

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities law. Accordingly, the securities may not be offered, sold, exercised or transferred in the United States (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state laws or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Pacific & Western Credit Corp. at Suite 2002-140 Fullarton Street, London, Ontario N6A 5P2, telephone (519) 675-4201, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

May 18, 2011



PACIFIC & WESTERN CREDIT CORP.

Minimum: \$15,000,000
6,666,667 Units

Maximum: \$30,000,001
13,333,334 Units

\$2.25 per Unit

This short form prospectus qualifies the distribution (the “**Offering**”) of an aggregate of up to 13,333,334 units (the “**Units**”) of Pacific & Western Credit Corp. (the “**Company**” or “**PWC**”) at a price of \$2.25 per Unit (the “**Offering Price**”) for aggregate gross proceeds of up to \$30,000,001, pursuant to an underwriting agreement dated as of May 4, 2011 (the “**Underwriting Agreement**”) between PWC and Canaccord Genuity Corp., as lead underwriter (the “**Lead Underwriter**”), and including Scotia Capital Inc., Industrial Alliance Securities Inc. and PI Financial Corp. (collectively, the “**Underwriters**”). Pursuant to the Underwriting Agreement, the Underwriters have agreed to purchase, as principals on an underwritten basis, 6,666,667 Units (the “**Committed Units**”) being offered pursuant to the Offering, as further provided herein. See “*Plan of Distribution*”. Each Unit consists of one common share in the capital of the Company (a “**Common Share**”) and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of \$2.80 per Common Share for a period of 18 months following the Closing Date (as defined herein). See “*Plan of Distribution*” and “*Description of Securities to be Distributed*”.

Holder of Common Shares, in jurisdictions where they may be lawfully offered for sale, as of the record date for this Offering, being the date of receipt for the amended and restated short form prospectus dated May 4, 2011, (the “**Shareholders**”) are eligible to purchase up to 6,666,667 Units (the “**Shareholder Units**”) being offered pursuant to the Offering at a price per Shareholder Unit equal to the Offering Price. A Shareholder may do so by giving to the Company or the Lead Underwriter prior to noon (Toronto time) on May 20, 2011 notice that it wishes to purchase Shareholder Units. See “*Plan of Distribution*”. **If you are a current Shareholder and wish to purchase Shareholder Units pursuant to the Offering, please contact the Company at: 1-800-244-1509, or the Lead**

Underwriter at: (416) 869-7398. The offering of Shareholder Units to the Shareholders is being made in a manner requested by the Toronto Stock Exchange (the “**TSX**”) to provide existing holders of Common Shares with the opportunity to purchase Shareholder Units if they wish to do so. It is not a “rights offering” within the meaning of applicable securities laws, but rather is akin to a “best efforts” offering. Accordingly, the prescribed procedural rules for rights offerings are not being followed in connection with the offering of Shareholder Units. The Underwriters have been granted an option (the “**Underwriters’ Option**”) to purchase Shareholder Units at a price equal to the Offering Price for sale to the Shareholders who have elected to purchase Shareholder Units or, if the Shareholders do not purchase all of the Shareholder Units, for sale to other purchasers. The Underwriters may exercise the Underwriters’ Option by giving written notice to the Company by 5:00 p.m. (Toronto time) on May 20, 2011.

The Company has granted to the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional 2,000,000 Units (the “**Additional Units**”) at \$2.25 per Additional Unit, including up to an additional 1,000,000 Warrants (the “**Additional Warrants**”). The Additional Warrants can be purchased independent of the Additional Units at a price of \$0.22 per Additional Warrant. The Over-Allotment Option can be exercised within 30 days after the Closing Date (as defined herein) to cover over-allotments, if any, and for market stabilization purposes. See “*Plan of Distribution*”. The Over-Allotment Option may be exercised by the Underwriters: (i) to acquire Additional Units; or (ii) to acquire Additional Warrants; or (iii) to acquire any combination of Additional Units and Additional Warrants, so long as the aggregate number of Common Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,000,000 Common Shares and 1,000,000 Additional Warrants. If all of the Shareholder Units are purchased, and if the Over-Allotment Option is exercised in full for Additional Units only, the price to the public, Underwriters’ Fee (as defined herein) and net proceeds to the Company will be \$34,500,001, \$2,070,000 and \$32,430,001, respectively, before deducting the expenses of the Offering. Unless the context otherwise requires, all references to the Offering and the Units in this short form prospectus assumes the exercise of the Over-Allotment Option in full and that only Additional Units are purchased pursuant thereto. A purchaser who acquires Additional Units or Additional Warrants forming part of the Underwriters’ over-allocation position acquires those Additional Units or Additional Warrants under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless the context otherwise requires, the Units, Committed Units, Shareholder Units and Additional Units offered under this short form prospectus are collectively referred to herein as the “**Units**”, and the Warrants and Additional Warrants offered as part of the Over-Allotment Option are collectively referred to herein as the “**Warrants**”. The Offering Price was determined by negotiation between the Company and the Lead Underwriter, as lead underwriter and sole book runner, on its own behalf and on behalf of the other Underwriters.

This short form prospectus qualifies the distribution of the Common Shares and Warrants comprising the Units (including, for greater certainty, the Committed Units and the Shareholder Units), the grant of the Over-Allotment Option, the distribution of the Common Shares and Additional Warrants issuable on exercise of the Over-Allotment Option, and the distribution of the Broker Warrants (as defined herein). See “*Plan of Distribution*”.

The outstanding Common Shares are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**PWC**”. On April 28, 2011, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the TSX was \$2.89. On May 17, 2011, the last trading day before the date of this short form prospectus, the closing price of the Common Shares was \$2.08. **Currently, there is no market through which Warrants may be sold and purchasers may not be able to resell Warrants purchased under the short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “*Risk Factors*”.** The TSX has conditionally approved the listing of the Common Shares and the Warrants, the Common Shares underlying the Warrants, the Common Shares and the Warrants issued pursuant to the Broker Warrants, and the Common Shares underlying the Warrants issued pursuant to the Broker Warrants, on the TSX. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before July 27, 2011, including distribution of the Warrants to a minimum number of public securityholders.

