

Special Meetings  
June 26, 2009



Pacific & Western  
*Credit Corp.*

# Advisory


The Corporation occasionally makes forward-looking statements about its objectives, operations and targeted financial results. These statements may be written or verbal and may be included in such things as press releases, corporate presentations, Annual Reports and other disclosure documents and communications. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the Canadian economy in general and the strength of local economies within Canada in which we conduct operations; the effect of changes in interest rates; the effects of competition in the markets in which we operate; capital market fluctuations; and the impact of changes in laws and regulations. When relying on forward-looking statements to make decisions, investors and others should carefully consider these factors and other uncertainties or potential events. The Corporation makes no undertaking to update any forward-looking statement that is made from time to time by the Corporation.

# Our Mission

To maximize the value of our common shares and total return to our shareholders over time, by providing innovative financial solutions to our clients in selected niche markets.

**Tailor made loans on time, priced right**

# Our Model

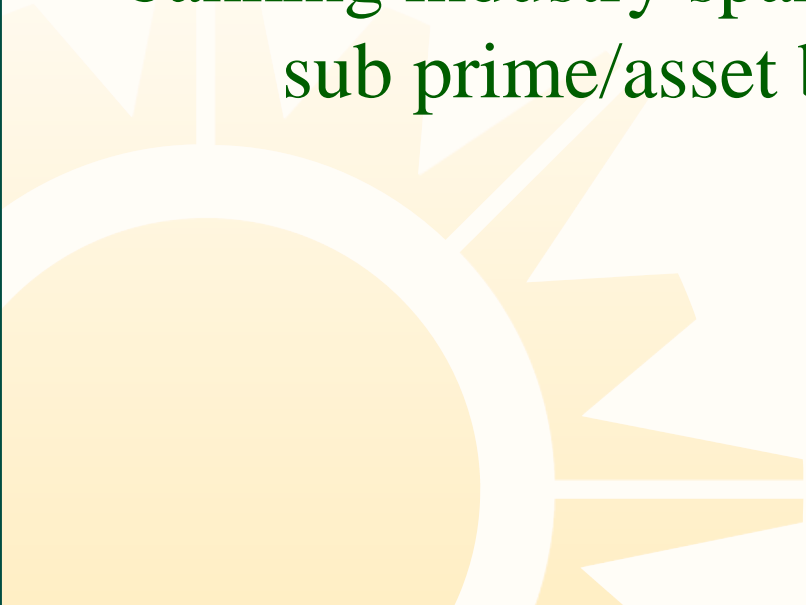
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- Focus** Niche markets not well served by large banks
  - Quality** Seek low credit risk lending opportunities
  - Efficiency** Use technology and existing distribution channels
  - Growth** Seek markets with high growth potential

# Our Strengths

- Extensive nationwide low cost funds source
- High quality portfolio with negligible losses
- Schedule 1 Canadian Bank Charter
- Very scalable infrastructure
- State of the art financial institution software

# The Event

Unprecedented worldwide liquidity crisis in the banking industry sparked off by a melt down in the sub prime/asset backed securities market.

