628
Net impaired loans as a % of total loans	-0.20%	-0.20%	-0.20%	-0.06%	-0.06%	-0.20%	-0.08%	0.62%	2.14%
<b>Capital Adequacy</b>									
Pacific & Western Bank capital ratios									
Tier 1 capital	58,431	56,447	55,453	54,031	51,462	56,447	49,188	42,638	40,875
Tier 2 capital	28,000	28,000	26,500	25,500	24,500	28,000	23,500	21,000	18,000
Total capital	86,431	84,447	81,953	79,531	75,962	84,447	72,688	63,638	58,875
Risk weighted assets	753,913	759,348	713,242	685,244	648,001	759,348	675,129	507,839	398,724
Risk based capital ratio	11.46%	11.12%	11.49%	11.61%	11.72%	11.12%	10.77%	12.53%	14.77%
Tier 1 ratio	7.75%	7.43%	7.77%	7.88%	7.94%	7.43%	7.29%	8.40%	10.25%
Assets to capital ratio	13.55	13.60	12.95	13.42	13.73	13.60	14.07	11.60	11.96

\* 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)

	QUARTER					YEAR ENDED			
	2006	2005				2005	2004	2003	2002
	Q1	Q4	Q3	Q2	Q1				
									(10 months)
<b>Interest Income</b>									
Loans	\$ 11,494	\$ 10,761	\$ 9,844	\$ 9,799	\$ 9,882	\$ 40,286	\$ 36,793	\$ 31,846	\$ 25,843
Securities	3,552	3,126	3,300	3,585	3,751	13,762	16,116	14,488	10,683
Loan fees	519	442	396	360	481	1,679	1,663	1,485	569
Total interest income	15,565	14,329	13,540	13,744	14,114	55,727	54,572	47,819	37,095
Yield %	5.40%	5.22%	5.11%	5.41%	5.48%	5.19%	6.17%	6.50%	6.13%
<b>Interest Expense</b>									
Deposits	9,733	8,968	9,118	8,834	9,369	36,289	35,690	34,858	32,370
Notes	858	878	882	832	827	3,419	3,334	3,334	2,789
Total interest expense	10,591	9,846	10,000	9,666	10,196	39,708	39,024	38,192	35,159
Cost of funds %	3.68%	3.59%	3.77%	3.81%	3.96%	3.70%	4.41%	5.19%	5.81%
Net interest income	4,974	4,483	3,540	4,078	3,918	16,019	15,548	9,627	1,936
Spread %	1.72%	1.63%	1.34%	1.61%	1.52%	1.49%	1.76%	1.31%	0.32%
Provision (recovery) for credit losses	49	147	91	38	(337)	(61)	(471)	501	890
Other income	832	2,592	4,275	1,078	924	8,869	281	1,236	112
Total revenue	5,757	6,928	7,724	5,118	5,179	24,949	16,300	10,362	1,158
Non-interest expenses	3,284	3,904	3,652	2,746	2,121	12,423	8,652	7,758	5,849
Net income (loss) before taxes	2,473	3,024	4,072	2,372	3,058	12,526	7,648	2,604	(4,691)
Income taxes (recovery)	1,051	1,196	1,507	840	1,191	4,734	2,447	1,092	(1,302)
Non-controlling interest	237	(72)	(826)	107	15	(776)	-	-	-
<b>Net income (loss)</b>	<b>\$ 1,659</b>	<b>\$ 1,756</b>	<b>\$ 1,739</b>	<b>\$ 1,639</b>	<b>\$ 1,882</b>	<b>\$ 7,016</b>	<b>\$ 5,201</b>	<b>\$ 1,512</b>	<b>\$ (3,389)</b>
<b>Per common share:</b>									
Basic earnings (loss) per share	\$ 0.12	\$ 0.13	\$ 0.12	\$ 0.12	\$ 0.14	\$ 0.51	\$ 0.38	\$ 0.10	\$ (0.27)
Diluted earnings (loss) per share	\$ 0.12	\$ 0.13	\$ 0.12	\$ 0.12	\$ 0.13	\$ 0.50	\$ 0.37	\$ 0.10	\$ (0.27)
<b>Preferred share dividends paid</b>	<b>\$ 240</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ 240</b>	<b>\$ -</b>