	<u>Price to Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Unit	\$2.25	\$0.135	\$2.115
Total ⁽³⁾⁽⁴⁾	\$30,000,001	\$1,800,000	\$28,200,001

Notes:

- (1) The Company has agreed to pay to the Underwriters a cash commission (the “**Underwriters’ Fee**”) equal to 6% of the gross proceeds of the Offering (including in respect of the exercise of the Over-Allotment Option). See “*Plan of Distribution*”. The Company has also agreed to issue to the Underwriters that number of non-transferable broker warrants (the “**Broker Warrants**”) equal to 10% of the total number of Units sold under the Offering (including in respect of the exercise of the Over-Allotment Option), each Broker Warrant entitling the holder thereof to one Unit (a “**Compensation Unit**”), at an exercise price equal to the Offering Price per Compensation Unit, each Compensation Unit consisting of one Common Share and one-half of one Warrant, for a period of 18 months after the Closing Date. Where Additional Warrants are purchased independently of Additional Units, the Company will issue to the Underwriters Warrants equal to 10% of the Additional Warrants purchased. See “*Plan of Distribution*” and “*Description of Securities to be Distributed*”.
- (2) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering, estimated to be \$500,000.
- (3) This table assumes that all of the Shareholder Units have been purchased and that there has been no exercise of the Over-Allotment Option; however, if none of the Shareholder Units are purchased, and assuming no exercise of the Over-Allotment Option, the price to the public, the Underwriters’ Fee and the net proceeds to the Company will be \$15,000,000, \$900,000 and \$14,100,000, respectively, before deducting the expenses of the Offering.
- (4) If all of the Shareholder Units are purchased, and if the Over-Allotment Option is exercised in full and only Additional Units are purchased pursuant thereto, the total price to the public will be \$34,500,001, the total Underwriters’ Fee will be \$2,070,000, and the total net proceeds to the Company will be \$32,430,001, before deducting the expenses of the Offering.

The following table sets out the terms of any options that have been issued by the Company to the Underwriters:

Underwriters’ Position	Maximum Size or Number of Securities Available⁽²⁾	Exercise Period	Exercise Price
Underwriters’ Option	6,666,667 Shareholder Units	Until 5:00 p.m. (Toronto time) on May 20, 2011	\$2.25 per Shareholder Unit
Over-Allotment Option	2,000,000 Additional Units	Up to 30 days from and including the Closing Date	\$2.25 per Additional Unit
Broker Warrants ⁽¹⁾	1,533,333 Compensation Units	Up to 18 months from and including the Closing Date	\$2.25 per Compensation Unit
Total Securities Under Option Issuable to the Underwriters	10,200,000		

Notes:

- (1) This short form prospectus qualifies the distribution of the Broker Warrants. See “*Plan of Distribution*” and “*Description of Securities to be Distributed*”.
- (2) Assuming that all of the Shareholder Units are purchased, and assuming that the Over-Allotment Option is exercised in full and only Additional Units are purchased pursuant thereto.

As applicable, the Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain legal matters relating to the Offering on behalf of the Company by MacPherson Leslie & Tyerman LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will take place on or about May 25, 2011 or such other date as may be agreed between the Company and the Underwriters (the “**Closing Date**”), but in any event the Units must be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of receipt for this short form prospectus. One or more global certificates representing the

aggregate number of Common Shares and Warrants comprising the Units issued pursuant to the Offering will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and will be deposited with CDS on the Closing Date. Alternatively, the Common Shares and Warrants comprising the Units will be issued using CDS’ book-entry only procedures. In either such case, a purchaser of Units will receive only a client confirmation from the registered dealer from or through whom Units are purchased and who is a CDS depository-service participant. CDS will record the CDS participants who hold Common Shares and Warrants comprising the Units on behalf of owners who have purchased them in accordance with the book-based system. No certificates will be issued to purchasers of Units unless specifically requested. See “*Plan of Distribution*”. Notwithstanding the foregoing, Common Shares and Warrants comprising the Units issued to purchasers in jurisdictions outside of Canada will be certificated pursuant to the Underwriting Agreement and as referred to under the heading “*Plan of Distribution*” below.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions intended to stabilize or maintain the market price for the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

There are risks associated with an investment in securities of the Company. An investment in the securities offered hereunder is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risk factors identified under the headings “*Notice Regarding Forward-Looking Statements*” and “*Risk Factors*” or incorporated by reference in this short form prospectus should be carefully reviewed and evaluated by prospective investors before purchasing any Units being offered hereunder. See “*Notice Regarding Forward-Looking Statements*” and “*Risk Factors*”.

Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

Investors should rely only on the information contained in or incorporated by reference in this short form prospectus. The Company has not authorized anyone to provide investors with different information. The Company is not offering the Units in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus.

PWC’s head office and registered address is located at Suite 2002–140 Fullarton Street, London, Ontario N6A 5P2.

TABLE OF CONTENTS

NOTICE REGARDING FORWARD-LOOKING STATEMENTS	- 1 -
ELIGIBILITY FOR INVESTMENT.....	- 1 -
DOCUMENTS INCORPORATED BY REFERENCE	- 2 -
THE COMPANY	- 3 -
USE OF PROCEEDS	- 3 -
CONSOLIDATED CAPITALIZATION	- 4 -
DESCRIPTION OF SHARE CAPITAL	- 4 -
PRIOR SALES	- 6 -
TRADING PRICE AND VOLUME	- 6 -
PLAN OF DISTRIBUTION.....	- 7 -
DESCRIPTION OF SECURITIES TO BE DISTRIBUTED	- 9 -
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	- 10 -
RISK FACTORS	- 12 -
INTERESTS OF EXPERTS.....	- 15 -
AUDITORS, TRANSFER AGENT AND REGISTRAR AND TRUSTEE.....	- 15 -
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	- 16 -
AUDITORS' CONSENT	- A1-
CERTIFICATE OF THE COMPANY	- C1-
CERTIFICATE OF THE UNDERWRITERS.....	- C2-

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, contain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the use of proceeds of the Offering, completion of the Offering, the expected closing date of the Offering, listing of the Common Shares and Warrants as provided for herein on the TSX, PWC’s objectives and strategies, targeted and expected financial results, and the outlook for PWC’s business, PWC’s industry and for the Canadian economy. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes”, and similar expressions, or the negative connotation thereof or variations of such words and phrases or statements that certain actions, events or results, “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof.

By their very nature, forward-looking statements involve numerous assumptions, including, without limitation, the expectations and beliefs of management, that the Company can access financing, and that the political environment within Canada will be favourable to the industry in which the Company operates. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond the Company’s control, that may cause the actual results, level of activity, performance, expectations, or achievements of PWC to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to: general business and economic conditions in Canada; the strength of the Canadian economy in general and the strength of the local economies within Canada in which the Company conducts operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada; the level of competition in the Company’s markets; changes in economic and political conditions; changes in accounting standards and policies; the ability to attract and retain key personnel; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; the ability of the Company to execute its business plan; various risks, including credit, market, liquidity, strategic, operational, reputational, legal, and regulatory; legislative or regulatory developments in the jurisdictions where the Company operates; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; the effect of changes to accounting standards; the occurrence of weather-related and other natural catastrophes; the accuracy of and completeness of information the Company receives about customers and counterparties; risks associated with management’s ability to anticipate and manage the risks associated with these factors; and other risks and uncertainties, including, but not limited to, those described under the heading “*Risk Factors*” in this short form prospectus, as well as those risks and uncertainties referenced in each of the Annual Information Form (as defined herein), in the management’s discussion and analysis for the year ended October 31, 2010 under the headings “Risk Management” and “Factors That May Affect Future Results”, and the management’s discussion and analysis for the quarter ended January 31, 2011 under the heading “Risk Management”.

The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in, or incorporated by reference into, this short form prospectus should not be unduly relied upon. These statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be. Except as may be required by law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements.

