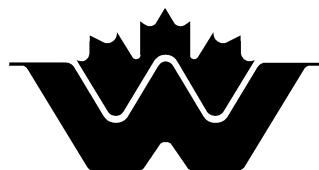


CANADIAN WESTERN BANK

ANNUAL INFORMATION FORM

January 14, 2006



**CANADIAN
WESTERN
BANK**

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS	3
CORPORATE STRUCTURE	4
NAME, ADDRESS AND INCORPORATION	4
INTERCORPORATE RELATIONSHIPS	4
GENERAL DEVELOPMENT OF THE BUSINESS	4
THREE YEAR HISTORY	4
DESCRIPTION OF THE BUSINESS	5
GENERAL	5
BANKING AND TRUST	5
INSURANCE	6
RISK FACTORS	7
PRINCIPAL RISK FACTORS	7
DIVIDENDS	10
DESCRIPTION OF CAPITAL STRUCTURE	11
GENERAL DESCRIPTION OF CAPITAL STRUCTURE	11
CONSTRAINTS	12
MARKET FOR SECURITIES	12
TRADING PRICE AND VOLUME	12
PRIOR SALES	13
DIRECTORS AND OFFICERS	13
DIRECTOR AND OFFICER INFORMATION	13
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	16
CONFLICTS OF INTEREST	17
LEGAL PROCEEDINGS	17
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	17
TRANSFER AGENTS AND REGISTRAR	17
INTERESTS OF EXPERTS	17
AUDIT COMMITTEE INFORMATION	17
AUDIT COMMITTEE’S MANDATE	17
COMPOSITION OF THE AUDIT COMMITTEE	17
RELEVANT EDUCATION AND EXPERTISE	17
PRE-APPROVAL POLICIES AND PROCEDURES REGARDING EXTERNAL AUDITORS	19
EXTERNAL AUDIT FEES BY CATEGORY	19
ADDITIONAL INFORMATION	20
APPENDIX “A” AUDIT COMMITTEE MANDATE	21

FORWARD-LOOKING STATEMENTS

From time to time Canadian Western Bank (the “Bank”) makes written and verbal forward-looking statements. Statements of this type are included in this Annual Information Form, including documents incorporated by reference, and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about the Bank’s objectives and strategies, targeted and expected financial results and the outlook for the Bank’s businesses or for the Canadian economy. Forward-looking statements are typically identified by the words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “may increase”, “may impact” and other similar expressions or future or conditional verbs such as “will”, “should”, “would” and “could”.

By their very nature, forward-looking statements involve numerous assumptions. A variety of factors, many of which are beyond the Bank’s control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, legislative and regulatory developments, legal developments, the level of competition in the Bank’s markets, the occurrence of weather related and other natural catastrophes, the accuracy of and completeness of information the Bank receives about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of the Bank’s business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and management’s ability to anticipate and manage the risks associated with these factors. The preceding list is not exhaustive of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Bank does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

CORPORATE STRUCTURE

Name, Address and Incorporation

Canadian Western Bank (“CWB” or the “Bank”) is a Schedule I chartered bank under the *Bank Act* (Canada) (the “Bank Act”) and was formed effective November 1, 1987 through the amalgamation of Bank of Alberta (incorporated on March 22, 1984) and Western & Pacific Bank of Canada (incorporated on March 25, 1982). CWB has also amalgamated with two other financial institutions since 1987: B.C. Bancorp (effective November 1, 1996) and North West Trust Company (effective December 31, 1994). The Bank Act is the charter of CWB and governs its operations. CWB’s head office is located at Canadian Western Bank Place, Suite 2300, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6.

The Bank Act also provides for the appointment of a Superintendent of Financial Institutions who is responsible to the Minister of Finance Canada for the administration of the Bank Act. It is the Superintendent’s duty to examine and enquire into the business and affairs of each bank governed by the Bank Act, to ensure that its provisions, having regard to the protection of the interests of the depositors and policyholders of the banks, are being observed and that the banks are in sound financial condition. The Superintendent performs an annual examination and submits his report to the Minister of Finance thereafter.

Intercorporate Relationships

The table below shows the material operating subsidiaries of CWB as well as the percentage of each class of votes attaching to all voting securities of the subsidiary beneficially owned and each subsidiary’s province or country of incorporation.

