



**PACIFIC & WESTERN CREDIT CORP.
MANAGEMENT PROXY CIRCULAR**

DATED JANUARY 27, 2009

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**PACIFIC & WESTERN CREDIT CORP.
MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL MEETING OF SHAREHOLDERS
to be held on Friday, April 3, 2009**

SOLICITATION OF PROXIES BY MANAGEMENT

This Circular is furnished to shareholders of Pacific & Western Credit Corp. (the "Corporation") in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the Annual Meeting of the common shareholders of the Corporation (the "Meeting"). The information contained herein is current as of January 27, 2009, unless otherwise indicated. The Meeting will be held at the Toronto Stock Exchange Broadcast & Conference Centre, Gallery, The Exchange Tower, 130 King Street W., Toronto, Ontario, on Friday, April 3, 2009 at 10:00 a.m. for the purposes set forth in the accompanying Notice of Annual Meeting (the "Notice"). It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally or by telephone by officers and directors and other representatives of the Corporation, as the case may be. The cost of solicitation by or on behalf of management will be borne by the Corporation.

It is not intended to use the accompanying form of proxy for the purpose of voting on the consolidated financial statements of the Corporation and its subsidiaries for the year ended October 31, 2008, and the reports of the directors and auditors on them.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, AS HIS OR HER NOMINEE TO ATTEND AND ACT FOR HIM OR HER AND ON HIS OR HER BEHALF AT THE MEETING, OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY.** This right may be exercised by inserting such person's name in the blank space provided in the form of proxy. Proxies are to be returned to Computershare Investor Services Inc. in accordance with the instructions provided on the form of Proxy.

Registered shareholders who plan to attend the Meeting and wish to vote their shares in person at the Meeting should not complete or return the form of proxy. Their votes will be taken and counted at the Meeting. Such shareholders are to register with the transfer agent, Computershare Investors Services Inc., upon their arrival at the Meeting.

ADVICE TO NON-REGISTERED HOLDERS - Voting of Common Shares

The information in this section is of significant importance to a substantial number of shareholders who do not hold their shares in their own name, but who hold their common shares through an intermediary (a bank, trust company, securities broker, trustee or other). Shareholders that do not hold their common shares in their own name are referred to in this document as **Non-Registered Holders.**

Non-Registered Holders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder's name on the records of the Corporation. Such shares will likely be registered in the name of the shareholder's broker or an agent of that broker (intermediaries). Shares held by intermediaries can only be voted for or against resolutions upon the instructions of the Non-Registered Holder. Without specific instructions, intermediaries are prohibited from voting shares for their clients. The directors and officers of the Corporation may not know for whose benefit the shares registered in the name of intermediaries are held.

Intermediaries are required to seek instructions from Non-Registered Holders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which Non-Registered Holders should follow closely in order to ensure that their common shares are voted at the meeting. A Non-Registered Holder may have received from the intermediary either a request for voting instructions or a form of proxy that is identical to the form of proxy provided to registered shareholders; however, the purpose of the proxy is limited to instructing the intermediary how to vote on behalf of the Non-Registered Holder. **A NON-REGISTERED HOLDER THAT RECEIVES A PROXY FROM AN INTERMEDIARY CANNOT USE THAT PROXY TO VOTE SHARES DIRECTLY AT THE MEETING. The proxy must be returned to the intermediary well in advance of the Meeting in order to have the shares voted.**

A Non-Registered Holder who wishes to vote in person at the Meeting or have its nominee vote in person at the Meeting must provide the intermediary with the appropriate documentation in order to be appointed as proxyholder. A Non-Registered Holder should contact the intermediary to determine which documentation the intermediary requires in order for it or its nominee to be appointed proxyholder. ONLY AFTER THE INTERMEDIARY APPOINTS THE NON-REGISTERED HOLDER OR ITS NOMINEE AS A PROXYHOLDER CAN THAT NON-REGISTERED HOLDER OR ITS NOMINEE VOTE SHARES DIRECTLY AT THE MEETING.

REVOCAION OF PROXIES

A proxy is only valid at the Meeting in respect of which it is given or any adjournment thereof. A shareholder may revoke a proxy:

- (a) by an instrument in writing executed by the shareholder or by an attorney in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited:
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; or
 - (ii) with the chair of the Meeting on April 3, 2009 or any adjournment of the Meeting; or
- (b) in any other manner permitted by law.

EXERCISE OF DISCRETION WITH RESPECT TO PROXIES

The common shares represented by proxies will be voted or withheld from voting by the persons designated in the proxies in accordance with the direction of the shareholders appointing them. In the event that no specifications are made in the proxies, the shares represented by the proxies will be voted by the proxy nominees designated by management FOR the election of each of the directors set forth in this Circular, and FOR the appointment of KPMG LLP as auditors and authorization for the directors to fix their remuneration.

The enclosed form of proxy confers a discretionary authority upon the named persons with respect to amendments and variations to matters identified in the Notice, and with respect to other matters that may properly come before the Meeting. At the time of the preparation of this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. If, however, amendments, variations or other matters which are not now known to management of the Corporation should properly come before the Meeting, the shares represented by proxies will be voted by the persons named in the form of proxy in accordance with their best judgement.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of January 27, 2009, there were 13,642,452 common shares of the Corporation issued and outstanding. Each common share carries the right to one vote.

The directors have fixed February 13, 2009 as the record date for determining shareholders entitled to receive notice of the Meeting. A person shown as a shareholder of record on February 13, 2009 shall be entitled to vote the common shares of the Corporation registered in his or her name on that date, except to the extent that the person has transferred the ownership of any of his or her shares after February 13, 2009 and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders entitled to receive notice of the Meeting, in which event the transferee shall be entitled to vote such shares at the Meeting.

To the best of the knowledge of the Corporation, Donald Crich (and his personal holding companies) owns 1,536,973 common shares of the Corporation, being approximately 11.3% of the issued and outstanding common shares of the Corporation.

BUSINESS TO BE TRANSACTED AT THE MEETING

1. FINANCIAL STATEMENTS

The Consolidated Financial Statements for the year ended October 31, 2008, are included in the Annual Report, which has been mailed to shareholders with this Management Proxy Circular.

2. ELECTION OF DIRECTORS

In accordance with the by-laws of the Corporation, the directors have fixed the size of the Board at eight (8).

