

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 - Name and Address of Company

Pacific & Western Bank of Canada ("PWB" or the "Bank")
Suite 2002, 140 Fullarton Street
London, ON N6A 5P2

ITEM 2 - Date of Material Change

February 26, 2015

ITEM 3 - News Release

A news release was issued to the various securities regulatory authorities in Canada and the financial media on February 26, 2015, a copy of which is attached hereto as Schedule "A".

ITEM 4 - Summary of Material Change

The Bank has completed the offering (the "**Offering**") of non-cumulative 6-year rate reset preferred shares, series 3 (Non-Viability Contingent Capital (NVCC)) (the "**Series 3 Preferred Shares**") in the capital of the Bank at a price of \$10.00 per share.

A total of 1,681,320 Series 3 Preferred Shares were sold at the Offering Price, for aggregate gross proceeds of \$16,813,200.00. The Agents (as defined below) have exercised the Over-Allotment Option (as defined below) to sell 181,320 of the aforementioned Series 3 Preferred Shares.

The Offering was made through a syndicate of agents led by Industrial Alliance Securities Inc. and including Dundee Securities Ltd., Mackie Research Capital Corporation, PI Financial Corp., Burgeonvest Bick Securities Limited, Integral Wealth Securities Limited, Jones Gable & Company Limited and Leede Financial Markets Inc. (collectively, the "**Agents**"). The Bank has granted the Agent an option (the "**Over-Allotment Option**"), exercisable in whole or in part, to sell, as agents, up to 225,000 Series 3 Preferred Shares (equal to 15% of the number of Series 3 Preferred Shares sold pursuant to the Offering) on the same terms as set out above, to cover over-allotments, if any, and for market stabilization purposes, exercisable at any time or times within 30 days of closing.

ITEM 5 - Full Description of Material Change

For full details of the transaction, please see the news release mentioned above, a copy of which is attached hereto as Schedule "A".

ITEM 6 - Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7 - Omitted Information

Not applicable.

ITEM 8 — Executive Officer

The name and business telephone number of an executive officer of the Bank who is knowledgeable about the material change and this report is as follows:

David R. Taylor
President and Chief Executive Officer
Pacific & Western Bank of Canada
Suite 2002, 140 Fullarton Street,
London, ON N6A 5P2

Telephone: (519) 675-4216

ITEM 9 - Date of Report

March 2, 2015

Schedule "A"

For Immediate Release: February 26, 2015

PACIFIC & WESTERN BANK OF CANADA ANNOUNCES THE EXERCISING OF THE OVER-ALLOTMENT AND SUCCESSFUL CLOSING OF PREFERRED SHARE OFFERING

LONDON, February 26, 2015/BUSINESS WIRE - Pacific & Western Bank of Canada (the "**Bank**") (TSX:PWB) is pleased to announce the agents have exercised their over-allotment option and the completion of the offering (the "**Offering**") of non-cumulative 6-year rate reset preferred shares, series 3 (Non-Viability Contingent Capital (NVCC)) (the "**Series 3 Preferred Shares**") in the capital of the Bank at a price of \$10.00 per share (the "**Offering Price**").

A total of 1,681,320 Series 3 Preferred Shares were sold at the Offering Price, for aggregate gross proceeds of \$16,813,200.00. The Agents (as defined below) have exercised the Over-Allotment Option (as defined below) to sell 181,320 of the aforementioned Series 3 Preferred Shares.

The Series 3 Preferred Shares will commence trading today on the Toronto Stock Exchange under the ticker symbol "PWB.PR.B".

"We are pleased with the market's continued interest in our preferred shares and the fact that our second preferred share offering was oversold; this reaffirms the market's confidence in the Bank", said David Taylor, President & Chief Executive Officer. "This new T1 capital will be utilized to support the continued growth of the Bank's loan and lease portfolio, particularly in our Bulk Purchase Program where we are helping to bridge the gap for much needed capital for Canadian small and medium-sized businesses."