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

Page 3

	QUARTER					YEAR ENDED			
	2006	2005				2005	2004	2003	2002
	Q1	Q4	Q3	Q2	Q1				
Net Interest Income	\$ 4,547	\$ 3,999	\$ 3,117	\$ 3,632	\$ 3,496	\$ 14,244	\$ 13,764	\$ 8,268	\$ 745
Taxable equivalent adjustment	427	484	423	446	422	1,775	1,784	1,359	1,191
<b>Net Interest Income (NII) (teb)</b>	<b>4,974</b>	<b>4,483</b>	<b>3,540</b>	<b>4,078</b>	<b>3,918</b>	<b>16,019</b>	<b>15,548</b>	<b>9,627</b>	<b>1,936</b>
Earnings (loss) from equity accounted investments	-	-	-	-	-	-	-	-	(160)
Administration fees	5	19	54	43	39	155	263	219	290
Dilution gain	-	130	59	466	-	655	-	-	-
Aerial forest fire operations	22	1,525	3,471	63	-	5,059	-	-	-
Other	805	918	691	506	885	3,000	18	1,017	(18)
<b>Total other income</b>	<b>832</b>	<b>2,592</b>	<b>4,275</b>	<b>1,078</b>	<b>924</b>	<b>8,869</b>	<b>281</b>	<b>1,236</b>	<b>112</b>
<b>Net interest and other income (teb)</b>	<b>\$ 5,806</b>	<b>\$ 7,075</b>	<b>\$ 7,815</b>	<b>\$ 5,156</b>	<b>\$ 4,842</b>	<b>\$ 24,888</b>	<b>\$ 15,829</b>	<b>\$ 10,863</b>	<b>\$ 2,048</b>
Other income as a % of total revenue	14.33%	36.64%	54.70%	20.91%	19.08%	35.64%	1.78%	11.38%	5.47%
Net interest income per average assets	1.72%	1.63%	1.34%	1.61%	1.52%	1.49%	1.76%	1.31%	0.32%

**SELECTED AVERAGE BALANCE SHEET INFORMATION**  
(unaudited)  
(\$ thousands)

	2005					YEAR ENDED			
	2006	2005				October 31	October 31	October 31	October 31
	Q1	Q4	Q3	Q2	Q1	2005	2004	2003	2002
<b>Average loans</b>	\$ 759,079	\$ 719,699	\$ 684,460	\$ 670,482	\$ 662,886	\$ 706,472	\$ 608,021	\$ 477,669	\$ 408,379
<b>Average total assets</b>	1,144,429	1,089,232	1,050,575	1,041,743	1,022,581	1,073,408	884,828	736,187	725,841
<b>Average common equity</b>	50,216	48,376	46,484	44,771	43,111	45,826	39,758	36,600	33,169
<b>Average total equity</b>	53,761	51,921	50,029	48,316	46,656	49,371	43,303	40,145	34,941

