

Pacific & Western Credit Corp.

HEAD OFFICE

Contact: Tel Matrundola, *Public Relations*
Address: Suite 2002, 140 Fullarton Street
 London, ON N6A 5P2
Telephone: (519) 645 - 1919
Fax: (519) 645 - 2060
E-Mail: telm@pwbank.com
Website: www.pwcorp.com

INVESTOR RELATIONS

Contact: Christopher G. Evans, *Director of IR*
 (employee)
Telephone: 1-866-787-9936
E-Mail: chrise@pwbank.com



Pacific & Western Credit Corp. (PWC) was incorporated in 1970 in Alberta and was continued under the Canada Business Corporations Act in 1987. In January 2002, the corporation amalgamated with PacWest Ventures Ltd. The company's principal subsidiary and operating entity is Pacific & Western Bank of Canada (P&W Bank). This subsidiary was continued under Canada's Bank Act in August 2002 converting from a provincial trust company in Saskatchewan upon the granting of the bank charter. In September 2002, the company changed its year-end from December 31 to October 31 in order to coincide with the year-ends of other publicly traded domestic banks for comparison purposes. PWC currently employs approximately 40 people with offices located in London, Ontario, Saskatoon, Saskatchewan, Edmonton, Alberta, and Toronto, Ontario. Since the company does not carry on retail operations, these offices are for executives and staff working for various segments of the company's business.

The main business of the company is carried on through P&W Bank and the primary activities that this subsidiary is involved in are deposit services, which are centralized in Saskatoon, and lending services, which are centered in London. The corporation owns 100 percent of

the voting securities of its subsidiary and holds \$18 million of subordinated notes issued by P&W Bank.

P&W Bank provides financial intermediary services. These services include the raising of deposits across Canada, with the exception of Quebec, from a diversified network of financial advisers and deposit brokers. P&W Bank presently has approximately 50,000 depositors holding its GICs and daily interest savings accounts. These deposits are invested in various forms such as loans, leases, commercial mortgages, residential mortgages, municipal debentures, corporate bonds, preferred shares, and government guaranteed securities, all of which are designed to provide a reasonable rate of return with limited risk. P&W Bank has computer software and systems that enable it to efficiently process deposit instruments without a significant investment in fixed assets. The company can then deal with a large number of deposits with a smaller amount of staff.

Currently, P&W Bank is redeploying the excess liquidity that it was previously required to maintain as a provincial trust company into higher yielding loans and leases. These loans and leases are generally being provided to low risk corporate and public sector entities throughout Canada. The lower risk entities to which the company lends money include federal, provincial, and municipal governments, as

well as hospitals, universities, community colleges, and school boards.

On September 4, 2002, the company announced that the Investment Planning Counsel of Canada Ltd. (IPC) has agreed to distribute deposit products of P&W Bank. IPC has one of Canada's largest networks of independent financial planners with over 900 representatives in more than 300 locations across Canada. With more than 120,000 potential clients and \$7 billion in assets, IPC has become a valuable deposit gathering agent for PWC. Management hopes to continue to develop and diversify its deposit gathering distribution channels by completing similar agreements.

PWC's financial results in 2001 and 2002 suffered due to restrictions placed upon P&W Bank by the subsidiary's former provincial regulator. Upon the conversion into its current state of a branchless, niche market bank, the company has begun to turn the corner on profitability and registered net earnings of \$204,000 for the six months ended April 30, 2003. Management attributed this financial turnaround, in part, to the company's rebuilding of many of its prior business relationships and redeveloping the profitable portfolios which PWC was once in charge of, but was forced to limit due to restrictive trust legislation requiring large amounts of cash and securities to be kept on hand at all times. The company is also building new relationships which fit within P&W Bank's niche strategy.

FINANCIAL POSITION & OPERATING RESULTS

(all financial figures presented in thousands of Canadian dollars)

Balance Sheet

(as at April 30, 2003)

Cash Resources	\$ 21,125
Securities	189,022
Mortgages & Loans	469,016
Total Assets	706,059
Deposits	625,438
Notes Payable	34,186
Shareholders' Equity	39,466

Income Statements

	6 Months Ended April 30		10 Months Ended
	2003	2002	October 31 2002
Revenues	\$21,789	\$21,964	\$36,379
Net Earnings (Loss)	204	(2,637)	(3,389)
Earnings (Loss) per Share	\$0.015	(\$0.28)	(\$0.27)

SHARES

Issued

Management & Insiders	- Escrow	nil
	- Free-trading	1,680,070
Public	- Restricted	nil
	- Free-trading	<u>11,517,008</u>
		<u>13,197,078</u>
Fully-Diluted		<u>16,909,184</u>

Trading Symbol & Exchange	PWC : TSX
52 Week Price Range	\$ 3.65 - \$ 6.00
Current Price (August 5, 2003)	\$ 4.90
3-Month Average Daily Trading Volume	3,900 shares
Market Capitalization	\$ 65.0 million

CONCLUSION

P&W Bank intends to continue to develop and diversify its deposit gathering distribution channels and management expects profitability to return to its historic levels with the improved efficiency that its bank status allows. The company booked \$115 million in new loans and leases during the first six months of fiscal 2003 and has committed to an additional \$111 million. These

bookings helped PWC's net investment income for the second quarter of fiscal 2003 reach \$1.9 million, an increase of 73 percent over the previous quarter which took the company through its break-even point to generate a small profit. Net earnings for the quarter were \$267,000 as compared to a net loss of \$953,000 for the corresponding period in the prior year.