The Offering was made through a syndicate of agents led by Industrial Alliance Securities Inc. and Dundee Securities Ltd., Mackie Research Capital Corporation, PI Financial Corp., Burgeonvest Bick Securities Limited, Integral Wealth Securities Limited, Jones Gable & Company Limited and Leede Financial Markets Inc. (collectively, the "**Agents**"). The Bank has granted the Agent an option (the "**Over-Allotment Option**"), exercisable in whole or in part, to sell, as agents, up to 225,000 Series 3 Preferred Shares (equal to 15% of the number of Series 3 Preferred Shares sold pursuant to the Offering) on the same terms as set out above, to cover over-allotments, if any, and for market stabilization purposes, exercisable at any time or times within 30 days of closing.

For the initial period ending April 30, 2021, the Series 3 Preferred Shares will yield 7.0% annually, payable quarterly, as and when declared by the Board of Directors of the Bank, based on the stated issue price per share. Thereafter, the dividend rate will reset every five years at a level of 569 basis points over the then 5-year Government of Canada bond yield.

Subject to regulatory approval, the Bank has the right to redeem up to all of the then outstanding Series 3 Preferred Shares on April 30, 2021, and on April 30 every five years thereafter, at a price

of \$10.00 per share.

Should the Bank choose not to exercise its right to redeem the Series 3 Preferred Shares, holders of these shares will have the right to convert their shares into an equal number of non-cumulative floating rate preferred shares, series 4 (Non-Viability Contingent Capital (NVCC)) (the "**Series 4 Preferred Shares**"), subject to certain conditions, on April 30, 2021, and on April 30 every five years thereafter. Holders of the Series 4 Preferred Shares will be entitled to receive quarterly floating dividends, as and when declared by the Board of Directors of the Bank, equal to the 90-day Government of Canada Treasury Bill rate plus 569 basis points.

The Series 3 Preferred Shares and the Series 4 Preferred Shares will qualify as Tier 1 capital of the Bank.

About Pacific & Western Bank of Canada

The Bank, a Canadian Schedule I chartered bank, operates using a "branchless model". It raises deposits electronically and invests these deposits in consumer and commercial loans and leases, as well as residential development and commercial mortgages.

The Bank is proud to announce it is celebrating 35 years in business in May, 2015.

Pacific & Western Bank of Canada's Common Shares trade on the Toronto Stock Exchange under the symbol PWB.

No securities regulatory authority has either approved or disapproved of the contents of this news release. The securities described above have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Not for distribution to U.S. news wire services or dissemination in the U.S.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this news release, including statements relating to the potential exercise of the Over-Allotment Option, the use of proceeds of the Offering and any other statements regarding the Bank's future expectations, beliefs, goals or prospects, constitute forward-looking information within the meaning of applicable securities legislation (collectively, "forward-looking statements"). All statements in this news release that are not statements of historical fact (including statements containing the words "expects", "does not expect", "plans", "proposed", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions) should be considered forward-looking statements. By their very nature, forward-looking statements involve numerous factors and assumptions, including, without limitation, the expectations and beliefs of management and the potential exercise of the Over-Allotment Option. Although the Bank considers these factors and assumptions to be reasonable based on information currently available, such factors and assumptions are not exhaustive and may prove to be incorrect.

All such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, many of which are beyond the Bank's ability to control or predict. A number of important factors could cause actual results or events to differ materially from those indicated or implied by such forward-looking statements, including, without limitation: the receipt of applicable regulatory approvals may not be obtained on the terms expected, or on the anticipated schedule, and the volatility of the marketplace.

The Bank does not assume any obligation to update the information in this communication, except as otherwise required by law. Additional information identifying risks and uncertainties is contained in the Bank's filings with the various provincial securities commissions which are or will be available online at www.sedar.com. Forward-looking statements are provided for the purpose of providing information about the current expectations, beliefs and plans of the management of the Bank. Readers are cautioned that such statements may not be appropriate for other purposes. Readers are also cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date hereof.

For further information, please contact:

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Visit our website at: <http://www.pwbank.com>