The forward looking statements contained herein, as well as in the documents incorporated by reference herein, are expressly qualified by these cautionary statements.

ELIGIBILITY FOR INVESTMENT

In the opinion of MacPherson Leslie & Tyerman LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”), provided the Common Shares and Warrants are listed on a designated stock exchange for the purposes of the Tax Act (including the TSX), the Common Shares and Warrants will, on the date of closing of the Offering, be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (a “**RRSP**”), registered retirement income fund (a “**RRIF**”), deferred profit

sharing plan, registered education savings plan, registered disability savings plan and tax-free savings account (a “TFSA”).

However, the holder of a trust governed by a TFSA (or, if certain proposals contained in the March 22, 2011 Federal Budget are enacted as proposed, the annuitant under a RRSP or RRIF) that holds Common Shares or Warrants will be subject to a penalty tax if such Common Shares or Warrants are a “prohibited investment” for the purposes of the Tax Act. Common Shares or Warrants will generally be a “prohibited investment” if the holder or the annuitant, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm’s length for the purposes of the Tax Act. Prospective purchasers should consult their own tax advisors regarding their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in certain of the provinces and territories of Canada (collectively, the “Commissions”). The following documents filed with the Commissions are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the annual information form of the Company dated January 26, 2011 (the “**Annual Information Form**”);
- (b) the consolidated audited balance sheets of the Company for the financial years ended October 31, 2010 and 2009, and the audited consolidated statements of operations, comprehensive income (loss), changes in shareholders’ equity and cash flows for each of the years in the two year period ended October 31, 2010, together with notes thereto and the auditors’ report thereon;
- (c) management’s discussion and analysis of the Company for the financial year ended October 31, 2010;
- (d) the interim financial statements of the Company for the three-month period ended January 31, 2011, together with the notes thereto;
- (e) management’s discussion and analysis of the Company for the three-month period ended January 31, 2011;
- (f) the management proxy circular of the Company dated January 26, 2011 prepared in connection with the annual meeting of the Company held on March 24, 2011; and
- (g) the material change report of the Company dated May 6, 2011 with respect to the Offering.

Any document of the type required by National Instrument 44-101 - *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including, without limitation, any annual information form, annual financial statements and related management’s discussion and analysis, interim financial statements and related management’s discussion and analysis, material change reports (excluding confidential material change reports), business acquisition reports and information circulars, filed by the Company with the Commissions after the date of this short form prospectus and prior to the completion or termination of the Offering, shall be deemed to be incorporated by reference into and form an integral part of this short form prospectus.

Any statement contained in this short form prospectus or a document incorporated or deemed to be incorporated by reference herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

Copies of documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Pacific & Western Credit Corp. at Suite 2002–140 Fullarton Street, London, Ontario N6A 5P2, telephone (519) 675-4201. Copies of the documents are also available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) under the Company’s name, which can be accessed at www.sedar.com.

THE COMPANY

Name, Address and Incorporation

Pacific & Western Credit Corp. was originally incorporated on November 17, 1970 under the *Companies Act* (Alberta). The Company was continued under the *Canada Business Corporations Act* on March 16, 1987. The Company amalgamated with PacWest Ventures Ltd. on January 1, 2002 and retained the name Pacific & Western Credit Corp. On August 1, 2002 the Company’s wholly-owned principal subsidiary was continued as Pacific & Western Bank of Canada (the “**Bank**”), under the *Bank Act* (Canada) (the “**Bank Act**”). The Bank Act is the charter of the Bank and governs its operations.

The registered office of the Company is located at Suite 2002–140 Fullarton Street, London, Ontario N6A 5P2. Its head office and principal address is located at Suite 2002–140 Fullarton Street, London, Ontario N6A 5P2, Telephone: (519) 675-4201; Facsimile: (519) 675-4241, email: richardv@pwbank.com.

Summary of Description of the Business of the Company

PWC, through its subsidiaries, is in the business of providing innovative financial solutions to its clients in selected niche markets. The main business of the Company is carried out by the Bank, which comprises approximately 99% of the Company’s assets.

The Bank is a Schedule 1 chartered bank subject to the provisions of the Bank Act and is headquartered in London, Ontario. The Bank receives deposits through a diversified network of financial advisors and invests these funds in loans, leases, commercial mortgages, residential development mortgages, equity and debt of corporations, and government guaranteed securities, all of which are designed to provide a reasonable rate of return with a limited risk of default.

Additional information can be found in the Annual Information Form and the other documents incorporated by reference into this short form prospectus. See “Documents Incorporated by Reference”.

Recent Developments

Effective May 6, 2011, Ms. Susan McGovern was appointed as a director of the Bank.

USE OF PROCEEDS

If all of the Shareholder Units are purchased, the net proceeds to the Company from the sale of the Units, without giving effect to the Over-Allotment Option, are estimated to be \$28,200,001 after deducting the Underwriters’ Fee of \$1,800,000 but before deducting the estimated expenses of the Offering of \$500,000. If none of the Shareholder Units are purchased, the net proceeds to the Company from the sale of the Units, without giving effect to the Over-Allotment Option, are estimated to be \$14,100,000 after deducting the Underwriters’ Fee of \$900,000, but before deducting the estimated expenses of the Offering of \$500,000. If all of the Shareholder Units are purchased, and if the Over-Allotment Option is exercised in full and only Additional Units are purchased pursuant thereto, the total gross proceeds, the Underwriters’ Fee and the net proceeds to the Company (before deducting expenses of the Offering estimated to be \$500,000) will be \$34,500,001, \$2,070,000 and \$32,430,001, respectively.

PWC plans to use a majority of the net proceeds of the Offering to reduce the consolidated debt of the Company. This debt was used to provide regulatory capital to the Bank to fund its operations. The Company plans to use the remaining net proceeds of the Offering to provide additional regulatory capital in the Bank and for working capital purposes in PWC. Please refer to the following table for the proposed allocation of the net proceeds of the Offering:

	Reduction of Consolidated Debt of the Company	Addition to Regulatory Capital of the Bank	Working Capital
Maximum Offering ⁽¹⁾ assuming full exercise of the Over-Allotment Option (\$32,430,001)	\$21,500,000	\$8,000,000	\$2,930,001
Maximum Offering ⁽²⁾ assuming no exercise of the Over-Allotment Option (\$28,200,001)	\$21,500,000	\$4,000,000	\$2,700,001
Minimum Offering ⁽³⁾ (\$14,100,000)	\$10,000,000	\$4,000,000	\$100,000

Notes:

- (1) Net of the Underwriters' Fee of \$2,070,000 but before deducting expenses of the Offering estimated at \$500,000, and assuming full exercise of the Over-Allotment Option and that only Additional Units are purchased pursuant thereto.
- (2) Net of the Underwriters' Fee of \$1,800,000 but before deducting expenses of the Offering estimated at \$500,000, and assuming no exercise of any of the Over-Allotment Option.
- (3) Net of the Underwriters' Fee of \$900,000 but before deducting expenses of the Offering estimated at \$500,000, and assuming no exercise of any of the Over-Allotment Option.