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

	2006					YEAR ENDED			
	Q1	2005				2005	2004	2003	2002
		Q4	Q3	Q2	Q1				
									(10 months)
<b>Salaries and Employee Benefits</b>									
Salaries	\$ 1,197	\$ 1,133	\$ 1,026	\$ 991	\$ 894	\$ 4,044	\$ 3,626	\$ 3,196	\$ 2,360
Employee Benefits	252	224	215	165	155	759	773	579	290
Aerial forest fire operations	412	588	481	151	11	1,231	-	-	-
Total	1,861	1,945	1,722	1,307	1,060	6,034	4,399	3,775	2,650
<b>Premises</b>									
Rent	122	114	105	100	100	419	379	327	266
Depreciation	79	94	95	84	82	355	324	272	194
Other	29	25	34	35	24	118	127	132	177
Aerial forest fire operations	53	273	274	51	10	608	-	-	-
Total	283	506	508	270	216	1,500	830	731	637
<b>General and administrative</b>									
Capital and business taxes	134	123	135	123	120	501	434	317	265
Insurance	72	61	50	52	53	216	183	151	97
Listing, sustaining fees and annual meeting	45	41	56	83	41	221	180	118	95
Marketing and business development	117	133	115	70	70	388	301	290	248
Professional fees and services	119	110	129	133	96	468	351	407	305
Postage and stationary	28	25	31	34	35	125	142	152	135
Telephone and communications	25	28	29	29	22	108	98	148	136
Travel	79	70	53	33	38	194	176	117	114
Other	352	589	547	499	359	1,994	1,558	1,552	1,167
Aerial forest fire operations	169	273	277	113	11	674	-	-	-
Total	1,140	1,453	1,422	1,169	845	4,889	3,423	3,252	2,562
<b>Total non-interest expenses</b>	<b>\$ 3,284</b>	<b>\$ 3,904</b>	<b>\$ 3,652</b>	<b>\$ 2,746</b>	<b>\$ 2,121</b>	<b>\$ 12,423</b>	<b>\$ 8,652</b>	<b>\$ 7,758</b>	<b>\$ 5,849</b>

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

	QUARTER					YEAR ENDED			
	2006	2005				2005	2004	2003	2002
	Q1	Q4	Q3	Q2	Q1				
<b>Cash resources</b>	\$ 84,348	\$ 72,532	\$ 77,122	\$ 94,108	\$ 48,375	\$ 72,532	\$ 43,728	\$ 38,322	\$ 42,150
<b>Securities</b>	278,521	279,851	248,897	253,428	290,639	279,851	283,718	142,303	247,475
<b>Loans</b>									
Residential mortgages	203,367	197,608	180,325	184,695	185,053	197,608	196,798	146,237	96,441
Government financing-direct and indirect	211,317	200,998	187,056	191,357	193,985	200,998	191,075	176,431	155,584
Business loans	292,094	282,472	251,848	216,460	193,434	282,472	180,358	116,725	29,074
Personal loans	62,072	68,229	70,862	86,317	89,663	68,229	95,406	113,012	121,833
Total	768,850	749,307	690,091	678,829	662,135	749,307	663,637	552,405	402,932
<b>Other assets</b>									
Capital assets	9,895	9,793	9,906	8,874	8,774	9,793	3,124	2,904	2,968
Deferred financing charges	800	858	915	972	1,030	858	1,087	1,316	1,544
Other assets	15,217	18,886	20,305	17,702	18,620	18,886	20,294	16,818	21,237
Total	25,912	29,537	31,126	27,548	28,424	29,537	24,505	21,038	25,749
<b>Total assets</b>	\$ 1,157,631	\$ 1,131,227	\$ 1,047,236	\$ 1,053,913	\$ 1,029,573	\$ 1,131,227	\$ 1,015,588	\$ 754,068	\$ 718,306
<b>Deposits</b>									
Demand	\$ 9,079	\$ 10,131	\$ 11,649	\$ 12,667	\$ 13,713	\$ 10,131	\$ 14,280	\$ 20,950	\$ 18,320
Term (including accrued interest)	957,316	925,627	892,026	909,628	898,813	925,627	872,965	652,279	618,031
Total	966,395	935,758	903,675	922,295	912,526	935,758	887,245	673,229	636,351
<b>Other liabilities</b>	99,804	105,606	55,045	45,827	34,905	105,606	48,339	5,865	8,267
<b>Notes payable</b>	36,186	36,186	36,186	36,186	34,186	36,186	34,186	34,186	34,186
<b>Non-controlling interest in subsidiary</b>	647	754	1,411	467	463	754	-	-	-
<b>Shareholders' Equity</b>									
Share capital									
Common	33,506	33,249	33,001	32,959	32,953	33,249	32,920	32,851	32,837
Preferred shares	3,545	3,545	3,545	3,545	3,545	3,545	3,545	3,545	3,545
Retained earnings	37,051	36,794	36,546	36,504	36,498	36,794	36,465	36,396	36,382
	17,548	16,129	14,373	12,634	10,995	16,129	9,353	4,392	3,120
	54,599	52,923	50,919	49,138	47,493	52,923	45,818	40,788	39,502
<b>Total liabilities and shareholders' equity</b>	\$ 1,157,631	\$ 1,131,227	\$ 1,047,236	\$ 1,053,913	\$ 1,029,573	\$ 1,131,227	\$ 1,015,588	\$ 754,068	\$ 718,306
<b>Assets under administration</b>	\$ -	\$ 9,308	\$ 12,092	\$ 20,917	\$ 27,954	\$ 9,308	\$ 36,112	\$ 43,932	\$ 52,048