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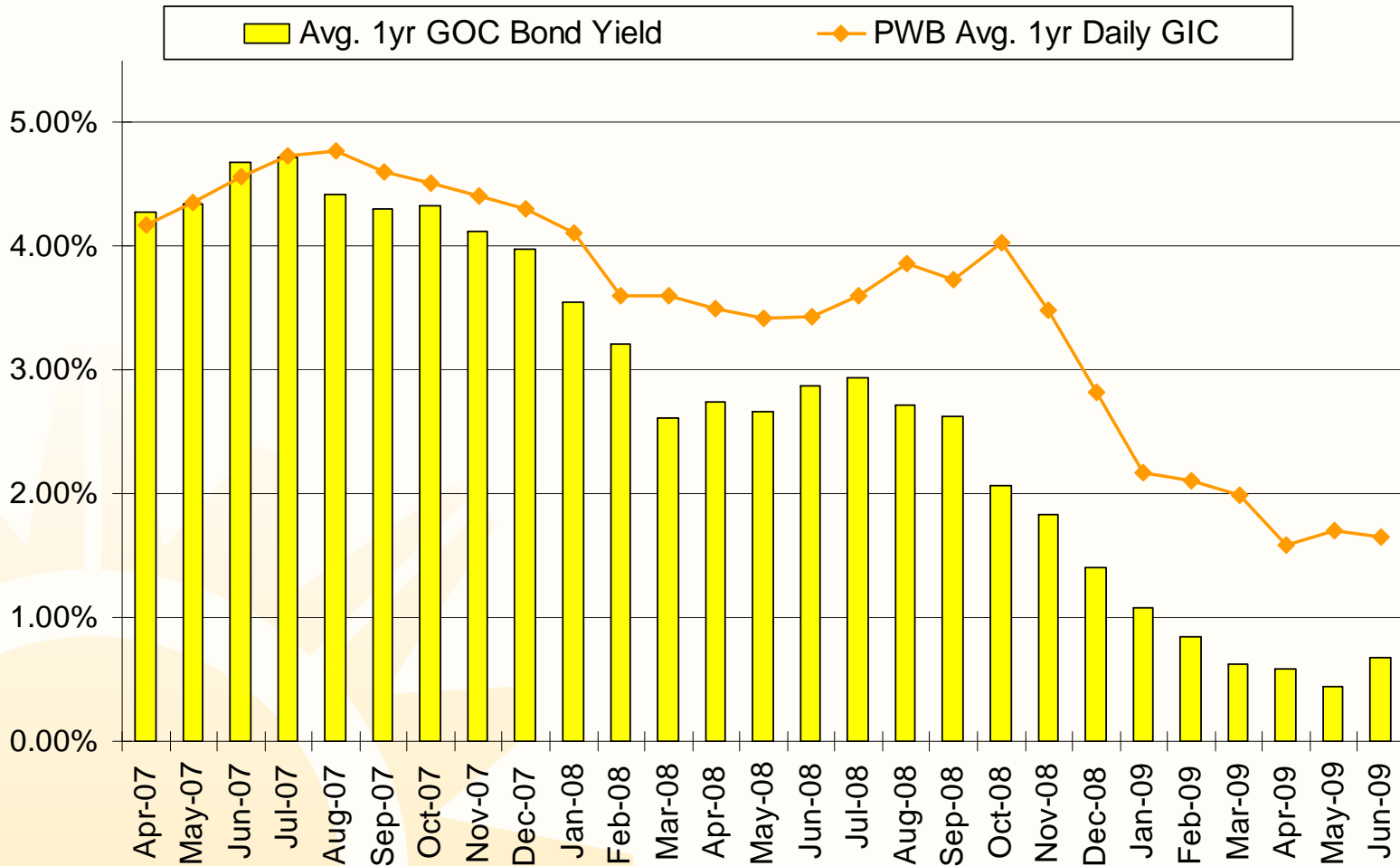
# The Challenges

- Because PWB's funds primarily by way of term deposits, when interest rates fall rapidly PWB experiences a reduction of spread income until deposits reset to the new lower rates.
- Mark to Market accounting rules created volatility and reductions in our regulatory capital reducing lending capacity, and diminishing treasury earnings.