Each director is to be elected annually. Management of the Corporation proposes to nominate eight (8) persons to the Board. Each director elected will hold office until the next annual meeting or until his successor is duly elected, unless his office is vacated in accordance with the by-laws. The nominees for election as directors of the Corporation are:

David A. Bratton	Honourable Thomas A. Hockin P.C.	C. Scott Ritchie
Douglas W. Gough	William T. Mitchell	David R. Taylor
Arnold E. Hillier	Paul G. Oliver	

A “Board of Directors Attendance Record” is provided within this Management Proxy Circular in Exhibit “A”. The information as to shares beneficially owned, directly or indirectly, or over which control or direction was exercised as set forth in the table below, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually. Unless otherwise indicated, all of the nominees are now directors and have been for the periods indicated.

Name	Office held and date first became a director	Principal occupation
<p>David A. Bratton (1) B.A. (Hons.), M.B.A., C.M.C. London, Ontario</p> <p><i>Common shareholdings - 35,465</i> <i>Stock options - Nil</i> <i>DSUs - 13,296</i></p>	<p>Director July 25, 2000</p>	<p>President, Bratton Consulting Inc., a management consulting firm.</p>
<p>Douglas W. Gough (3) B.B.A. (Hons.), M.B.A. Toronto, Ontario</p> <p><i>Common shareholdings - 45,155</i> <i>Stock options - Nil</i> <i>DSUs - 13,496</i></p>	<p>Director June 26, 1996</p>	<p>Retired from position of Partner, Mintz & Partners Financial Services, a financial services partnership with its head office in North York, Ontario. President, Kaldo Investments Corporation.</p>
<p>Arnold E. Hillier (1)(2) B.Comm., C.A. Saskatoon, Sask.</p> <p><i>Common shareholdings - 30,399</i> <i>Stock options - Nil</i> <i>DSUs - 13,196</i></p>	<p>Director January 18, 1993</p>	<p>Retired from positions of Chairman, Chief Executive Officer and Chief Financial Officer, Claude Resources Inc., a natural resource mining and oil and gas company, with its head office located in Saskatoon, Saskatchewan.</p>

Name	Office held and date first became a director	Principal occupation
<p>Honourable Thomas A. Hockin P.C. (1)(4) P.C., B.A., M.P.A., Ph.D. Toronto, Ontario</p> <p><i>Common shareholdings - 8,960</i> <i>Stock options - Nil</i> <i>DSUs - 13,196</i></p>	<p>Director June 2, 2005</p>	<p>Retired from position of President & C.E.O, The Investment Funds Institute of Canada and Canadian Institute of Financial Planning.</p>
<p>William T. Mitchell (2) FCA Etobicoke, Ontario</p> <p><i>Common shareholdings - 19,500</i> <i>Stock options - Nil</i> <i>DSUs - 13,296</i></p>	<p>Director April 2, 2004</p>	<p>Retired from position of senior partner of PricewaterhouseCoopers LLP.</p>
<p>Paul G. Oliver (2) FCA, ICD.D Markham, Ontario</p> <p><i>Common shareholdings - 10,100</i> <i>Stock Options - Nil</i> <i>DSUs - 13,196</i></p>	<p>Director June 2, 2005</p>	<p>Retired from position of senior partner of PricewaterhouseCoopers LLP.</p>
<p>C. Scott Ritchie B.B.A. (Hons.), LL.B., Q.C. London, Ontario</p> <p><i>Common shareholdings - 101,499</i> <i>Stock options - 5,000</i> <i>DSUs - 13,296</i></p>	<p>Director January 1, 2002</p>	<p>Partner, Siskind, Cromarty, Ivey & Dowler LLP, Barristers and Solicitors.</p>
<p>David R. Taylor B.Sc. (Hons.), M.B.A., F.I.C.B. Ilderton, Ontario</p> <p><i>Common shareholdings - 1,150,000</i> <i>Stock options - 297,383</i> <i>DSUs - nil</i></p>	<p>President and Chief Executive Officer. Director January 18, 1993</p>	<p>President and Chief Executive Officer of Pacific & Western Credit Corp. and Pacific & Western Bank of Canada.</p>

- (1) Member of the Human Resources & Corporate Governance Committee.
- (2) Member of the Audit Committee.
- (3) Chairman of the Board of the Corporation since June 2, 2005.
- (4) Chairman of the Board of the Corporation's principal subsidiary, Pacific & Western Bank of Canada (the "Bank"), since November 6, 2008.

Note: The Corporation does not presently have an executive committee. In addition to having an Audit Committee and a Human Resources and Corporate Governance Committee, the Bank also has a Risk Review Committee and a Conduct Review Committee.

3. APPOINTMENT OF AUDITORS

Management and the Board propose KPMG LLP for reappointment as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders.

In the past, the directors have fixed the remuneration of the auditors of the Corporation. Such remuneration has been based upon the complexity of the matters dealt with and time spent in providing services to the Corporation. Management feels that the remuneration negotiated in the past with the auditors of the Corporation has been reasonable under the circumstances and would be comparable to fees charged by other auditors providing similar services.

SHAREHOLDER PROPOSALS

There were no shareholder proposals submitted for consideration at this meeting. Shareholder proposals to be considered at the 2009 annual meeting of shareholders of Pacific & Western Credit Corp. must be received at the registered office of the Corporation no later than October 29, 2009 to be included in the information circular and form of proxy for such annual meeting.

COMPENSATION OF DIRECTORS

Non-management directors are compensated for acting as directors of both the Corporation and its wholly-owned subsidiary, Pacific & Western Bank of Canada (the "Bank"), through a combination of annual retainers, a grant of deferred share units, and meeting attendance fees. Remuneration paid to David Taylor, the President and C.E.O., is included in the "Disclosure of Executive Compensation" section below.

For fiscal 2008, the annual retainer for directors was \$30,000, with \$10,000 being paid in cash and a grant of \$20,000 worth (2,561) of Deferred Share Units ("DSUs"). In addition, there was an additional cash retainer amount paid as follows: Chairman of the Board - \$8,000; Audit Committee Chair - \$7,000; Audit Committee members - \$5,000; Committee Chairs (other than Audit) - \$4,000; and, all other committee members (other than audit) - \$2,000. Also, Directors were paid meeting fees based on the single highest rate for the meetings attended on a meeting day and not for each individual meeting held. During fiscal 2008, the Chairman of the Board received \$1,900 per day for attendance at Board meetings. The Chairman of the Audit Committee received \$1,800 per day for attendance at committee meetings, while the Chairman of the Human Resources & Corporate Governance Committee received \$1,500 per day. Each of the other directors were paid \$1,300 per day if Audit Committee members attending an Audit Committee meeting, and otherwise \$1,000 for attendance at Board meetings. Meeting fees were reduced by one-third when attended by phone instead of in person, and reduced by one-half when meetings were one hour or less in duration. Directors were also reimbursed for travel and other expenses incurred when attending meetings.

