



# Pacific & Western

*Credit Corp.*

## **Supplemental Financial Information**

**For the quarter ended October 31, 2007  
(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 Fourth Quarter Press Release and its 2006 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

	YEAR ENDED												
	2007				2006								
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2007	2006	2005	2004	2003
<b>Results of Operations (teb) *</b>													
Total interest income	\$ 19,510	\$ 17,537	\$ 18,029	\$ 18,607	\$ 19,109	\$ 16,857	\$ 15,456	\$ 15,565	\$ 73,683	\$ 66,988	\$ 55,727	\$ 54,572	\$ 47,819
Net interest income	4,492	3,780	4,534	4,906	4,694	4,657	4,896	4,974	17,712	19,222	16,019	15,548	9,627
Provision (recovery) for credit losses	198	142	72	429	339	321	78	49	841	787	(61)	(471)	501
Other income	114	260	294	959	1,116	12,963	1,251	832	1,626	16,162	8,869	281	1,236
Total revenue	4,408	3,898	4,756	5,436	5,471	17,299	6,069	5,757	18,497	34,597	24,949	16,300	10,362
Non-interest expenses	3,049	3,643	3,548	3,658	3,252	3,215	3,104	3,284	13,897	12,855	12,423	8,652	7,758
Net income before provision for income taxes	1,359	255	1,208	1,778	2,219	14,085	2,965	2,473	4,600	21,742	12,526	7,648	2,604
Provision for income taxes	721	128	864	687	737	2,281	1,040	1,051	2,400	5,110	4,734	2,447	1,092
Net income	638	127	344	1,091	1,482	11,803	2,042	1,659	2,200	16,986	7,016	5,201	1,512
<b>Per Common Share (\$'s)</b>													
Basic earnings per share	0.04	0.01	0.02	0.08	0.11	0.88	0.15	0.12	0.14	1.25	0.51	0.38	0.10
Diluted earnings per share	0.04	0.00	0.02	0.07	0.10	0.85	0.14	0.12	0.14	1.22	0.50	0.37	0.10
Book value/share	3.91	4.18	4.43	4.55	5.00	4.87	3.98	3.83	3.91	5.00	3.71	3.20	2.82
Closing market price (common share)	7.75	8.00	9.01	12.00	11.81	12.60	9.75	10.00	7.75	11.81	10.00	7.85	5.81
Weighted average number of common shares	13,739	13,757	13,730	13,471	13,366	13,347	13,330	13,319	13,674	13,343	13,249	13,206	13,198
Number of common shares outstanding at period end	13,686	13,754	13,757	13,520	13,422	13,349	13,345	13,337	13,686	13,422	13,308	13,227	13,204
Total market value of common shares	106,067	110,032	123,951	162,240	158,514	168,197	130,114	133,370	106,067	158,514	133,080	103,832	76,715
<b>Financial Ratios</b>													
Net interest income teb (%)	1.33%	1.20%	1.36%	1.45%	1.42%	1.48%	1.70%	1.72%	1.27%	1.56%	1.49%	1.76%	1.31%
Return on average common equity	4.13%	0.45%	1.91%	6.36%	8.54%	78.88%	15.60%	12.63%	3.25%	28.75%	14.79%	12.48%	3.48%
Return on average assets	0.19%	0.04%	0.10%	0.32%	0.45%	3.76%	0.71%	0.58%	0.16%	1.38%	0.65%	0.59%	0.21%
Non-interest expenses to average total assets (annualized)	0.90%	1.12%	1.07%	1.08%	0.99%	1.02%	1.08%	1.14%	1.00%	1.04%	1.16%	0.98%	1.05%