Potential investors are cautioned that, notwithstanding PWC's current intentions regarding the use of the net proceeds from the sale of the Units, there may be circumstances where a reallocation of funds may be necessary. While PWC anticipates that it will allocate the funds available to it as set forth above, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary, and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated. Accordingly, management of the Company will have broad discretion in the application of the proceeds from the sale of the Units.

CONSOLIDATED CAPITALIZATION

On March 11, 2011, the Bank issued, by way of private placement, \$10 million of 10 year term subordinated notes having an interest rate of 8% per annum. Except as otherwise set forth in this short form prospectus, there have been no material changes in the Company's share or loan capital on a consolidated basis since January 31, 2011. See "*Prior Sales*".

Upon completion of the Offering, if all of the Shareholder Units are purchased, and assuming full exercise of the Over-Allotment Option and that only Additional Units are purchased pursuant thereto, there will be an aggregate of 31,186,860 Common Shares issued and outstanding, 7,666,667 Warrants issued and outstanding and 1,533,333 Broker Warrants issued and outstanding. Except as otherwise set forth in this short form prospectus, it is not expected that there will be any material change in the share or loan capital of the Company, on a consolidated basis, as a result of the issuance of securities being distributed under the short form prospectus. See "*Use of Proceeds*" and "*Plan of Distribution*".

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares, an unlimited number of Class "A" preferred shares ("**Class "A" Preferred Shares**") and an unlimited number of Class "B" preferred shares ("**Class "B" Preferred Shares**"). There were 15,853,526 Common Shares, 314,572 Class "A" Preferred Shares and 1,909,458 Class "B" Preferred Shares issued and outstanding as at the date of this short form prospectus.

Holders of the Common Shares are entitled to vote at all meetings of the shareholders except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or

series. In the event of the dissolution, liquidation or winding-up of the Company, subject to the prior rights of the holders of Class “A” Preferred Shares and the holders of Class “B” Preferred Shares, the holders of Common Shares shall be entitled to receive the remaining property and assets of the Company.

The Class “A” Preferred Shares are non-voting, non-participating and redeemable in certain circumstances at the option of the Company at the issue price, and are convertible into Common Shares on the basis of 4.608 Class “A” Preferred Shares converting to one Common Share.

The Class “A” Preferred Shares are entitled to preference over the Common Shares, and are entitled to preference over the Class “B” Preferred Shares, with respect to the payment of dividends and upon any distribution of assets in the event of liquidation, dissolution or winding-up of the Company. The holders of Class “A” Preferred Shares are entitled to receive, as and when declared by the board of directors of the Company, fixed preferential cumulative cash dividends at an annual rate of \$0.21 per share.

The Company may redeem all, or any number, of the then outstanding Class “A” Preferred Shares at any time or from time to time on payment of the issue price for each share to be redeemed, together with accrued and unpaid cumulative preferential dividends.

While any Class “A” Preferred Shares are outstanding, the Company will not, without the approval of the holders of Class “A” Preferred Shares: (i) declare, set aside for payment or pay any dividends on or make distributions on or in respect of the Common Shares; or (ii) call for redemption, redeem, purchase, retire or acquire for value or effect a distribution in respect of any Common Shares; or (iii) reserve, set aside, allot or issue any shares ranking as to capital or dividends prior to or on parity with the Class “A” Preferred Shares or any securities convertible into or exchangeable for such shares, unless, in each such case, all dividends then payable on the Class “A” Preferred Shares then outstanding or accrued up to and including the dividends payable on the immediately preceding respective date for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Subject to the above and on certain conditions, the Company may at any time and from time to time purchase for cancellation all or any part of the then outstanding Class “A” Preferred Shares in the open market or by invitation for tenders addressed to all holders of Class “A” Preferred Shares then outstanding.

The Class “B” Preferred Shares are non-voting, non-participating and redeemable by the Company, at its discretion, on or after June 30, 2014, but in any event by no later than June 30, 2019, in each case for \$25.00 per Class “B” Preferred Share, and are convertible into Common Shares on the basis of five Common Shares for each Class “B” Preferred Share.

The Class “B” Preferred Shares are subordinate to the Class “A” Preferred Shares with respect to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company, but are entitled to preference over the Common Shares with respect to the payment of dividends and upon any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

The holders of Class “B” Preferred Shares are entitled to receive, as and when declared by the board of directors of the Company, fixed subordinated cumulative dividends at the rate of \$2.25 per share per annum. Out of the total dividend of \$2.25 per share per annum, \$0.84 is paid by the Company in cash with the remaining dividend paid by the Company in cash or in Common Shares, at the Company’s discretion.

While any Class “B” Preferred Shares are outstanding, the Company will not, without the approval of the holders of Class “B” Preferred Shares: (i) declare, set aside for payment or pay any dividends on or make distributions on or in respect of the Common Shares; or (ii) call for redemption, redeem, purchase, retire or acquire for value or effect a distribution in respect of any Common Shares; or (iii) reserve, set aside, allot or issue any shares ranking as to capital or dividends prior to or on parity with the Class “B” Preferred Shares or any securities convertible into or exchangeable for such shares, unless, in each such case, all dividends then payable on the Class “B” Preferred Shares then outstanding or accrued up to and including the dividends payable on the immediately preceding respective date for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Subject to the above and on certain conditions, the Company may at any time and from time to time purchase for cancellation all or any part of the then outstanding Class “B” Preferred Shares in the open market or by invitation for tenders addressed to all holders of Class “B” Preferred Shares then outstanding.

PRIOR SALES

The following table summarizes the issuance of Common Shares and securities convertible into Common Shares by the Company for the 12 month period preceding the date of this short form prospectus:

<u>Date of Issuance</u>	<u>Aggregate Number and Type of Securities Issued</u>	<u>Price Per Security</u>	<u>Reason For Issue</u>
June 30, 2010	225,438 Common Shares	\$2.990	Dividend on Class "B" Preferred Shares
September 30, 2010	224,832 Common Shares	\$2.998	Dividend on Class "B" Preferred Shares
December 31, 2010	216,806 Common Shares	\$3.109	Dividend on Class "B" Preferred Shares
February 4, 2011	1,000,000 Common Shares	\$3.100	Private Placement
March 31, 2011	202,478 Common Shares	\$3.329	Dividend on Class "B" Preferred Shares

The following table summarizes the issuance of Class "B" Preferred Shares that occurred on April 14, 2010:

<u>Date of Issuance</u>	<u>Aggregate Number and Type of Securities Issued</u>	<u>Price Per Security</u>	<u>Reason For Issue</u>
April 14, 2010	40,000 Class "B" Preferred Shares	\$25.00	Private Placement

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX and trade under the stock symbol "PWC", the Class "A" Preferred Shares are listed and posted for trading on the TSX and trade under the stock symbol "PWC.PR.A" and the Class "B" Preferred Shares are listed and posted for trading on the TSX and trade under the stock symbol "PWC.PR.B". The following table describes the high and low trading prices in Canadian dollars and the aggregate trading volumes for the periods indicated as reported by the TSX:

Month	Common Shares			Class "A" Preferred Shares			Class "B" Preferred Shares		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
May 2011 (1 st to 17 th)	\$2.52	\$1.97	332,198	-	-	-	\$24.50	\$23.10	19,100
Apr 2011	\$3.14	\$2.41	185,513	\$2.89	\$2.88	2,700	\$24.95	\$23.90	100,382
Mar 2011	\$3.49	\$3.10	55,403	\$2.89	\$2.88	1,200	\$25.01	\$23.05	39,000
Feb 2011	\$3.70	\$3.05	105,455	\$2.93	\$2.88	12,600	\$25.02	\$23.77	94,820
Jan 2011	\$3.64	\$3.20	326,983	-	-	-	\$25.37	\$23.41	64,760
Dec 2010	\$3.49	\$2.86	283,214	\$2.97	\$2.97	100	\$24.37	\$23.80	16,820
Nov 2010	\$3.05	\$2.95	142,314	\$2.92	\$2.85	3,055	\$24.48	\$23.70	24,144
Oct 2010	\$3.10	\$2.95	79,055	\$2.75	\$2.61	3,200	\$25.00	\$23.50	148,520
Sept 2010	\$3.20	\$2.69	68,831	\$2.99	\$2.35	8,300	\$24.47	\$23.70	20,800
Aug 2010	\$3.02	\$2.67	116,501	-	-	-	\$24.99	\$24.00	76,976
Jul 2010	\$3.50	\$2.75	136,538	-	-	-	\$25.00	\$23.51	119,060
Jun 2010	\$3.20	\$2.82	240,347	\$2.80	\$2.79	4,100	\$25.98	\$23.75	6,700
May 2010	\$3.40	\$2.76	78,364	\$3.00	\$2.60	13,400	\$25.00	\$23.50	25,920
Apr 2010	\$3.60	\$3.31	50,970	-	-	-	\$25.25	\$24.50	86,740

The Series C Notes of the Company are listed and posted for trading on the TSX and trade under the stock symbol “PWC.NT.C”. The following table describes the high and low trading prices in Canadian dollars and the aggregate trading volumes for the periods indicated as reported by the TSX:

Month	High	Low	Volume
May 2011 (1 st to 17 th)	\$104.00	\$102.10	83,500
Apr 2011	\$104.50	\$102.30	71,500
Mar 2011	\$103.00	\$102.25	81,000
Feb 2011	\$102.10	\$102.10	7,000
Jan 2011	\$103.00	\$102.00	173,000
Dec 2010	\$102.05	\$102.00	37,000
Nov 2010	\$111.95	\$101.75	197,000
Oct 2010	\$102.50	\$102.00	3,078,000
Sept 2010	\$102.50	\$101.00	15,000
Aug 2010	\$101.50	\$101.00	56,000
Jul 2010	\$105.00	\$101.00	29,500
Jun 2010	\$101.00	\$101.00	130,000
May 2010	\$102.00	\$101.00	58,000
April 2010	\$103.00	\$102.00	125,000

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, PWC has agreed to issue and sell to the Underwriters, and the Underwriters have severally agreed to purchase from PWC, as principals on an underwritten basis, on the Closing Date, a total of 6,666,667 Units at the Offering Price, payable in cash to PWC against delivery of the Common Shares and Warrants comprising the Units. The Underwriters have an option to purchase up to an additional 6,666,667 Shareholder Units at the Offering Price for sale to the Shareholders or for sale to other purchasers to the extent not purchased by the Shareholders, payable in cash to PWC, on the terms and conditions contained in the Underwriting Agreement, against delivery of the Common Shares and Warrants comprising the Units. The obligations of the Underwriters under the Underwriting Agreement are several and not joint and may be terminated at the Underwriters’ discretion on the occurrence of certain stated events, including if there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any law or regulation which in the opinion of the Underwriters acting reasonably seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets. The Underwriters are, however, obligated to take up and pay for all of the Units (not including the Shareholder Units not purchased by the Shareholders or Additional Units) if any Units are purchased under the Underwriting Agreement.

The Shareholders are eligible to purchase up to a total of 6,666,667 Shareholder Units being offered pursuant to the Offering at a price per Shareholder Unit equal to the Offering Price. A Shareholder may do so by giving notice to the Company or the Lead Underwriter prior to noon (Toronto time) on May 20, 2011 that it wishes to purchase Shareholder Units. **If you are a current Shareholder and wish to purchase Shareholder Units pursuant to the Offering, please contact the Company at: 1-800-244-1509, or the Lead Underwriter at: (416) 869-7398.** The offering of Shareholder Units to the Shareholders is being made in a manner requested by the TSX to provide existing holders of Common Shares with the opportunity to purchase Shareholder Units if they wish to do so. It is not a “rights offering” within the meaning of applicable securities laws, but rather is akin to a “best efforts” offering. Accordingly, the prescribed procedural rules for rights offerings are not being followed in connection with the offering of Shareholder Units. The Underwriters have been granted the Underwriters’ Option to purchase Shareholder Units at a price equal to the Offering Price for sale to the Shareholders who have elected to purchase Shareholder Units or, if the Shareholders do not purchase all of the Shareholder Units, for sale to other purchasers.

The Underwriters may exercise the Underwriters' Option by giving written notice to the Company by 5:00 p.m. (Toronto time) on May 20, 2011.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will take place on May 25, 2011 or such other date as may be agreed between the Company and the Underwriters, but in any event the Units must be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of receipt for this short form prospectus. One or more global certificates representing the aggregate number of Common Shares and Warrants comprising the Units issued pursuant to the Offering will be issued in registered form to CDS or its nominee and will be deposited with CDS on the Closing Date. Alternatively, the Common Shares and Warrants comprising the Units will be issued using CDS' book-entry only procedures. In either such case, a purchaser of Units will receive only a client confirmation from the registered dealer from or through whom Units are purchased and who is a CDS depository-service participant. CDS will record the CDS participants who hold Common Shares and Warrants comprising the Units on behalf of owners who have purchased them in accordance with the book-based system. No certificates will be issued to purchasers of Units unless specifically requested. Notwithstanding the foregoing, Common Shares and Warrants comprising the Units issued to purchasers in jurisdictions outside of Canada will be certificated pursuant to the Underwriting Agreement.

The Offering Price was determined by negotiation between the Company and the Lead Underwriter, as lead underwriter and sole book runner, on its own behalf and on behalf of the other Underwriters.

Currently, there is no market through which Warrants may be sold and purchasers may not be able to resell Warrants purchased under the short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*". The TSX has conditionally approved the listing of the Common Shares and the Warrants, the Common Shares underlying the Warrants, the Common Shares and the Warrants issued pursuant to the Broker Warrants, and the Common Shares underlying the Warrants issued pursuant to the Broker Warrants, on the TSX. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before July 27, 2011, including distribution of the Warrants to a minimum number of public securityholders.