The Directors were also eligible for reimbursement for share purchases under a share purchase arrangement (the "Arrangement"). Under the Arrangement, directors who purchased shares on the open market during fiscal 2008 were eligible for reimbursement for one (1) of every two (2) common shares purchased, to a maximum level of reimbursement of \$10,000. All shares purchased under the Arrangement are to be held

for a minimum of one (1) year from the date of purchase.¹

The aggregate amount that may be paid by the Bank each financial year to its directors is \$400,000. In the fiscal year ended October 31, 2008, non-management directors were paid a total of \$286,200 by the Bank.

AUDIT COMMITTEE INFORMATION

Information pertaining to the Corporation's Audit Committee can be found in the Corporation's Annual Information Form for the year ended October 31, 2008, which is available on SEDAR at www.sedar.com. Upon request, a copy of the Annual Information Form will be provided free of charge.

REPORT ON EXECUTIVE COMPENSATION

The Corporation's overall compensation plan and the policies pertaining thereto are reviewed by the Human Resources & Corporate Governance Committee annually to ensure that they are consistent with the Corporation's goals of attracting and retaining the best available people, aligning executive interests with those of the Corporation, and paying for performance. Survey information is periodically obtained from compensation consulting companies and other external independent sources to ensure that compensation paid is competitive.

Key components for executive compensation packages include: base salary, short-term incentive awards, and long-term incentive awards.

Base Salary

A goal of the Committee is to ensure that the Corporation offers a fair base salary relative to similar positions in comparable organizations. The overall objective is to set total compensation (i.e. base salary, benefits and annual incentive award) at approximately the seventy-fifth percentile of the compensation paid for comparable positions in similar companies.

Short-term Incentive Awards

Annual incentive awards are utilized to reward executives for making a significant contribution to the achievement of the Corporation's goals. Factors including individual performance results, the executive's business unit results, and the Corporation's overall results, are considered when determining the amount of any incentive award.

With respect to the President & C.E.O., any annual short term incentive award for fiscal 2008 was to be based primarily on ordinary earnings per share. In order for the maximum incentive award of 100% of salary to be granted, 130% of budgeted earnings per share would had to have been achieved. If the budgeted earning per share target was achieved, but the 130% level not met, the amount of the incentive award was

¹ The Arrangement has been suspended for the 2009 fiscal year.

to be pro-rated. In addition to this main indicator, other additional goals, including asset quality, productivity, growth, stock performance, and compliance with regulatory requirements were to be considered, as well as other subjective measures including corporate reputation. Also to be considered was how well the President & C.E.O. implemented the goals set forth in the Business Plan, as was the creation of innovative and lucrative products. Further, extraordinary circumstances, both positive and negative, were also to be taken into account.

No incentive awards were granted to executives, including the President & C.E.O., in respect of fiscal 2008.

Long-term Incentive Awards

The Corporation's Stock Option Incentive Plan is intended to provide all executives with compensation opportunities that encourage share ownership. Accordingly, stock options have been granted to executives. If and when additional stock options are granted, stock options previously granted are taken into consideration.

In addition, all executives of the Bank were eligible to be reimbursed for share purchases under a share purchase plan (the "SPP"). Under the SPP, executives who purchased common shares on the open market (TSX) from November 1, 2007 until October 31, 2008 were eligible for reimbursement for one (1) of every two (2) common shares purchased, up to an aggregate amount of 30% of base salary. All shares purchased under the SPP are to be held for a minimum of one (1) year from the date of purchase. The SPP provides compensation opportunities that link the interests of executives more closely with those of the Corporation's shareholders.²

The President & C.E.O. received 49,398 stock options during 2008, as set out below in the tables entitled "Disclosure of Executive Compensation" and "Option Grants During the Year Ended October 31, 2008".

Other

Pension Supplement

The Corporation does not have a formal registered pension plan. However, in lieu of pension contributions, all executive officers receive an annual cash amount. The amount paid to executives is based on a formula that takes into consideration the executive's present salary, life expectancy, a retirement age of 65, and current interest rates.

The foregoing Report on Executive Compensation is submitted by the members of the Human Resources & Corporate Governance Committees of Pacific & Western Credit Corp. and Pacific & Western Bank of Canada: David Bratton (Chair), Arnold Hillier, and Honourable Thomas Hockin.

² The SPP has been suspended for the 2009 fiscal year.

DISCLOSURE OF EXECUTIVE COMPENSATION

The following table provides a summary of all compensation paid by the Corporation to its President and Chief Executive Officer, the Senior Vice President & Chief Financial Officer and the next three most highly compensated executive officers (“Named Executive Officers”) during the fiscal periods indicated.

		Annual compensation			Long-term compensation
Name and principal position	Year	Salary (\$)	Bonus (\$)	Other annual compensation (\$)	Securities under options granted (#)
David R. Taylor, President & C.E.O.	2008	410,000	nil	279,488 ¹	49,398
	2007	405,000	205,000	215,549 ²	77,524 ³ 30,461
	2006	350,000	575,316 ⁴	120,320 ⁵	nil
Barry D. Walter Senior Vice- President & Chief Financial Officer	2008	184,166	nil	62,872 ⁶	9,200
	2007	173,750	40,000	61,997 ⁷	nil
	2006	158,750	130,000 ⁸	62,631 ⁹	nil
John W. Asma Senior Vice President & Treasurer	2008	184,166	nil	48,313 ¹⁰	9,200
	2007	173,750	40,000	58,841 ¹¹	nil
	2006	157,500	40,000	60,358 ¹²	nil
Jonathan F.P. Taylor Senior Vice- President, Operations	2008	184,166	nil	59,380 ¹³	9,200
	2007	173,750	40,000	61,708 ¹⁴	nil
	2006	159,542	81,250 ¹⁵	62,304 ¹⁶	nil
Neil Beaton Chief Information Officer	2008	153,333	nil	31,502 ¹⁷	7,500
	2007	120,000	40,000	4,819 ¹⁸	5,000
	2006	-	-	-	-

- (1) Of this amount, \$103,082 is the amount of pension supplement paid and \$100,000 is an amount equal to 25% of a business advisory fee received by Pacific & Western Credit Corp. from Discovery Air Inc.
- (2) Of this amount, \$103,824 is the amount of pension supplement paid and \$91,667 is an amount equal to 25% of a business advisory fee received by Pacific & Western Bank of Canada from Discovery Air Inc.
- (3) The grant of 77,524 options replaced stock appreciation rights granted in 2004 and 2005. For details, please see the Note