Efficiency ratio	\$ 0.66	\$ 0.90	\$ 0.73	\$ 0.62	\$ 0.56	\$ 0.18	\$ 0.51	\$ 0.57	\$ 0.72	\$ 0.36	\$ 0.50	\$ 0.55	\$ 0.71
Number of full time equivalent staff at period end	57	62	64	65	61	52	50	50	57	61	48	44	40
Assets to full time employee**	25,590	19,767	21,357	20,904	21,799	24,759	24,074	23,153	25,590	21,799	23,567	23,082	18,852
<b>Financial Position</b>													
Cash and securities	441,727	266,588	432,535	414,315	425,418	428,980	386,635	362,869	441,727	425,418	352,383	327,446	180,625
Cash and securities to total assets (%)	30.28%	21.75%	31.65%	30.49%	31.99%	33.32%	32.12%	31.35%	30.32%	31.99%	31.15%	32.24%	23.95%
Total loans	977,727	923,385	899,971	895,158	863,830	819,899	796,866	768,850	977,727	863,830	749,307	663,637	552,405
Mortgages and loans to total assets (%)	67.03%	75.34%	65.84%	65.88%	64.96%	63.68%	66.20%	66.42%	67.03%	64.96%	66.24%	65.35%	73.26%
Total assets	1,458,656	1,225,583	1,366,834	1,358,729	1,329,729	1,287,458	1,203,713	1,157,631	1,458,656	1,329,729	1,131,227	1,015,588	754,068
Average assets	1,342,120	1,296,209	1,362,781	1,344,229	1,308,594	1,245,586	1,180,672	1,144,429	1,394,193	1,230,478	1,073,408	884,828	736,187
Deposits	1,282,756	1,116,317	1,155,383	1,174,237	1,210,555	1,134,242	953,912	966,395	1,282,756	1,210,555	935,758	887,245	673,229
Notes payable	35,660	35,847	35,523	36,184	36,184	36,186	36,186	36,186	35,660	36,184	36,186	34,186	34,186
Shareholders' equity	57,054	60,981	64,523	65,087	70,650	68,526	56,696	54,599	57,054	70,650	52,923	45,818	40,788
<b>Credit Quality</b>													
Gross impaired loans	1,452	2,616	2,544	2,544	3,096	1,501	380	380	1,452	3,096	362	1,221	4,885
Gross impaired loans as a % of total assets	0.10%	0.21%	0.19%	0.19%	0.23%	0.12%	0.03%	0.03%	0.10%	0.23%	0.03%	0.12%	0.65%
Net impaired loans	(1,754)	(628)	(558)	(451)	530	(774)	(1,637)	(1,560)	(1,754)	530	(1,527)	(502)	3,409
Net impaired loans as a % of total loans	-0.18%	-0.07%	-0.06%	-0.05%	0.06%	-0.09%	-0.21%	-0.20%	-0.18%	0.06%	-0.20%	-0.08%	0.62%
<b>Capital Adequacy</b>													
Pacific & Western Bank capital ratios													
Tier 1 capital	61,820	63,701	65,674	64,571	70,163	74,402	61,685	58,431	61,820	70,163	56,447	49,188	42,638
Tier 2 capital	30,000	30,000	31,248	33,673	34,000	28,000	28,000	28,000	30,000	34,000	28,000	23,500	21,000
Total capital	91,820	93,701	96,922	98,244	104,163	102,402	89,685	86,431	91,820	104,163	84,447	72,688	63,638
Risk weighted assets	800,582	752,461	778,717	797,169	786,005	780,315	739,720	753,913	800,582	786,005	759,348	675,129	507,839
Risk based capital ratio	11.47%	12.45%	12.45%	12.32%	13.25%	13.12%	12.12%	11.46%	11.47%	13.25%	11.12%	10.77%	12.53%
Tier 1 ratio	7.72%	8.47%	8.43%	8.10%	8.93%	9.53%	8.34%	7.75%	7.72%	8.93%	7.43%	7.29%	8.40%
Assets to capital ratio	16.19	13.35	14.32	13.95	12.96	12.76	13.61	13.55	16.19	12.96	13.60	14.07	11.60