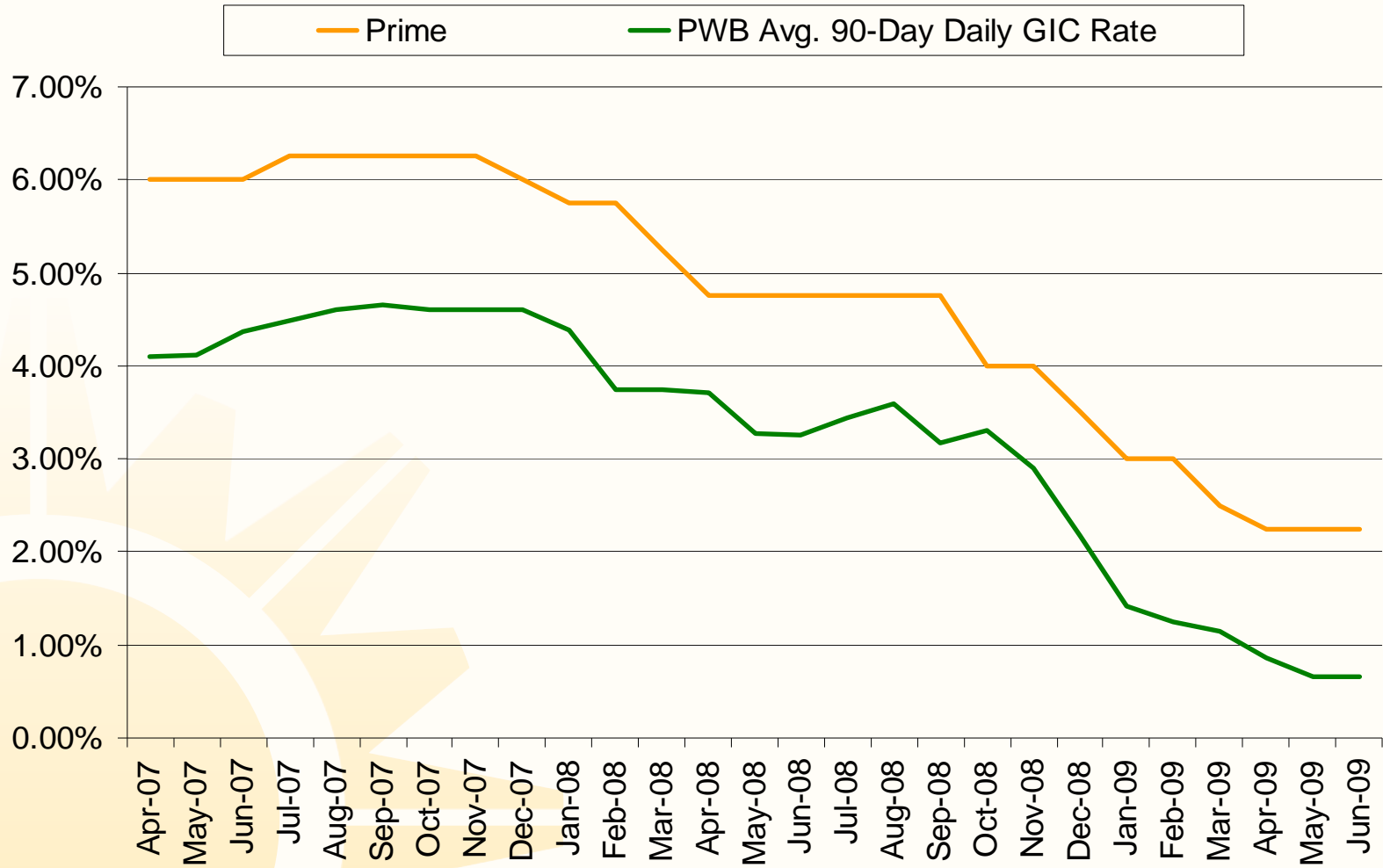
# Benefits

- Competition has reduced significantly in our lending markets
- Loan spreads have increased to more than offset our elevated cost of funds
- High quality securities can be purchased with extra-ordinary spreads over our cost of funds
- When interest rates increase, PWB benefits because deposit costs lag behind loan revenues