- below.
- (4) Of this amount, \$225,316 represents a special bonus authorized by the Board of Directors to recognize the contribution of Mr. Taylor to the earnings of Corporation from its investment in Discovery Air Inc.
 - (5) Of this amount, \$100,331 is the amount of pension supplement paid.
 - (6) Of this amount, \$46,513 is the amount of pension supplement paid.
 - (7) Of this amount, \$44,315 is the amount of pension supplement paid.
 - (8) This amount includes the value of a bonus granted of 30,000 common shares of Discovery Air Inc. valued at \$1.50 per share at the time of grant.
 - (9) Of this amount, \$45,865 is the amount of pension supplement paid.
 - (10) Of this amount, \$46,513 is the amount of pension supplement paid.
 - (11) Of this amount, \$44,315 is the amount of pension supplement paid.
 - (12) Of this amount, \$45,865 is the amount of pension supplement paid.
 - (13) Of this amount, \$46,513 is the amount of pension supplement paid.
 - (14) Of this amount, \$44,315 is the amount of pension supplement paid.
 - (15) This amount includes the value of a bonus granted of 7,500 common shares of Discovery Air Inc. valued at \$1.50 per share at the time of grant.
 - (16) Of this amount, \$45,865 is the amount of pension supplement paid.
 - (17) Of this amount, \$16,000 is the amount of pension supplement paid.
 - (18) Of this amount \$1,500 is the amount of pension supplement paid.

Note: Mr. Taylor received stock appreciation rights in 2004 and 2005. Such rights, when exercised, would have entitled Mr. Taylor to a cash payment equal to the difference between the price of the common shares of the Corporation on the date of exercise and the exercise price. The cost to the Corporation for the stock appreciation rights was \$136,000 in 2006 and \$17,700 in 2007. In 2007 all 77,524 stock appreciation rights were replaced with stock options. Mr. Taylor was granted an additional amount of 30,461 stock options in 2007.

OPTION GRANTS DURING THE YEAR ENDED OCTOBER 31, 2008

The details of the stock option grants to Named Executive Officers during fiscal 2008 is set out in the table below.

Name	Securities Under Options Granted (#)	Per cent of Total Options Granted in Fiscal Year	Exercise Price (\$)	Market Value of Securities Underlying Options on the Date of Grant (\$)	Expiration Date
David R. Taylor	49,398	19.7%	\$8.30	\$8.30	November 30, 2017
Barry Walter	9,200	3.7%	\$7.40	\$7.40	November 13, 2017
John W. Asma	9,200	3.7%	\$7.40	\$7.40	November 13, 2017
Jonathan F.P. Taylor	9,200	3.7%	\$7.40	\$7.40	November 13, 2017
Neil Beaton	7,500	3.0%	\$7.40	\$7.40	November 13, 2017

AGGREGATED OPTION EXERCISES DURING THE YEAR ENDED OCTOBER 31, 2008 AND FINANCIAL YEAR END OPTION VALUES

The table below is based on the market value of the Corporation's common shares as at October 31, 2008,

which was \$3.26.

Name	Securities acquired on exercise	Aggregate value realized (\$)	Unexercised options (#)		Value of unexercised in-the-money options at October 31, 2008 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
David R. Taylor	50,000	105,000	280,917	16,466	n/a	n/a
Barry D. Walter	10,000	41,000	40,134	3,066	n/a	n/a
John W. Asma	nil	n/a	36,134	3,066	n/a	n/a
Jonathan F.P. Taylor	30,000	63,000	81,134	3,066	n/a	n/a
Neil Beaton	nil	n/a	10,000	2,500	n/a	n/a

The following table lists the number of securities to be issued upon the exercise of outstanding options, the weighted-average exercise price of the outstanding options, and the number of securities remaining for future issuance under equity compensation plans as at October 31, 2008.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN AT OCTOBER 31, 2008

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plans approved by shareholders	1,077,110	\$9.02	287,135
Equity compensation plans not approved by shareholders	n/a	n/a	n/a
Total	1,077,110	\$9.02	287,135

EMPLOYMENT CONTRACTS

At October 31, 2008, Executive Agreements were in place between the Corporation and/or the Bank and certain Named Executive Officers, namely David Taylor and Jonathan Taylor. The Agreements contain standard clauses pertaining to employment matters including remuneration, termination and vacation.

The termination clause in the Executive Agreement with Jonathan Taylor provides that if his employment is terminated or if the Corporation is sold, subject to a change of control, merged or liquidated, or if its normal

operations are changed in such a manner as to terminate his employment or the Senior Vice President, Operations position, then Jonathan Taylor is to receive an amount equal to the sum of the most recent twenty-four (24) months of total compensation. In addition, all options held by Jonathan Taylor are to become exercisable on the date of termination and will expire two (2) years after that date. Alternatively, at Jonathan Taylor's discretion, his options are to be redeemed by the Corporation at a price to be calculated as the difference between the option price and the average price for the four (4) trading days prior to the date of termination plus the termination date. For the purpose of this termination clause 'total compensation' is to include annual salary, incentive awards paid, benefits, and all allowances, including pension supplement.

Termination of Employment of the President & C.E.O.

The termination clause in the Executive Agreement between with David Taylor provides that if his employment is terminated or if the Corporation and/or the Bank is sold, subject to a change of control, merged or liquidated, or if its normal operations are changed in such a manner so as to make Mr. Taylor's position redundant, then Mr. Taylor is to receive an amount equal to the sum of the two (2) most recent full years' total compensation. In addition, all options held by Mr. Taylor are to become exercisable on the date of termination and will expire two (2) years after that date. Alternatively, at Mr. Taylor's discretion, his options are to be redeemed by the Corporation at a price to be calculated as the difference between the option price and the average price for the four (4) trading days prior to the date of termination plus the termination date. For the purpose of this termination clause 'total compensation' is to include annual salary, incentive awards paid, benefits, and all allowances, including retirement allowances.

Retirement Allowance of the President & C.E.O.

The retirement clause in the Executive Agreement between the Corporation and David Taylor provides that in the case of Mr. Taylor's retirement from the Corporation and the Bank Mr. Taylor shall receive a retirement allowance based on a certain number of months salary depending on age at retirement. If Mr. Taylor retires at age 57, 58, 59 or 60 or over, then he shall receive 9, 12, 15, or 18 months of salary, respectively. Partial years will be pro-rated and payment will not begin until the earlier of the retirement date or age 65.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Aggregate Indebtedness Outstanding

The table below shows the aggregate indebtedness to the Corporation or its subsidiaries of all officers, directors, employees and former officers, directors and employees as at December 31, 2008.