\* 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.

\*\* excludes operations of Discovery Air Inc.



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

Page 3

	QUARTER								YEAR ENDED				
	2007				2006				2007	2006	2005	2004	2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
Net Interest Income	\$ 3,777	\$ 3,221	\$ 4,043	\$ 4,462	\$ 4,262	\$ 4,218	\$ 4,544	\$ 4,547	\$ 15,503	\$ 17,571	\$ 14,244	\$ 13,764	\$ 8,268
Taxable equivalent adjustment	715	559	491	444	432	440	351	427	2,209	1,650	1,775	1,784	1,359
<b>Net Interest Income (NII) (teb)</b>	<b>4,492</b>	<b>3,780</b>	<b>4,534</b>	<b>4,906</b>	<b>4,694</b>	<b>4,658</b>	<b>4,895</b>	<b>4,974</b>	<b>17,712</b>	<b>19,221</b>	<b>16,019</b>	<b>15,548</b>	<b>9,627</b>
Earnings (loss) from equity accounted investments	-	-	-	-	807	969	(55)	-	-	1,721	-	-	-
Administration fees	-	-	-	-	-	-	-	5	-	5	155	263	219
Gains	-	-	-	888	(3)	15,647	1,289	-	888	16,933	655	-	-
Aerial forest fire operations	-	-	-	-	-	-	4	22	-	26	5,059	-	-
Impairment writedown on securities	-	-	-	-	136	(3,366)	-	-	-	(3,230)	-	-	-
Impairment writedown on other assets	(100)	-	-	-	-	(616)	-	-	(100)	(616)	-	-	-
Other	214	260	294	71	176	329	13	805	839	1,323	3,000	18	1,017
<b>Total other income</b>	<b>114</b>	<b>260</b>	<b>294</b>	<b>959</b>	<b>1,116</b>	<b>12,963</b>	<b>1,251</b>	<b>832</b>	<b>1,627</b>	<b>16,162</b>	<b>8,869</b>	<b>281</b>	<b>1,236</b>
<b>Net interest and other income (teb)</b>	<b>\$ 4,606</b>	<b>\$ 4,040</b>	<b>\$ 4,828</b>	<b>\$ 5,865</b>	<b>\$ 5,810</b>	<b>\$ 17,621</b>	<b>\$ 6,146</b>	<b>\$ 5,806</b>	<b>\$ 19,339</b>	<b>\$ 35,383</b>	<b>\$ 24,888</b>	<b>\$ 15,829</b>	<b>\$ 10,863</b>
Other income as a % of total revenue	2.48%	6.44%	6.09%	16.35%	19.21%	73.57%	20.35%	14.33%	8.41%	45.68%	35.64%	1.78%	11.38%
Net interest income-loans	1.77%	1.72%	2.01%	2.15%	2.01%	1.98%	2.11%	2.30%	2.01%	2.06%	2.11%	2.18%	2.35%
Net interest income-securities	0.78%	0.43%	0.42%	0.60%	0.31%	0.63%	0.90%	0.72%	0.60%	0.63%	0.35%	1.00%	0.88%
Net interest income per average assets	1.33%	1.16%	1.36%	1.45%	1.42%	1.48%	1.70%	1.72%	1.27%	1.56%	1.49%	1.76%	1.31%

(unaudited)  
(\$ thousands)

	QUARTER								YEAR ENDED				
	2007				2006				2007	2006	2005	2004	2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Average loans</b>	\$ 950,556	\$ 911,678	\$ 897,565	\$ 879,494	\$ 841,865	\$ 808,383	\$ 782,858	\$ 759,079	\$ 920,779	\$ 806,569	\$ 706,472	\$ 608,021	\$ 477,669
<b>Average total assets</b>	1,342,120	1,296,209	1,362,781	1,344,229	1,308,594	1,245,586	1,180,672	1,144,429	1,394,193	1,230,478	1,073,408	884,828	736,187
<b>Average common equity</b>	55,473	59,207	61,260	64,324	66,043	59,066	52,103	50,216	60,307	58,242	45,826	39,758	36,600
<b>Average total equity</b>	59,018	62,752	64,805	67,869	69,588	62,611	55,648	53,761	63,852	61,787	49,371	43,303	40,145

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

	QUARTER								YEAR ENDED				
	2007				2006				2007	2006	2005	2004	2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Salaries and Employee Benefits</b>													
Salaries	\$ 1,204	\$ 1,590	\$ 1,620	\$ 1,605	\$ 1,310	\$ 1,286	\$ 1,266	\$ 1,197	\$ 5,304	\$ 5,059	\$ 4,044	\$ 3,626	\$ 3,196
Employee Benefits	348	458	474	515	473	515	293	252	2,509	1,533	759	773	579
Aerial forest fire operations	-	-	-	-	-	-	204	412	-	616	1,231	-	-
Total	1,552	2,048	2,094	2,120	1,783	1,801	1,763	1,861	7,813	7,208	6,034	4,399	3,775
<b>Premises</b>													
Rent	175	184	151	161	147	114	126	122	671	509	419	379	327
Depreciation	240	221	240	223	191	172	70	79	924	512	355	324	272
Other	45	56	44	33	58	36	31	29	178	154	118	127	132
Aerial forest fire operations	-	-	-	-	-	-	28	53	-	81	608	-	-
Total	460	461	435	417	396	322	255	283	1,773	1,256	1,500	830	731
<b>General and administrative</b>													
Capital and business taxes	154	150	131	174	208	141	142	134	609	625	501	434	317
Insurance	76	74	71	75	56	69	78	72	296	275	216	183	151
Listing, sustaining fees and annual meeting	32	35	74	75	41	27	38	45	216	151	221	180	118
Marketing and business development	153	147	147	125	113	157	144	117	572	531	388	301	290
Professional fees and services	160	207	133	164	182	107	126	119	664	534	468	351	407
Postage and stationary	39	26	43	37	34	28	34	28	145	124	125	142	152
Telephone and communications	33	36	32	41	36	39	32	25	142	132	108	98	148
Travel	134	222	193	203	179	178	109	79	752	545	194	176	117
Other	256	237	195	225	224	346	268	352	915	1,190	1,994	1,558	1,552
Aerial forest fire operations	-	-	-	-	-	-	115	169	-	284	674	-	-
Total	1,037	1,134	1,019	1,119	1,073	1,092	1,086	1,140	4,311	4,391	4,889	3,423	3,252
<b>Total non-interest expenses</b>	\$ 3,049	\$ 3,643	\$ 3,548	\$ 3,656	\$ 3,252	\$ 3,215	\$ 3,104	\$ 3,284	\$ 13,897	\$ 12,855	\$ 12,423	\$ 8,652	\$ 7,758