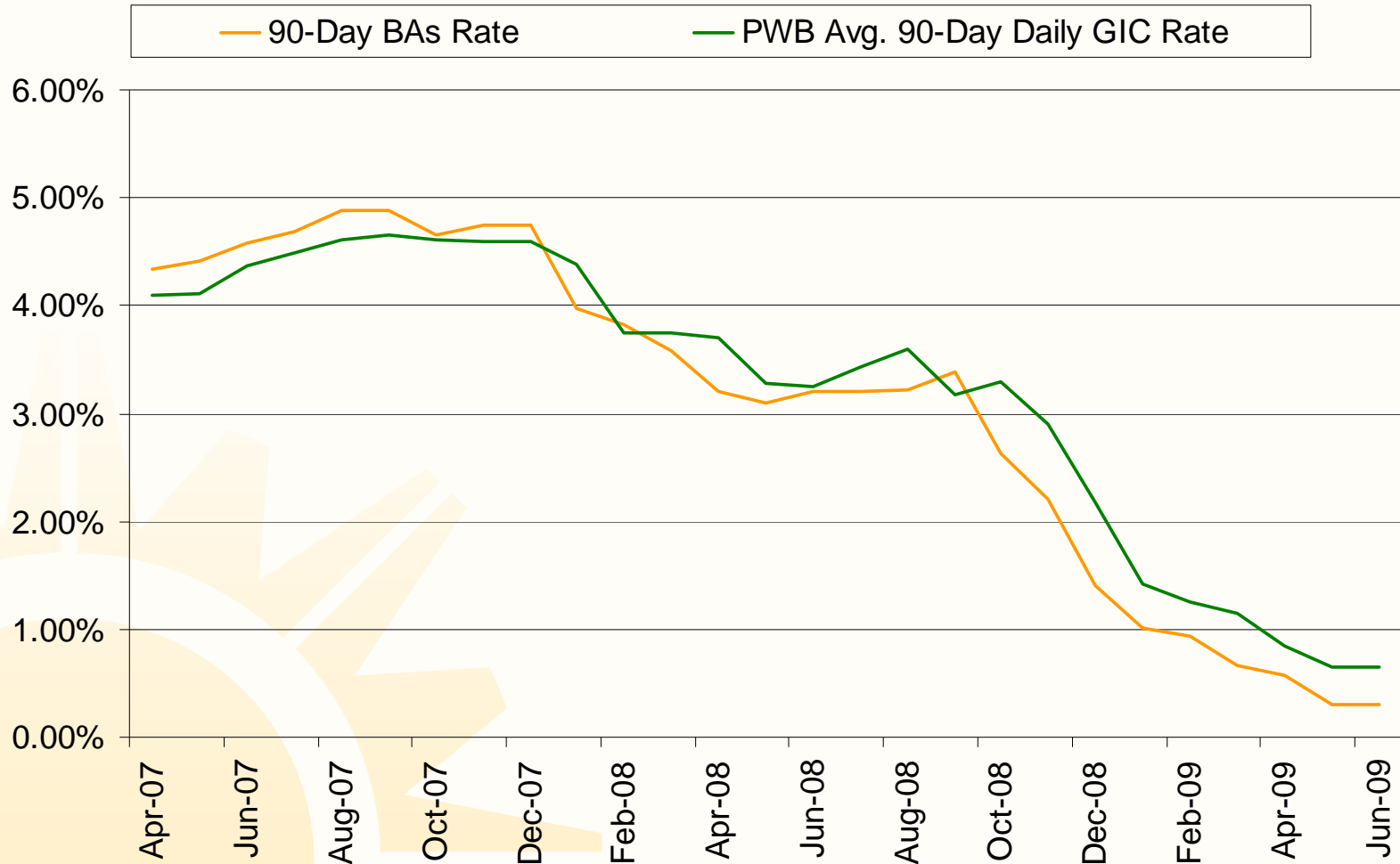
# 1yr GOC Bond Yield vs. PWB 1yr GIC Rate