AGGREGATE INDEBTEDNESS (\$) ⁽¹⁾⁽²⁾		
Purpose	To the Corporation or its subsidiaries	To Another Entity
Share Purchases ⁽³⁾	381,554	-----
Other	4,084,392	-----

- (1) Routine indebtedness, as defined under Canadian securities and corporate laws, has not been reported.
- (2) Subject to restrictions under applicable law, employees are eligible for loans at an interest rate of 50 basis points over cost of funds to assist them with home purchases and to assist with other credit requirements. Lending limits for employees are, like those for other customers, based on household income and risk profile.
- (3) To the knowledge of the Corporation, the amount shown represents loans in connection with the purchase of securities of the Corporation.

Indebtedness of Directors and Executive Officers ⁽¹⁾⁽²⁾

Name and Principal Position	Involvement of Pacific & Western Credit Corp. or Pacific & Western Bank of Canada	Largest amount outstanding during 2008 financial year (\$)	Amount outstanding as at December 31, 2008 (\$)	Financially assisted securities purchases during 2008 financial year (#)	Security for indebtedness (security purchases only)	Amount forgiven during 2008 financial year (\$)
Securities Purchase Programs						
David R. Taylor Director, President and Chief Executive Officer Proposed nominee for election as a director	Lender	180,000	180,000 ⁽³⁾	nil	Promissory Note	nil
Jonathan F.P. Taylor, Senior Vice President, Operations	Lender	128,000	128,000 ⁽⁴⁾	nil	Promissory Note	nil
Other Programs						
David R. Taylor Director, President and Chief Executive Officer	Lender	1,688,262	1,917,524 ⁽⁵⁾			nil
Neil Beaton Chief Information Officer	Lender	637,595	618,416 ⁽⁶⁾			nil
Nikola Kristo Vice President, Credit & Administration	Lender	77,008	59,019 ⁽⁷⁾			nil
Bruce Schruder Vice President, Residential Mortgages	Lender	205,000	195,000 ⁽⁸⁾			nil
Jonathan Taylor Senior Vice President, Operations	Lender	63,536	61,387 ⁽⁹⁾			nil

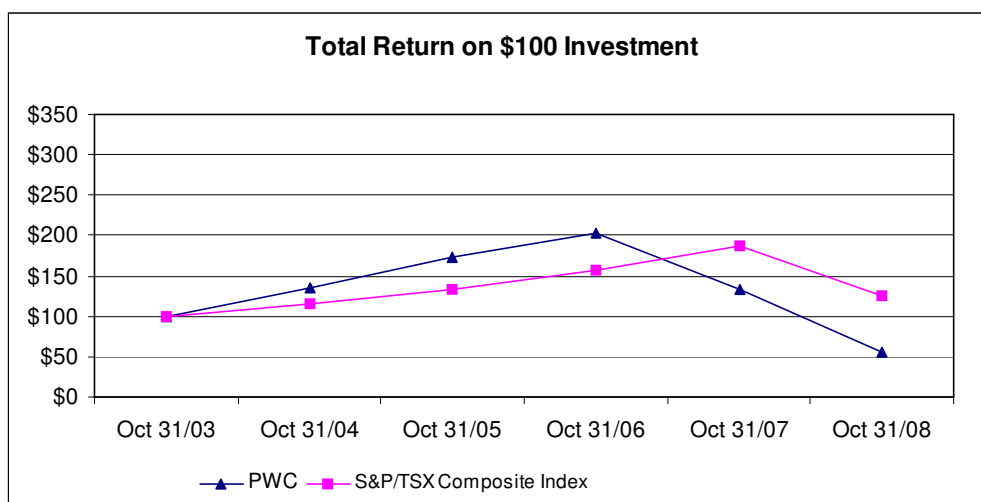
- (1) "Executive Officer" means an individual who is: a chair, vice-chair or president; a vice-president in charge of a principal business unit, division or function; or performing a policy-making function in respect of the Corporation.
- (2) Routine indebtedness, as defined under Canadian securities and corporate laws, has not been reported.
- (3) Amount represents a personal loan to David Taylor in the amount of \$180,000 with a 1 year term at a rate of 4.62% provided for the exercise of warrants of PacWest Ventures Ltd. (a predecessor company that amalgamated with the Corporation on January 1, 2002).
- (4) Amount represents a personal loan with a 5 year term at a rate of 4.87% to assist with the exercise of options to purchase common shares of the Corporation that occurred during the 2007 financial year.

- (5) Amount represents a personal loan with a 7 year term at a rate of 4.88%, a forgivable loan in the amount of \$400,000, a first mortgage over a principal residence with a 5 year term at a rate of 4.40% and a second mortgage on the same property payable on demand at a rate of 6.42%.
- (6) Amount represents an interest free relocation loan, a personal loan with a 5 year term at a rate of 4.76%, a personal loan with a 7 year term at a rate of 4.85% and a first mortgage on a principal residence with a 7 year term at a rate of 4.85%.
- (7) Amount represents an interest free relocation loan and a personal loan with a 1 year term at a rate of 3.48%.
- (8) Amount represents a personal loan with a 1 year term at a rate of 4.89% and a personal loan with a 4 year term at a rate of 5.04%.
- (9) Amount represents an interest free relocation loan, a personal loan with a 7 year term at a rate of 4.87%, and a personal loan with a 5 year term at a rate of 4.87%.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation's Directors' and Officers' liability insurance provides protection to directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation and its subsidiaries. The policy has an aggregate coverage of \$20 million per policy period. For the policy period July 5, 2008 to July 5, 2009, the premium paid by the Corporation was \$112,750. The Corporation has agreed to indemnify each director and officer against all costs, charges and expenses reasonably incurred in respect of any action or proceeding to which any such person is made a party by reason of being a director or officer of the Corporation, subject to the limitations as contained in the *Canada Business Corporations Act*.

PERFORMANCE GRAPH



The following graph compares the total cumulative shareholder return of the Corporation's common shares over the past five most recently completed financial years with

the cumulative total return of the S&P/TSX Composite Index for the same period, assuming reinvestment of all dividends.