In consideration for the services to be performed by the Underwriters, the Company has agreed to pay the Underwriters a cash commission of 6% of the gross proceeds of the Offering, including in respect of the issue and sale of Additional Units and Additional Warrants. Pursuant to the terms of the Underwriting Agreement, the Company has also agreed to indemnify the Underwriters and the Underwriters' directors, officers, agents and employees against certain losses, claims, costs, damages and liabilities or to contribute to payments that the Underwriters may be required to make in respect thereof.

The Company has granted to the Underwriters the Over-Allotment Option to purchase up to 2,000,000 Additional Units at \$2.25 per Additional Unit, including up to 1,000,000 Additional Warrants. The Additional Warrants can be purchased independent of the Additional Units at a price of \$0.22 per Additional Warrant. The Over-Allotment Option can be exercised within 30 days after the Closing Date to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters: (i) to acquire Additional Units; or (ii) to acquire Additional Warrants; or (iii) to acquire any combination of Additional Units and Additional Warrants, so long as the aggregate number of Common Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 2,000,000 Common Shares and 1,000,000 Additional Warrants. If all of the Shareholder Units are purchased, and if the Over-Allotment Option is exercised in full for Additional Units only, the price to the public, Underwriters' Fee and net proceeds to the Company will be \$34,500,001, \$2,070,000 and \$32,430,001, respectively, before deducting the expenses of the Offering. A purchaser who acquires Additional Units or Additional Warrants forming part of the Underwriters' over-allocation position acquires those Additional Units or Additional Warrants under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Company has also agreed to issue to the Underwriters that number of Broker Warrants equal to 10% of the total number of Units sold under the Offering (including in respect of the exercise of the Over-Allotment Option), each Broker Warrant entitling the holder thereof to one Compensation Unit at an exercise price equal to the Offering Price per Compensation Unit, each Compensation Unit consisting of one Common Share and one-half of one Warrant, for a period of 18 months after the Closing Date. Where Additional Warrants are purchased independently of Additional Units, the Company will issue to the Underwriters Warrants equal to 10% of the Additional Warrants purchased. See "*Description of Securities to be Distributed*".

This short form prospectus qualifies the distribution of the Common Shares and Warrants comprising the Units, the grant of the Over-Allotment Option, the distribution of the Common Shares and Additional Warrants issuable on exercise of the Over-Allotment Option, and the distribution of the Broker Warrants.

In addition, the Company has agreed to pay all costs and expenses of the Underwriters incurred in connection with the Offering, including the reasonable out-of-pocket expenses of the Underwriters and the reasonable fees and disbursements of the Underwriters' counsel.

The Company has also agreed that it will not, and that it will use its best efforts to cause its senior officers and directors to execute and deliver on closing of the Offering written lock-up agreements in favour of the Underwriters in which they will covenant and agree to not: offer, sell, contract to sell, issue or otherwise dispose of any Common Shares or other securities convertible or exercisable into Common Shares (other than for purposes of directors', officers' or employee stock options, restricted stock units, or other awards under its long term incentive plan or to satisfy existing instruments and agreements issued and outstanding as at the date of the Underwriting Agreement) for a period of 90 days from the Closing Date without the prior written consent of the Lead Underwriter, such consent not to be unreasonably withheld or delayed.

Pursuant to policy statements of certain of the Commissions, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares for its own account or for accounts over which it exercises control or direction. The foregoing restriction is, subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by Investment Industry Regulatory Organization of Canada (IIROC) relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws, pursuant to the first-mentioned exception, in connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Units, the Common Shares and the Warrants (and the Common Shares issuable pursuant thereto) have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units, Common Shares, or the Warrants to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until 40 days after the commencement of this Offering, any offer or sale of the Units, the Common Shares or the Warrants within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption under the U.S. Securities Act.

Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

DESCRIPTION OF SECURITIES TO BE DISTRIBUTED

Common Shares

Common Shares comprise part of the Units offered for sale under the Offering. The Company is authorized to issue an unlimited number of Common Shares. See "*Description of Share Capital*".

Warrants

Warrants comprise part of the Units offered for sale under the Offering, and Warrants may also be issued as Additional Warrants pursuant to the Over-Allotment Option. Each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of \$2.80 per Common Share for a period of 18 months following the Closing Date.

The terms governing the Warrants will be set out in a warrant indenture (the “**Warrant Indenture**”) to be entered into between the Company and Computershare Trust Company of Canada, as trustee in respect of the Warrants, and will include, among other things, provisions for the appropriate adjustment of the class and number of the Common Shares issuable pursuant to any exercise of the Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any payment of stock dividends to holders of all of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions.

The Warrants may not be exercised in the United States or by, or on behalf or for the benefit of, a person in the United States unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available to the holder and the holder has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

Holders of Warrants do not as such have any voting right or other right attached to Common Shares until the Warrants are duly exercised as provided for in the certificate representing the Warrants (if applicable) and in the Warrant Indenture.

Broker Warrants

The Company has also agreed to issue to the Underwriters that number of Broker Warrants equal to 10% of the total number of Units sold under the Offering (including in respect of the exercise of the Over-Allotment Option), each Broker Warrant entitling the holder thereof to one Compensation Unit at an exercise price equal to the Offering Price per Compensation Unit, each Compensation Unit consisting of one Common Share and one-half of one Warrant, for a period of 18 months after the Closing Date, subject to the approval of the TSX. Where Additional Warrants are sold independently of Additional Units, the Company will issue to the Underwriters Warrants equal to 10% of the Additional Warrants sold.

The terms governing the Broker Warrants will be set out in the certificates representing the Broker Warrants and will include, among other things, customary provisions for the appropriate adjustment of the class and number of the Common Shares issuable pursuant to any exercise of the Broker Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the Common Shares, any payment of stock dividends to holders of all of the Common Shares, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions.

The Underwriters, as holders of the Broker Warrants, will not as such have any voting right or other rights attached to Common Shares until the holder acquires Common Shares pursuant to the exercise of the Broker Warrants, as provided for in the certificates representing the Broker Warrants.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of MacPherson Leslie & Tyerman LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser of Common Shares and Warrants comprising the Units acquired pursuant to the Offering. This summary is applicable only to a purchaser who, at all relevant times, is a resident of Canada, deals at arm’s length and is not affiliated with the Company and the Underwriters, and who will acquire and hold such Common Shares and Warrants as capital property (each, a “**Holder**”), all within the meaning of the Tax Act. Common Shares and Warrants will generally be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business of trading or dealing in securities or has acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

Certain Holders whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other “Canadian security” (as defined by the Tax Act) owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. This election does not apply to the Warrants. Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary does not apply to a Holder (i) that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market property rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” as defined in the Tax Act; or (iv) that reports its Canadian tax results in a currency other than the Canadian currency. Such holders should consult their own tax advisors with respect to an investment in Common Shares and Warrants comprising the Units.