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

	QUARTER								YEAR ENDED				
	2007				2006				2007	2006	2005	2004	2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Cash resources</b>	\$ 113,421	\$ 25,714	\$ 136,383	\$ 142,656	\$ 207,720	\$ 135,010	\$ 100,719	\$ 84,348	\$ 113,421	\$ 207,720	\$ 72,532	\$ 43,728	\$ 38,322
<b>Securities</b>	328,306	240,874	296,152	271,659	217,698	293,970	285,916	278,521	328,306	217,698	279,851	283,718	142,303
<b>Loans</b>													
Residential mortgages	247,802	245,845	208,386	181,941	175,363	163,637	155,245	203,367	247,802	175,363	197,608	196,798	146,237
Government financing-direct and indirect	283,000	255,140	254,039	258,947	249,562	237,223	229,673	211,317	283,000	249,562	200,998	191,075	176,431
Business loans	412,330	390,836	396,188	408,113	389,407	368,382	348,309	292,094	412,330	389,407	282,472	180,358	116,725
Personal loans	34,595	31,564	41,358	46,157	49,498	50,657	63,639	62,072	34,595	49,498	68,229	95,406	113,012
Total	977,727	923,385	899,971	895,158	863,830	819,899	796,866	768,850	977,727	863,830	749,307	663,637	552,405
<b>Other assets</b>													
Capital assets	8,164	6,957	6,487	6,266	3,536	3,618	3,636	9,895	8,164	3,536	9,793	3,124	2,904
Deferred financing charges	-	-	-	728	629	686	743	800	-	629	858	1,087	1,316
Investment in Discovery Air *	16,592	16,828	16,858	30,763	24,985	24,302	5,718	-	16,592	24,985	-	-	-
Other assets	14,446	11,825	10,983	11,499	11,331	9,973	10,115	15,217	14,446	11,331	18,886	20,294	16,818
Total	39,202	35,610	34,328	49,256	40,481	38,579	20,212	25,912	39,202	40,481	29,537	24,505	21,038
<b>Total assets</b>	\$ 1,458,656	\$ 1,225,583	\$ 1,366,834	\$ 1,358,729	\$ 1,329,729	\$ 1,287,458	\$ 1,203,713	\$ 1,157,631	\$ 1,458,656	\$ 1,329,729	\$ 1,131,227	\$ 1,015,588	\$ 754,068
<b>Deposits</b>													
Demand	\$ 7,544	\$ 15,982	\$ 7,255	\$ 7,301	\$ 7,859	\$ 7,207	\$ 10,111	\$ 9,079	\$ 7,544	\$ 7,859	\$ 10,131	\$ 14,280	\$ 20,950
Term (including accrued interest)	1,275,212	1,100,335	1,148,128	1,166,936	1,202,696	1,127,035	943,801	957,316	1,275,212	1,202,696	925,627	872,965	652,279
Total	1,282,756	1,116,317	1,155,383	1,174,237	1,210,555	1,134,242	953,912	966,395	1,282,756	1,210,555	935,758	887,245	673,229
<b>Other liabilities</b>	83,186	12,438	111,405	83,221	12,340	48,504	156,919	99,804	83,186	12,340	105,606	48,339	5,865
<b>Notes payable</b>	35,660	35,847	35,523	36,184	36,184	36,186	36,186	36,186	35,660	36,184	36,186	34,186	34,186
<b>Non-controlling interest in subsidiary</b>	-	-	-	-	-	-	-	647	-	-	754	-	-
<b>Shareholders' Equity</b>													
Share capital													
Common	35,925	36,372	36,339	34,737	34,230	33,589	33,561	33,506	35,925	34,230	33,249	32,920	32,851
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	39,470	39,917	39,884	38,282	37,775	37,134	37,106	37,051	39,470	37,775	36,794	36,465	36,396
Accumulated other comprehensive income	24,125	23,513	23,386	23,131	32,875	31,392	19,590	17,548	24,125	32,875	16,129	9,353	4,392
	(6,541)	(2,449)	1,253	3,674	-	-	-	-	(6,541)	-	-	-	-
Total	57,054	60,981	64,523	65,087	70,650	68,526	56,696	54,599	57,054	70,650	52,923	45,818	40,788
<b>Total liabilities and shareholders' equity</b>	\$ 1,458,656	\$ 1,225,583	\$ 1,366,834	\$ 1,358,729	\$ 1,329,729	\$ 1,287,458	\$ 1,203,713	\$ 1,157,631	\$ 1,458,656	\$ 1,329,729	\$ 1,131,227	\$ 1,015,588	\$ 754,068