For the financial years	Oct.31 2003	Oct.31 2004	Oct.31 2005	Oct.31 2006	Oct.31 2007	Oct. 31 2008
PWC	\$100.00	\$135.11	\$172.12	\$203.27	\$133.89	\$56.11
S&P/TSX Composite Index	\$100.00	\$114.80	\$132.40	\$157.41	\$187.11	\$125.16

NORMAL COURSE ISSUER BID

On July 17, 2007, the Corporation announced that it had filed a Notice of Intention to make a Normal Course Issuer Bid (“NCIB”). The NCIB ended on July 18, 2008. On July 18, 2008, the Corporation announced that it had filed another Notice of Intention to make a Normal Course Issuer Bid (“second NCIB”). The second NCIB will end on the earlier of July 21, 2009 or the date that all purchases under the bid have been completed. To date, pursuant to the NCIB and the second NCIB, the Corporation has purchased 219,300 common shares, the last purchase having occurred on August 1, 2008. It is anticipated that the Corporation will not make any further purchases pursuant to the second NCIB. A copy of the notice pertaining to the second NCIB may be obtained without charge by contacting the Corporate Secretary’s office.

CORPORATE GOVERNANCE PRACTICES

Information pertaining to the Corporation’s corporate governance practices is included on Exhibit “A” attached hereto.

Additional corporate governance information is contained in the Corporation’s 2008 Annual Report under the heading “Corporate Governance”.

ADDITIONAL INFORMATION

The Corporation’s Consolidated Financial Statements and Management’s Discussion Analysis for the year ended October 31, 2008, and the Corporation’s 2008 Annual Report, all contain additional financial information. These documents, and other additional information about the Corporation, are available at SEDAR at www.sedar.com.

Copies of the information referred to above can be obtained upon request in writing to the Corporate Secretary, Pacific & Western Credit Corp., Suite 2002, 140 Fullarton Street, London, Ontario N6A 5P2.

DIRECTORS' APPROVAL

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

By Order of the Board

Barbara Hale
Vice President, General Counsel and Corporate Secretary
January 27, 2009
London, Ontario

A handwritten signature in cursive script that reads "Barbara Hale".

EXHIBIT “A” - CORPORATE GOVERNANCE PRACTICES

Board of Directors

Every member of the Board of Directors of the Corporation, with the exception of David R. Taylor, the President & C.E.O., is independent, as that term is defined by securities laws. The Chairman of the Board of the Corporation, Douglas W. Gough, is an independent director.¹ The roles and responsibilities of the Chair are set out in the Mandate of the Chair of the Board. The Chair is to exemplify the Board of Directors’ responsibility for the stewardship of the Corporation. Among other duties, the Chair is to liaise with management of the Corporation for the purpose of setting meetings of the Board and is to lead the meetings, and he is to ensure that the responsibilities of the Board and management, and the boundaries between them, are well understood and respected. The Chair is also to ensure the Board works as a cohesive team and is to provide the leadership to achieve this, and he is to encourage the active participation of all members. The Chair is to ensure that there are adequate resources available to support the work of the Board, and that procedures are adopted to ensure that the Board can conduct its work effectively and efficiently. Finally, the Chair is to ensure that a process is in place by which the effectiveness of the Board, and the contribution of individual directors, is assessed, and to ensure that where functions are delegated to committees, the functions are carried out and results are reported to the Board.

In addition to being directors of the Corporation, Arnold E. Hillier is a director of Shore Gold Inc. and Westcan Goldfields Inc. Paul G. Oliver is a director of Mackenzie Financial Capital Corporation and Multi-Class Investment Corp.

During 2008, the Corporation continued its practice of concluding each quarterly Board meeting with the independent directors of the Corporation holding a session without the non-independent director or any other member of management present. During the year the Board held 6 such meeting sessions without management present.

BOARD OF DIRECTORS ATTENDANCE RECORD

For the year ended October 31, 2008.

All of the directors are also on the Board of Directors of the Corporation’s wholly owned subsidiary, Pacific & Western Bank of Canada (“the Bank”). Additional information on the Bank’s Board of Directors and its Committees is contained in the Corporation’s 2008 Annual Report.

Summary of Board and Committee Meetings Held for Pacific & Western Credit Corp.

Board	14
Audit Committee	6
Human Resources & Corporate Governance Committee	5

¹ On November 6, 2008 Thomas A. Hockin, who is also an independent director, assumed the role of Chairman of the Board of the Bank, and Mr. Gough assumed the role of Vice Chairman of the Bank.

Summary of Attendance of Directors

Director	Number of meetings attended		
	Board	Audit Committee	Human Resources & Corporate Governance Committee
David A. Bratton	13 of 14	N/A	5 of 5
Douglas W. Gough	12 of 14	N/A	N/A
Arnold E. Hillier	14 of 14	6 of 6	5 of 5
Honourable Thomas A. Hockin	12 of 14	N/A	4 of 5
William T. Mitchell	12 of 14	6 of 6	N/A
Paul G. Oliver	13 of 14	6 of 6	N/A
C. Scott Ritchie	14 of 14	N/A	N/A
David R. Taylor	14 of 14	N/A	N/A

The following is the text of the Board's mandate.

MANDATE OF THE BOARDS OF DIRECTORS OF PACIFIC & WESTERN CREDIT CORP. AND PACIFIC & WESTERN BANK OF CANADA (collectively, "Pacific & Western")

1. The Boards of Directors shall meet at least quarterly.
2. The Boards of Directors shall be made up of at least seven directors, a majority of whom must be resident Canadians at the time of their election or appointment.
3. The Boards of Directors shall be constituted by a majority of independent directors.¹
4. The independent directors shall hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.
5. Every director, in exercising any of the powers of a director and any of the duties of a director, shall:
 - a) act honestly and in good faith with a view to the best interests of Pacific & Western; and
 - b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

¹ A director is independent if he or she has no direct or indirect material relationship with Pacific & Western. A material relationship is a relationship which could, in the view of the Boards of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement. Notwithstanding the above, an individual is considered to have a material relationship with Pacific & Western in the situations enumerated in section 1.4 of MI 52-110.