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

	QUARTER					YEAR ENDED			
	2006	2005							
	Q1	Q4	Q3	Q2	Q1	2005	2004	2003	2002
									(10 months)
<b>Gross impaired loans</b>									
Residential mortgages	\$ -	\$ -	\$ -	\$ 342	\$ 342	\$ -	\$ 207	\$ 4,885	\$ 7,557
Government financing-direct and indirect	-	-	-	-	-	-	-	-	-
Business loans	362	362	361	1,014	1,014	362	1,014	-	2,683
Personal loans	18	-	-	-	-	-	-	-	-
Total gross impaired loans	\$ 380	\$ 362	\$ 361	\$ 1,356	\$ 1,356	\$ 362	\$ 1,221	\$ 4,885	\$ 10,240
<b>Allowance for credit losses</b>									
Specific provisions	\$ 9	\$ -	\$ -	\$ 75	\$ 75	\$ -	\$ 75	\$ 123	\$ 500
General allowance	1,931	1,889	1,741	1,713	1,664	1,889	1,648	1,353	1,112
Total allowance for credit losses	\$ 1,940	\$ 1,889	\$ 1,741	\$ 1,788	\$ 1,739	\$ 1,889	\$ 1,723	\$ 1,476	\$ 1,612
<b>Reconciliation of allowance for credit losses</b>									
Balance, beginning of period	\$ 1,889	\$ 1,741	\$ 1,788	\$ 1,739	\$ 1,723	\$ 1,723	\$ 1,476	\$ 1,612	\$ 1,586
Provision (recovery) for credit losses	49	150	88	38	(337)	(61)	(471)	501	890
Recoveries (write-offs)	2	(2)	(135)	11	353	227	718	(637)	(864)
Balance, end of period	\$ 1,940	\$ 1,889	\$ 1,741	\$ 1,788	\$ 1,739	\$ 1,889	\$ 1,723	\$ 1,476	\$ 1,612
Total net impaired loans	\$ (1,560)	\$ (1,527)	\$ (1,380)	\$ (432)	\$ (383)	\$ (1,527)	\$ (502)	\$ 3,409	\$ 8,628
Total loans	\$ 768,850	\$ 749,307	\$ 690,091	\$ 678,829	\$ 662,135	\$ 749,307	\$ 663,637	\$ 552,405	\$ 402,932
Net impaired loans (after general allowance) as a % of total loans	-0.20%	-0.20%	-0.20%	-0.06%	-0.06%	-0.20%	-0.08%	0.62%	2.14%
Gross impaired loans as a % of total assets	0.03%	0.03%	0.03%	0.13%	0.13%	0.03%	0.12%	0.65%	1.43%
Allowance for credit losses as a % of gross impaired loans	510.53%	521.82%	482.27%	131.86%	128.24%	521.82%	141.11%	30.21%	15.74%