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

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

Page 6

	QUARTER								YEAR ENDED				
	2007				2006				2007	2006	2005	2004	2003
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1					
<b>Gross impaired loans</b>													
Residential mortgages	\$ 1,303	\$ 1,461	\$ 1,102	\$ 1,102	\$ 1,106	\$ 1,126	\$ -	\$ -	\$ 1,303	\$ 1,106	\$ -	\$ 207	\$ 4,885
Government financing-direct and indirect	-	-	-	-	-	-	-	-	-	-	-	-	-
Business loans	-	1,065	1,352	1,352	1,977	362	362	362	-	1,977	362	1,014	-
Personal loans	149	90	90	90	13	13	18	18	149	13	-	-	-
Total gross impaired loans	\$ 1,452	\$ 2,616	\$ 2,544	\$ 2,544	\$ 3,096	\$ 1,501	\$ 380	\$ 380	\$ 1,452	\$ 3,096	\$ 362	\$ 1,221	\$ 4,885
<b>Allowance for credit losses</b>													
Specific provisions	\$ 473	\$ 708	\$ 687	\$ 652	\$ 358	\$ 219	\$ 18	\$ 9	\$ 473	\$ 358	\$ -	\$ 75	\$ 123
General allowance	2,733	2,536	2,415	2,343	2,208	2,056	1,999	1,931	2,733	2,208	1,889	1,648	1,353
Total allowance for credit losses	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 2,566	\$ 2,275	\$ 2,017	\$ 1,940	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723	\$ 1,476
<b>Reconciliation of allowance for credit losses</b>													
Balance, beginning of period	\$ 3,244	\$ 3,102	\$ 2,995	\$ 2,566	\$ 2,275	\$ 2,017	\$ 1,940	\$ 1,889	\$ 2,566	\$ 1,889	\$ 1,723	\$ 1,476	\$ 1,612
Provision (recovery) for credit losses	198	142	72	429	339	321	78	49	841	787	(61)	(471)	501
Recoveries (write-offs)	(236)	-	35	-	(48)	(63)	(1)	2	(201)	(110)	227	718	(637)
Balance, end of period	\$ 3,206	\$ 3,244	\$ 3,102	\$ 2,995	\$ 2,566	\$ 2,275	\$ 2,017	\$ 1,940	\$ 3,206	\$ 2,566	\$ 1,889	\$ 1,723	\$ 1,476
Total net impaired loans	\$ (1,754)	\$ (628)	\$ (558)	\$ (451)	\$ 530	\$ (774)	\$ (1,637)	\$ (1,560)	\$ (1,754)	\$ 530	\$ (1,527)	\$ (502)	\$ 3,409
Total loans	\$ 977,727	\$ 923,385	\$ 899,971	\$ 895,158	\$ 863,830	\$ 819,899	\$ 796,866	\$ 768,850	\$ 977,727	\$ 863,830	\$ 749,307	\$ 663,637	\$ 552,405
Net impaired loans (after general allowance) as a % of total loans	-0.18%	-0.07%	-0.06%	-0.05%	0.06%	-0.09%	-0.21%	-0.20%	-0.18%	0.06%	-0.20%	-0.08%	0.62%
Gross impaired loans as a % of total assets	0.10%	0.21%	0.19%	0.19%	0.23%	0.12%	0.03%	0.03%	0.10%	0.23%	0.03%	0.12%	0.65%
Allowance for credit losses as a % of gross impaired loans	220.80%	124.01%	121.93%	117.72%	82.88%	151.57%	530.79%	510.53%	220.80%	82.88%	521.82%	141.11%	30.21%