This summary is based upon the current provisions of the Tax Act, specific proposals to amend the Tax Act (the “**Tax Proposals**”) which have been announced by or on behalf the Minister of Finance (Canada) prior to the date hereof, and counsel’s understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Units and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Allocation of Purchase Price

A Holder will be required to allocate the purchase price of each Unit between the Common Share and the Warrant comprising the Unit on a reasonable basis, in order to determine their respective costs for purposes of the Tax Act. The Company estimated the fair value, as of a current date, of each Common Share and each Warrant as \$2.03 and \$0.22, respectively. Although the Company believes such allocation is reasonable, such allocation will not be binding on the Canada Revenue Agency or the Holder. The adjusted cost base to a Holder of a Common Share acquired hereunder will be determined by averaging the cost of that Common Share with the adjusted cost base (determined immediately before the acquisition of the Common Share) of all other Common Shares held as capital property at that time by the Holder.

Exercise or Expiry of Warrants

A Holder will not realize a gain or loss upon the exercise of a Warrant to acquire a Common Share. Where Warrants are exercised, the Holder’s cost of the Common Shares acquired thereby will be equal to the aggregate of the Holder’s adjusted cost base of the Warrants so exercised plus the exercise price paid for the Common Shares. The Holder’s adjusted cost base of the Common Shares so acquired will be determined by averaging the cost of those Common Shares with the adjusted cost base (determined immediately before the acquisition of the Common Shares) of all other Common Shares held as capital property by such Holder at the time of acquisition. In the event of the expiry of an unexercised Warrant, the Holder will realize a capital loss equal to the Holder’s adjusted cost base of such Warrant. The tax treatment of capital losses is discussed in greater detail below under the subheading “*Taxation of Capital Gains and Capital Losses*”.

Disposition of Common Shares and Warrants

A Holder who disposes of or is deemed to have disposed of a Common Share (except to the Company or in a tax-deferred transaction) or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant) will generally realize a capital gain (or incur a capital loss) in the year of disposition equal to the amount by which the proceeds of disposition in respect of the Common Share or the Warrant exceed (or are exceeded by) the aggregate of the adjusted cost base of such Common Share or Warrant, as the case may be, and any reasonable expenses associated with the disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Taxation of Capital Gains and Capital Losses*”.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Holder must be included in the Holder’s income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss incurred by a Holder (an “**allowable capital loss**”) may

normally be deducted from taxable capital gains realized by the Holder in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be applied to reduce net taxable capital gains realized by the Holder in the three preceding taxation years or in any subsequent year in the circumstances and to the extent provided in the Tax Act. A capital loss realized on the disposition of a Common Share by a Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by the Holder on such share. Similar rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Common Shares.

Capital gains realized by an individual and certain trusts may give rise to alternative minimum tax under the Tax Act.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax of 6 2/3% on its “aggregate investment income” for the year, which is defined in the Tax Act to include an amount in respect of taxable capital gains.

Taxation of Dividends

Dividends received or deemed to be received on the Common Shares will be included in computing the Holder’s income. Dividends (including deemed dividends) received on Common Shares by a Holder who is an individual (and certain trusts) will be included in the Holder’s income and be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by an individual from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for “eligible dividends” properly designated as such by the Company.

Taxable dividends received by an individual and certain trusts may give rise to alternative minimum tax under the Tax Act.

Dividends (including deemed dividends) received on Common Shares by a Holder that is a corporation will be included in the Holder’s income and will normally be deductible in computing such Holder’s taxable income. A Holder that is a “private corporation” (as defined in the Tax Act) or any other corporation resident in Canada and controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received on the Common Shares to the extent that such dividends are deductible in computing the Holder’s taxable income.

RISK FACTORS

Purchasers of the Units should give careful consideration to the information included or incorporated by reference in this short form prospectus. The risk factors contained in each of the Annual Information Form, the management’s discussion and analysis for the year ended October 31, 2010 under the headings “Risk Management” and “Factors That May Affect Future Results” and the management’s discussion and analysis for the quarter ended January 31, 2011 under the heading “Risk Management” are incorporated herein by reference. These risk factors include, but are not limited to: general business and economic conditions in Canada; the strength of the Canadian economy in general and the strength of the local economies within Canada in which the Company conducts operations; geographic concentration risk; ability to effect geographic expansion, growing the business outside of their core market; the impact of foreign currency rates on the Canadian economy and specifically the Ontario economy; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada; the level of competition in the Company’s markets; inflation; capital market fluctuations; the timely development of and introduction of new products in receptive markets; the impact of changes in the laws and regulations regulating financial services; changes in economic and political conditions; changes in accounting standards and policies; the ability to attract and retain key personnel; changes in tax laws; technological changes; unexpected judicial or regulatory proceedings; unexpected changes in consumer spending and saving habits; the ability of the Company to execute its business plan; future access to capital to fund the Company’s growth strategy; various risks, including credit, market, liquidity, strategic, operational, reputational, legal, and regulatory; legislative or regulatory developments in the jurisdictions where the Company operates; amendments to, and interpretations of, risk-based capital guidelines and reporting instructions; ability to redeploy capital through reinvestment at acceptable risk adjusted returns; the effect of changes to accounting standards; the occurrence of weather-related and other natural catastrophes; the accuracy of and completeness of information the Company receives about customers and counterparties; and management’s ability to anticipate and manage the risks associated with these factors. Additional

risks not known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations.

The board of directors of the Company is responsible to manage such risks, in accordance with statutory and regulatory requirements and supervisory guidance and direction, by means of considered policies, procedures, management responsibilities, monitoring and accountability processes. Within the bounds of such statutory and regulatory requirements and supervisory guidance and direction, the board has management discretion to address these risks in the conduct of the Company's business.

Liquidity, Market Price and Certain Risks Related to the Warrants

The ability of a holder of Units to liquidate its holdings of Common Shares, Warrants, or Common Shares issuable upon exercise of the Warrants, as applicable, may be limited. Stock market volatility may affect the market price of the Common Shares and the Warrants for reasons unrelated to the Company's performance. **Currently, there is no market through which Warrants may be sold and purchasers may not be able to resell Warrants purchased under the short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.** Although the Company expects that the Warrants will be listed on the TSX, the Company cannot provide any assurance that an active or any trading market will develop or that Warrants can be sold on the TSX at any time.

The trading prices of the securities of the Company have been and may continue to be subject to significant fluctuations, which may be based on factors unrelated to its financial performance or prospects. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. From time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Common Shares, the Warrants, and the Common Shares issuable upon exercise of the Warrants for reasons unrelated to the Company's performance. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect the Company and the market price of its securities. Additionally, the value of the securities of the Company is subject to market value fluctuations based on factors which influence the Company's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

The Common Shares are listed and posted for trading on the TSX and the TSX has conditionally approved the listing of the Warrants and Common Shares issuable upon exercise of the Warrants on the TSX. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before July 27, 2011, including distribution of the Warrants to a minimum number of public securityholders. The price of the Common Shares and the Warrants may be significantly affected by short-term changes in the Company's financial condition or results of operations. At any given time, the price of the Common Shares may be less than the exercise price of the Warrants, such that the Warrants may have no value at such time.