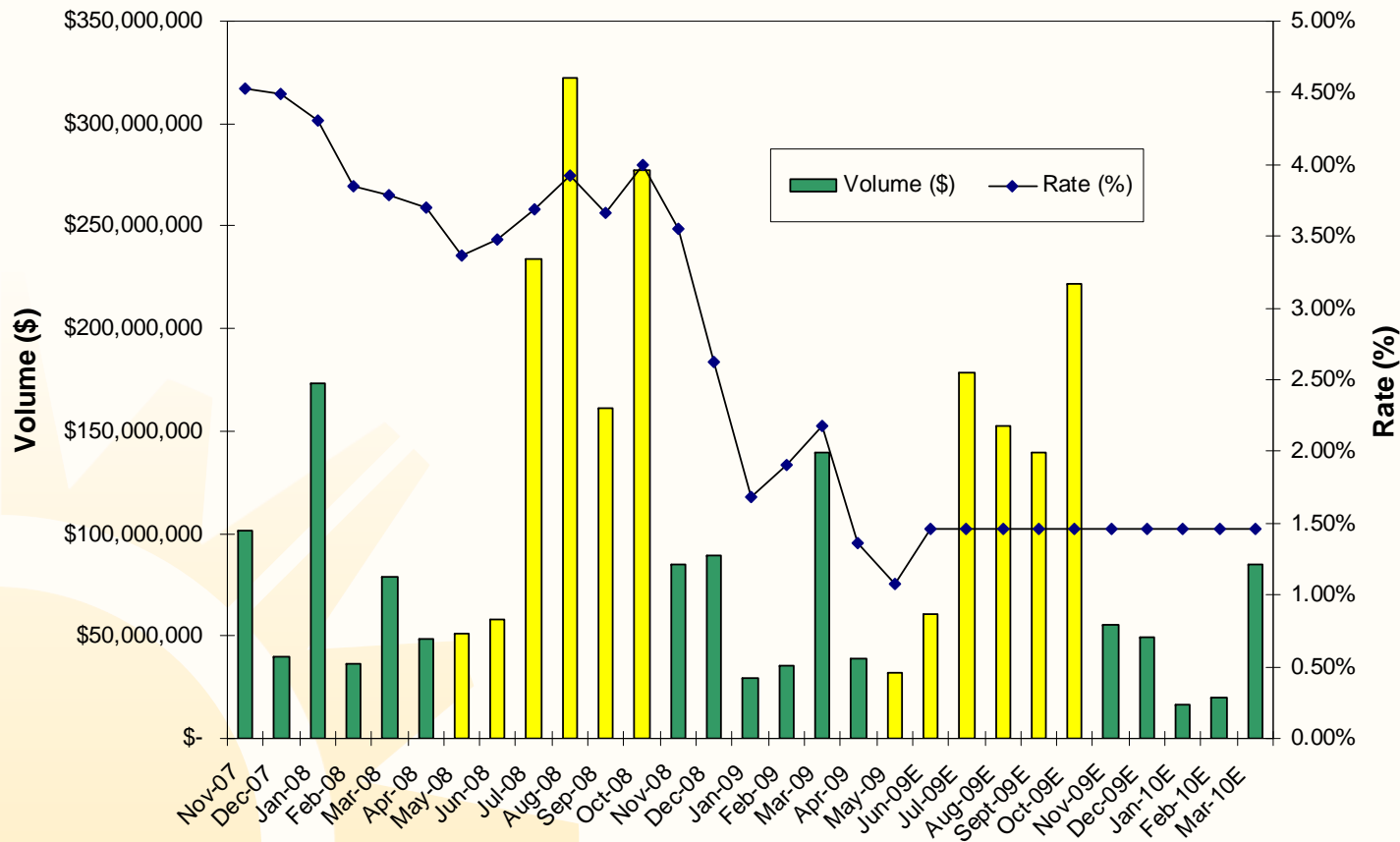
# Prime Squeeze



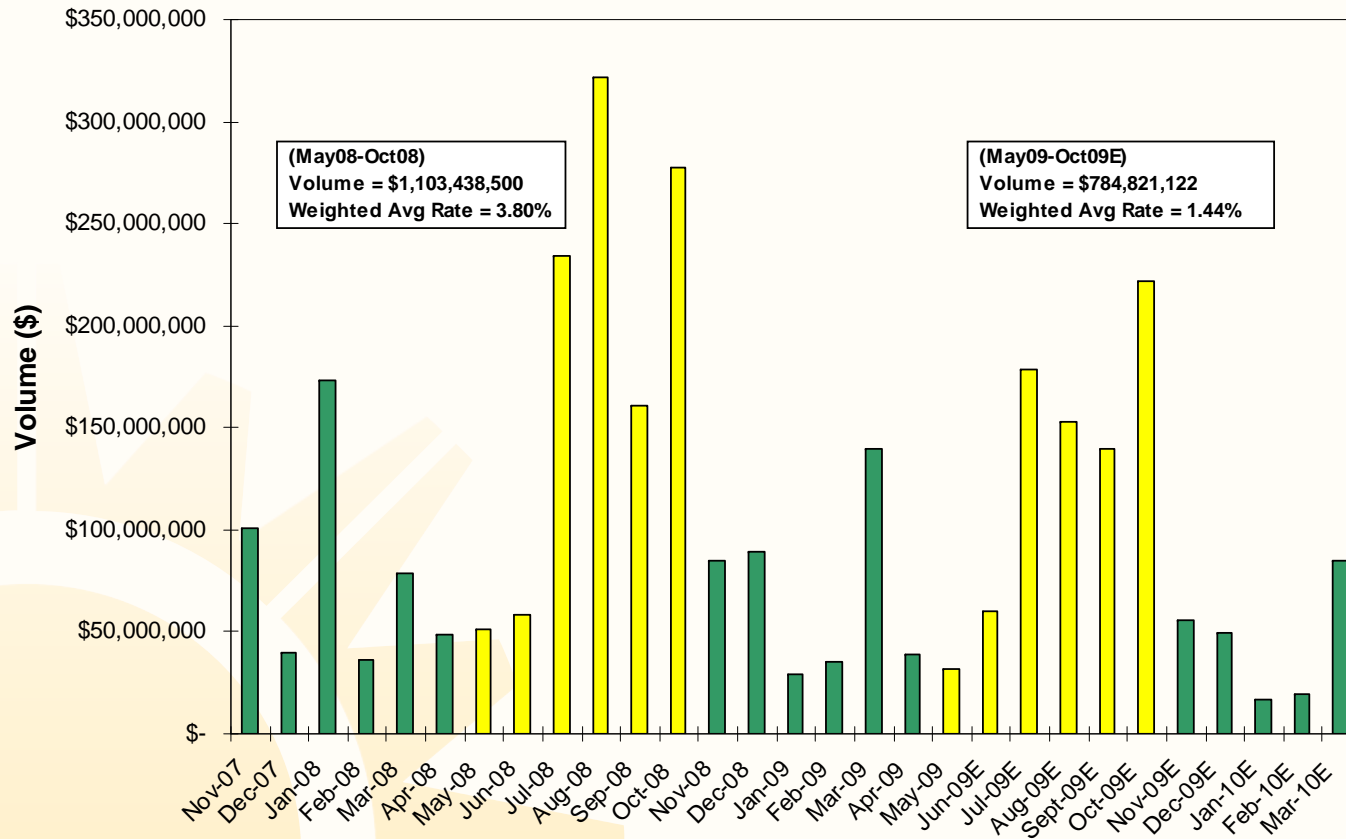
# 90 Day BAs vs. PWB 90 Day GIC




# GIC Rate & Volume Trends



# GIC Rates & Volumes



# Background for Shareholders & Note holders

- Proposed Class “B” Preferred Shares
  - Class “A” Preferred Shareholders
  - Series A Promissory Note holders
  - Series C Promissory Note holders
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- A decorative graphic of a sun with rays, rendered in a light orange or yellow color, is positioned in the lower-left quadrant of the slide. The sun is partially obscured by the text of the fourth bullet point.