6. Certain functions of the Boards of Directors may be delegated to committees of the Boards. Such delegation will be confirmed by the Board approval of committee mandates.
7. The members of the Boards of Directors have responsibility for the stewardship of Pacific & Western and are charged with the following duties:

Generally:

- a) approve the by-laws of Pacific & Western;
- b) appoint a Chair of the Boards who shall be an independent director, subject to exceptional circumstances;
- c) in the event that the Chair of the Boards is not an independent director, an independent lead director shall be appointed;
- d) appoint a President & C.E.O. for Pacific & Western and ensure that the Chair of the Boards conducts an annual assessment of such officer's performance;
- e) approve the Executive Agreement of the President & C.E.O.;
- f) annually approve the base salary of the President & C.E.O.;
- g) approve the annual incentive award of the President & C.E.O. where the amount of the award is greater than 100% of base salary;
- h) appoint officers for Pacific & Western who are suitably qualified and capable of managing the operations of Pacific & Western effectively and prudently;
- i) understand the responsibilities and accountabilities assigned to officers of Pacific & Western;
- j) evaluate, on a regular basis, the effectiveness and prudence of the officers in managing the operations of Pacific & Western and the risks to which Pacific & Western is exposed;
- k) satisfy itself as to the integrity of the President & C.E.O. and other officers, and satisfy itself that the President & C.E.O. and other officers create a culture of integrity throughout Pacific & Western;
- l) review Pacific & Western's Management Succession Plan submitted by management;
- m) review Pacific & Western's Human Resources Plan submitted by management;
- n) regularly satisfy itself that Pacific & Western's compensation plans are consistent with the sustainable achievement of Pacific & Western's business objectives, the prudent management of its operations and the risks to which it is exposed, and adherence to its processes, policies, procedures and controls;
- o) establish standards of business conduct and ethical behaviour for Pacific & Western's directors, officers, and other personnel, and obtain on a regular basis reasonable assurance that Pacific & Western has an ongoing, appropriate and effective process for ensuring adherence to those standards;
- p) establish an Audit Committee and approve the mandate for such committee;
- q) establish a Conduct Review Committee and approve the mandate for such committee;
- r) establish any other board committees that the Boards of Directors deem advisable and approve the mandates for such committees;
- s) review policies for Pacific & Western as recommended by management and approve all policies;
- t) approve a Corporate Disclosure Policy for Pacific & Western
- u) approve the annual financial statements for Pacific & Western;
- v) approve the annual MD&A;
- w) approve all major changes to Pacific & Western's organizational structure;
- x) approve all significant acquisitions;
- y) review all major contracts after approval by management and approve all major contracts out

- of the ordinary course of business;
- z) review systems plans and disaster recovery plans as submitted by management.
 - aa) approve related party transactions when required by Pacific & Western's governing legislation;
 - bb) review compliance reports;
 - cc) review director remuneration;
 - dd) exercise independent judgment in directing and overseeing the operations of Pacific & Western;
 - ee) understand directors' responsibilities and regularly evaluate objectively the individual director's and the Boards' effectiveness in fulfilling those responsibilities;
 - ff) review such information as required to obtain reasonable assurance that Pacific & Western has a control environment and that Pacific & Western is in control;
 - gg) recommend the appointment of the external auditor to the shareholders;
 - hh) upon recommendation of the Audit Committee, approve the compensation of the external auditor;
 - ii) require the external auditor to report directly to the Audit Committee;
 - jj) approve the appointment of Pacific & Western's Internal Auditor as recommended by the Audit Committee;
 - kk) approve changes respecting the incumbent holding the position of Internal Auditor as recommended by the Audit Committee; and
 - ll) review and, where appropriate, approve requests from individual directors to engage an outside advisor at the expense of Pacific & Western.

Specifically with respect to Strategic Management:

- a) establish the business objectives of Pacific & Western, consider and approve Pacific & Western's business strategy and its business plans for significant operations, and review those things annually to ensure that they remain appropriate and prudent in light of Pacific & Western's current and anticipated business and economic environment, resources and results;
- b) evaluate, at least quarterly, Pacific & Western's actual operating and financial results against forecast results, in light of Pacific & Western's business objectives, business strategy and business plans; and
- c) obtain, on a regular basis, reasonable assurance that Pacific & Western has an ongoing, appropriate and effective strategic management process.

Specifically with respect to Risk Management:

- a) understand the significant risks to which Pacific & Western is exposed;
- b) establish appropriate and prudent risk management policies for those risks;
- c) review risk management policies at least annually to ensure that they remain appropriate and prudent;
- d) obtain, on a regular basis, reasonable assurance that Pacific & Western has an ongoing, appropriate and effective risk management process and that the institution's risk management policies for significant risks are being adhered to.

Specifically with respect to Liquidity and Funding Management:

- a) understand the liquidity and funding needs of Pacific & Western;

- b) establish appropriate and prudent liquidity and funding management policies for Pacific & Western, taking into account Pacific & Western's significant operations, including policies on the sources, types and levels of liquidity that are to be maintained by Pacific & Western and policies that are designed to prevent Pacific & Western's funding from becoming unduly concentrated with respect to source, type, term to maturity or currency of denomination;
- c) review liquidity policies at least once a year to ensure that they remain appropriate and prudent; and
- d) obtain, on a regular basis, reasonable assurance that Pacific & Western has ongoing, appropriate and effective liquidity and funding management processes and that Pacific & Western's liquidity and funding management policies are being adhered to.

Specifically with respect to Capital Management:

- a) understand the capital needs of Pacific & Western and approve changes to capital;
- b) establish appropriate and prudent capital management policies for Pacific & Western, taking into account Pacific & Western's significant operations, including policies on the quantity and quality of capital needed to support the current and planned operations of Pacific & Western that reflect both the risks to which Pacific & Western is exposed and its regulatory capital requirements;
- c) review capital policies at least once a year to ensure that they remain appropriate and prudent; and
- d) obtain, on a regular basis, reasonable assurance that Pacific & Western has an ongoing, appropriate and effective capital management process and that Pacific & Western's capital management policies are being adhered to.

Specifically with respect to Operational Risk:

- a) understand the operational risks that Pacific & Western is exposed to. Operational risk is the risk of loss, whether direct or indirect, attributable to disruptions in the operations of Pacific & Western caused by external events, human error, or the inadequacy or failure of processes, procedures or controls;
- b) establish appropriate and prudent policies on operational risks that are inherent in Pacific & Western's operations;
- c) consider the sufficiency and competency of Pacific & Western's resources (e.g. capital, people, information and technology) to conduct operations and to manage the risks related thereto; and
- d) review policies relating to operational risk at least once a year and consider whether they remain appropriate and prudent.

Specifically with respect to Independent Inspection and Audit:

- a) approve the appointment of the Internal Auditor, as recommended by the Audit Committee; and
- b) approve changes respecting the incumbent holding the position of Internal Auditor, as recommended by the Audit Committee.

8. The members of the Boards of Directors are expected to attend all meetings of the Board and its committees in person, when at all possible. Attendance by telephone may be used to facilitate a director's attendance.