During the life of the Company's outstanding Warrants, as well as options and other rights granted or assumed by the Company, the holders are given an opportunity to profit from a rise in the market price of the Common Shares with a resulting dilution in the interest of the other shareholders. The Company's ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the Warrants, options or other rights may have an adverse effect on the price of the Common Shares. The holders of Warrants, options and other rights of the Company may exercise such securities at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding Warrants, options and rights.

The increase in the number of Common Shares in the market and the possibility of sales of such securities may have a depressive effect on the price of the Common Shares. In addition, as a result of such additional Common Shares, the voting power of the Company's existing shareholders will be diluted.

Dilution and Impact of Future Sales on Market Price

The number of Common Shares that the Company is authorized to issue is unlimited. The issuances of Common Shares and Warrants under this Offering may have a dilutive effect on shareholders.

In order to finance future operations, the Company may raise funds through the issuance of shares or the issuance of debt instruments or other securities convertible into Common Shares. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

Use of Proceeds

As set out under the heading "*Use of Proceeds*" in this short form prospectus, PWC plans to use a majority of the net proceeds of the Offering to reduce the consolidated debt of the Company. The Company plans to use the remaining net proceeds of the Offering to provide additional regulatory capital in the Bank and for working capital purposes in PWC. Potential investors are cautioned that, notwithstanding PWC's current intentions regarding the use of the net proceeds from the sale of the Units, there may be circumstances where a reallocation of funds may be necessary. While PWC anticipates that it will spend the funds available to it as set forth under the heading "*Use of Proceeds*", there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary, and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated. Accordingly, management of the Company will have broad discretion in the application of the proceeds from the sale of the Units.

Currency Fluctuations

Fluctuations in the value of the Canadian dollar and the U.S. dollar in relation to each other and other world currencies may impact the Company's operating and financial results and may affect the comparability of the Company's results between financial periods. The Company is exposed to market risks attributable to fluctuations in foreign currency exchange rates. Exchange rate fluctuations could have an adverse effect on the Company's results of operations through the economic impact that such fluctuations may have in geographic locations in which the Company operates.

New Lines of Business

While the Company is working to remain competitive and grow by developing new lines of business, there are operational, technological and credit risks associated with new lines of business including the bulk leasing program and the retail credit card program. There can be no assurance that the Company will successfully implement new lines of business. If the Company is unable to adapt in a timely manner in response to changing market conditions or customer requirements for technical, legal, financial or other reasons, the Company's business, results of operations and financial condition could be materially adversely affected.

Portfolio Risk

The Company invests in securities for its own treasury portfolio. There is a risk of change in values in the treasury portfolio, including the preferred shares of other financial institutions held for investments. Any adverse change in the value of the preferred shares would have an adverse effect on the regulatory capital of the Bank.

Geographic Concentration

Geographic concentration of the Company has the potential to enhance the exposure of the Company to the economy, government legislation, regulation and policies, among other matters, in such concentrated geographic areas, being primarily the Province of Ontario.

Competition

The lending business is extremely competitive. Large Canadian and international financial institutions will compete with the Company in lending activities. The existence of competing entities could have an adverse effect on the Company's ability to grow its business and on the spread the Company earns on its lending assets.

Credit exposure to commercial and residential real estate

The Company may experience loss in relation to credit exposure to commercial and residential real estate due to failure of a debtor to fulfill the obligation of required payments. Also, there is a risk that current debtors will be unable or unwilling to fulfill their commitments. To mitigate this risk, the Company endeavours to diversify its

debtor base through growth and targets new lending to debtors having good credit profiles. Management believes that the existing credit ratings of its borrowers helps mitigate credit risk for the Company. However, credit ratings are subject to ongoing review by ratings agencies and may be downgraded at any time, if circumstances warrant. No assurance can be made that such ratings will be maintained.

Sourcing of Deposits

The Company currently raises substantially all of its deposits through a well diversified deposit broker network across Canada. Any disruption in this deposit network, including a loss of a significant deposit broker, could result in increased deposit interest costs to the Company or difficulty in raising new deposits.

Geographic Expansion

Management expects to continue to develop the operations of the Company outside its core market, a strategy which could expose the Company to new or additional risks, including differing laws and business dynamics. Further, such expansion may place significant additional burdens on the Company's operations. If the Company fails to properly manage these risks, it may incur higher expenses and generate lower revenues, and any geographic expansion it has undertaken or may undertake could have a materially adverse effect on its business, operating results or financial condition.

Substantial Capital Requirements

The Company anticipates making substantial investments in capital to fund the Company's operations and growth strategy in the future. If the Company's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete its operations and growth strategy. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's business financial condition, results of operations and prospects.

Dependence on Key Personnel

The Company's business is substantially dependent on the services and performance of certain senior management personnel and other key employees. In particular, the Company is dependent upon the services of David Taylor, President and Chief Executive Officer. The loss of Mr. Taylor's services could have a material adverse effect on the Company's business, results of operations and financial condition.

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering and to the Units will be passed upon for the Company by MacPherson Leslie & Tyerman LLP, and for the Underwriters by Cassels Brock & Blackwell LLP. As at the date hereof, each of the aforementioned partnerships and their respective associates and partners, each as a group, beneficially own, directly or indirectly, in the aggregate less than one percent of the securities of the Company and its associates and affiliates.

KPMG LLP, the Company's auditors, is independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

AUDITORS, TRANSFER AGENT AND REGISTRAR AND TRUSTEE

The auditors of the Company are KPMG LLP Suite 600, 128 4th Avenue South, Saskatoon, Saskatchewan S7K 1M8.

The Company's registrar and transfer agent is Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario M5J 2Y1.

The Company's trustee in respect of the Warrants is anticipated to be Computershare Trust Company of Canada, 100 University Avenue, Toronto, Ontario M5J 2Y1.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

To the Board of Directors of Pacific & Western Credit Corp.

We have read the short form prospectus dated May 18, 2011 relating to the issue and sale of units of Pacific & Western Credit Corp. (the "Company"), each unit consisting of one common share in the capital of the Company and one half of one Common Share purchase warrant of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at October 31, 2010 and 2009 and the consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the two-year period ended October 31, 2010. Our report is dated December 7, 2010 .

(signed) KPMG LLP

Chartered Accountants

Saskatoon, Canada
May 18, 2011

CERTIFICATE OF THE COMPANY

May 18, 2011

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada (other than Quebec).

(signed) David Taylor

(signed) Barry Walter

President and Chief Executive Officer

Chief Financial Officer

**On Behalf of the Board of Directors
of the Company**

(signed) David Bratton

(signed) Scott Ritchie

Director

Director

CERTIFICATE OF THE UNDERWRITERS

May 18, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada (other than Quebec).

CANACCORD GENUITY CORP.

By: (signed) Daniel Daviau

SCOTIA CAPITAL INC.

By: (signed) Burhan Khan

INDUSTRIAL ALLIANCE SECURITIES INC.

By: (signed) Pierre Colas

PI FINANCIAL CORP.

By: (signed) Blake Corbet