# Proposed Class “B” Preferred Shares

- Issued at \$25
- Dividend is \$2.25 per annum, paid quarterly
- \$0.84 in cash, balance in cash and/or common shares
- Convertible at any time for 5 common shares (\$5 stock)
- Redeemable from June 30, 2014/redeemed by June 30, 2019 for cash

# Class “A” Preferred Shareholders

- No obligation to convert – option of shareholder
- Conversion: each “A” (\$3) is worth 0.12 of “B” (\$25).
- For each 8.33 of “A”, the holder receives one “B”.
- No fractional shares
- Right to convert is from July 1 – August 28, 2009
- Effective date of conversion will be August 31, 2009
- Any accrued dividends up to effective date, paid by September 10

# Series A Promissory Note holders

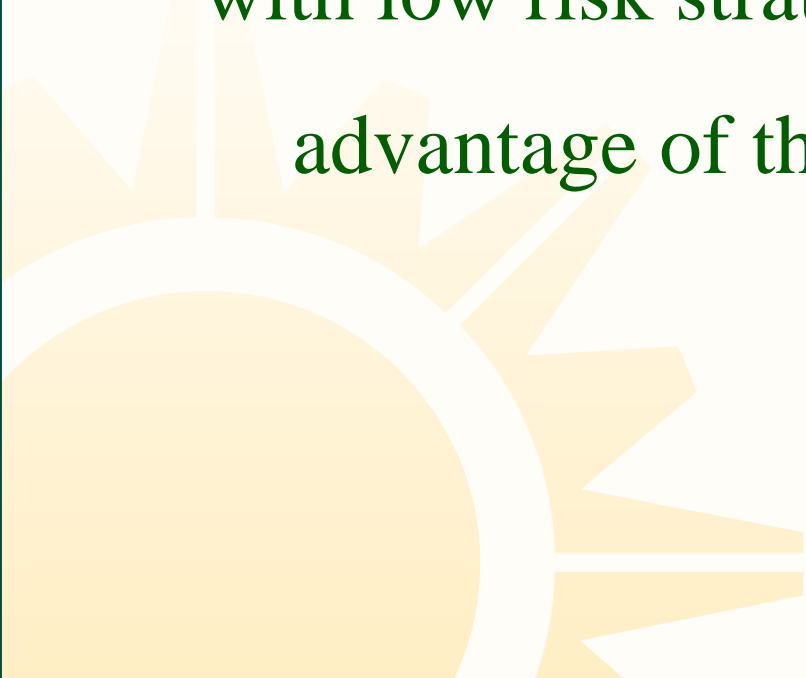
- No obligation to convert – option of note holder
- 2 conversions available: A Note to C Note, or A Note to B Pref
- 1) each \$5,000 of A notes receives \$6,000 of C notes
- 2) each \$25 of A note converted receives one Class “B” pref
- No fractional shares
- Right to convert is from July 1 – August 28, 2009
- Effective date of conversion will be August 31, 2009
- On conversion to C, deemed to bear interest from July 1/09 at 9% (\$6,000)
- On conversion to B, any accrued interest up to effective date paid by September 10

# Series C Promissory Note holders

- No obligation to convert – option of note holder
- Each \$25 of C note converted receives one Class “B” pref
- No fractional shares
- Right to convert is from July 1 – August 28, 2009
- Effective date of conversion will be August 31, 2009
- Any accrued interest up to effective date, paid by September 10

# Summary

Highly efficient entrepreneurial Schedule 1 bank  
with low risk strategy well positioned to take  
advantage of the current liquidity crisis.

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