9. The members of the Boards of Directors are expected to devote the appropriate amount of time necessary to review meeting materials such that they are able to engage in informed discussion and make informed decisions.

ADDITIONAL BOARD OF DIRECTORS INFORMATION

Position Descriptions

The Corporation has Board approved Mandates for the Chairman of the Board and for the Chair of each Board Committee. The Board has also approved a written position description for the C.E.O. which outlines his responsibilities, both generally and with respect to business planning and marketing, human resource policies and human resource management, legal and regulatory environment, and reporting to the Board. Also attached to the C.E.O. job description is a detailed chart of authorities.

Orientation and Continuing Education

The Director Orientation and Professional Development Program is designed to enhance the directors' knowledge and ability to execute their responsibilities to the Corporation. All new directors are provided with a package of information, including information on Board and Committee composition, officers, and other relevant policies and procedures. New Audit Committee members receive additional pertinent information.

In order to keep the Directors up-to-date on operations and those matters that affect the business of the Corporation, Directors receive written material and presentations from Senior management, and may receive presentations from outside experts, on various aspects of the Corporation's operations as well as on emerging issues. This process may be initiated at the request of the Board, a Committee, an individual director, or Management. In addition, the Committees have the authority to engage independent counsel and other advisors as determined to be necessary to permit them to carry out their duties.

Directors are encouraged to enrol in a relevant professional development program and the expenses incurred are reimbursed to a fixed maximum amount.

Level of Share Ownership Required

Directors are required to hold common shares or deferred share units at a value equal to at least 5 times the cash retainer amount and new directors have 3 years in which to attain the required level.

Ethical Business Conduct

The Board of Directors has adopted a written Code of Conduct for the Directors, Officers, and employees of the Corporation. Pursuant to regulatory requirements, the Code of Conduct is available with the Corporation's other publicly disclosed documents at www.sedar.com. A copy may also be requested by contacting the Corporate Secretary at Suite 2002, 140 Fullarton Street, London, Ontario N6A 5P2. On a quarterly basis, the Board of Directors receives a Compliance Report from the Compliance Officer. Any matters of non-compliance would form part of that report. The Board also receives an annual confirmation from the Compliance Officer with respect to compliance with the Code of Conduct during the preceding year.

A primary element within the Code of Conduct is a section on conflicts of interest. This section provides a definition of conflict of interest including a cross reference to the related party policy of the Corporation. The conflict of interest section within the Code provides details on the procedure to be followed if a conflict of interest situation arises, with the basic premise being the elevation of notice respecting the situation up to the Board. A list of conflict of interest matters is maintained by the Compliance Officer, and each director and officer of the Corporation is required to annually attest that he or she is not a party to a material contract

or proposed material contract, and is not a director or officer of any entity who is, or does not have a material interest in any person who is, a party to a material contract or proposed material contract with the Corporation.

Nomination of Directors

The Human Resources & Corporate Governance Committee, composed entirely of independent directors, sets criteria for the selection of directors to ensure that the competencies, skills and personal qualities of the Board members add value. From time to time it is both necessary and desirable for new candidates to be identified and appointed to the Board. The President & C.E.O., in collaboration with the Chair of the Human Resources & Corporate Governance Committee, evaluates the needs of the Board and seeks out candidates with suitable backgrounds and strengths to help fill those needs. The credentials of the identified candidate are reviewed and discussed by the Human Resources & Corporate Governance Committee, and are compared against the current needs of the Board. Any conflicts or impediments, as well as the time expected and required of directors, are addressed. The Chairman of the Human Resources & Corporate Governance Committee reports the Committee's recommendation to the full Board of Directors which, if thought advisable, approves the appointment of the identified candidate as a director.

Compensation

The Corporation has a Human Resources & Corporate Governance Committee composed entirely of independent directors. As part of its Mandate, this Committee is to assess the level and nature of Directors' fees, as well as other compensation. In 2008, changes were made to the Directors' compensation packages to reflect the time commitment required of the Directors, and to better align their interests with that of the Corporation.

In addition, the Human Resources and Corporate Governance Committee annually reviews the base salary of the President & C.E.O. and recommends same to the Board for approval. The Committee annually approves, at the beginning of each fiscal year and in conjunction with the President & C.E.O., performance measurements for calculating the incentive award of the President & C.E.O.. The Committee also approves the incentive award of the President & C.E.O., if any, where the amount of the award is up to and including base salary, or concurs with the incentive award where the amount of the award is greater than base salary, in which case approval rests with the full Board. The Committee also reports to the Board the total compensation of the President & C.E.O..

In addition, part of the Human Resources & Corporate Governance Committee's mandate is to review officer and senior management appointments to ensure that the Corporation has enough experienced and skilled personnel to carry out its business activities in a prudent manner. This Committee reviews staff, including officers', compensation ranges and benefit programs and staff bonuses. The Committee is also responsible for an annual review of a number of human resources related Board approved policies including the Compensation Plan for all employees and management. The Compensation Plan addresses the base salary component of the total compensation package and lists other significant benefits and programs.

Other Board Committees

In addition to the Audit Committee and the Human Resources & Corporate Governance Committee, the Bank also has a Conduct Review Committee and a Risk Review Committee. The Conduct Review Committee is responsible for issues of related party transactions, harassment in the work place, customer complaints, and the Code of Conduct. The Committee reports to the Board on matters reviewed by the Committee after each meeting, and the Committee also provides an annual report to the Bank's regulator with respect to its activities during the year respecting related party transactions. The Risk Review Committee is responsible for

recommending and reviewing, at least annually, all policies governing management of credit risk, market risk, structural risk, and liquidity and funding management. The Committee reports to the Board on an annual basis regarding the results of its policy review.

Assessments

The Mandate of the Human Resources & Corporate Governance Committee provides that the members of the Board are required to complete an annual assessment whereby each member of the Board is asked to complete a Board performance assessment and a self-assessment. In addition, the Chair of each Committee is required to complete a Committee performance assessment. The Board and Committee assessments are returned directly to the Chair of the Human Resources & Corporate Governance Committee, who compiles the information and prepares and presents a report on the results of the assessments to the full Board of Directors. The Human Resources & Corporate Governance Committee is mandated to follow up on recommendations that flow from the assessment process.

In addition, and in accordance with the Mandate of the Chair of the Board of Directors, the Chair of the Board conducts an annual assessment of the performance of the Chief Executive Officer of the Corporation, and the results of that assessment are reviewed by the full Board of Directors.