Subsidiary	Percentage of Issued and Outstanding Shares Owned	Jurisdiction of Incorporation
Canadian Direct Insurance Incorporated	100%	Canada
Canadian Western Trust Company	100%	Canada
CWB Canadian Western Financial Ltd.	100%	British Columbia
Valiant Trust Company	100%	Alberta

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

CWB is the eighth largest publicly traded Canadian Schedule I chartered bank as measured in terms of total assets. It operates only in Canada, primarily in the four western provinces. From 2002 to 2005, CWB’s total assets have grown by \$1.9 billion to \$5.7 billion as at October 31, 2005. Since 2002, an internal loan growth rate averaging 13% has been achieved. CWB and its wholly owned subsidiaries Canadian Western Trust Company (“CWT”) and Valiant Trust Company (“Valiant Trust”), offer a comprehensive range of personal and commercial banking and trust services. CWB expanded into the property and casualty insurance business in April 2004 through the acquisition of Canadian Direct Insurance Incorporated (“CDI”). CWB’s business growth reflects a successful business plan and the strength of the Alberta economy, the improving economy in British Columbia and stable economic conditions in Manitoba and Saskatchewan.

DESCRIPTION OF THE BUSINESS

General

CWB is the only publicly traded Schedule I chartered bank headquartered in and regionally focused on western Canada. A comprehensive range of personal and commercial banking and trust services is provided. Since the end of April 2004 CWB's subsidiary, CDI, offers personal home and automobile insurance to customers in British Columbia and Alberta. At October 31, 2005 there were 31 bank branches located in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba and two insurance call centres, one in each of British Columbia and Alberta. In total, CWB and its subsidiaries employed 999 full-time or full-time equivalent staff at October 31, 2005.

Banking and Trust

Summary

A Senior Vice President, three Regional Vice Presidents and a Vice President in each of real estate lending, industrial lending and trust operations have the overall responsibility for personal and commercial banking operations and trust operations. There are thirteen branches in Alberta, fourteen branches in British Columbia, three branches in Saskatchewan and one branch in Manitoba. There are two additional banking operations, one located within the Edmonton Head Office and one within the Vancouver Regional Office, which process only deposits gathered through a network of agents operating throughout Canada. CWT operates out of offices in Calgary, Vancouver and Winnipeg. Valiant Trust operates out of offices in Calgary and Vancouver and has arrangements for co-transfer agency services in Toronto and New York.

Commercial banking services are divided into three major categories: general commercial banking, real estate lending and industrial lending. In addition, a dedicated group in Calgary specializes in energy related loans. Commercial banking includes current accounts, lines of credit and operating and term loans. Real estate lending includes loans for commercial premises as well as construction and development loans. Industrial lending consists primarily of term loans on equipment and financial leasing activities. A portfolio of loans identified internally as corporate loans has also been developed through selective participation in syndications, the majority of which have been structured and led by the major Canadian banks.

It is CWB's policy to limit single and associated corporate borrowers' loan authorizations to not more than 10% of the Bank's shareholder equity or \$50 million for selected high quality accounts. Customers with larger borrowing requirements may be accommodated through syndication of loans with other financial institutions.

Personal banking services are aimed at the saver and investor with emphasis placed on a variety of competitively priced deposit products. Retail customers have access to their accounts through CWB's membership in the Interac[®], Cirrus[®] and Exchange[®] automated banking machine networks, the Interac[®] Direct Payment system and CWB Direct[®], an internet PC banking system. CWB offers personal and business credit cards through an agreement with MBNA Canada Bank. Competitively priced consumer loans and mortgages are offered to customers through bank branch locations. Since the last quarter of fiscal 2004, CWT has been offering sub prime residential mortgages primarily through third party mortgage brokers. Third party mutual funds are offered to customers through the Bank's mutual fund dealer subsidiary, CWB Canadian Western Financial Ltd.

Trust services are offered through CWT and Valiant Trust. Personal services include self-directed registered accounts, non-registered investment accounts, individual pension plans and investment loan services. CWT's corporate and group trust services include registered pension plan custody, executive compensation plan services and employee-based savings plan services. Valiant Trust's services include stock transfer and registrar services, debenture trustee services and depository and escrow services for public companies and income trusts. CWT deposit products are also sold through bank branch locations.

The banking and trust segment accounted for 90% of consolidated revenues in 2005 and 94% of consolidated revenues in 2004. In this segment, all revenues for each of the two most recently completed fiscal years were derived from sales to external customers outside of CWB and its subsidiaries.

Competitive Conditions

Competition mainly comes from chartered banks, credit unions, trust companies, insurance companies, asset-lenders, pension funds and other regionally-based financial institutions. CWB's bank and trust businesses operate in very competitive markets, particularly with respect to the pricing, nature and extent of products and services offered. The key competitive differences are a commitment to highly personalized service and local decision making.

Environmental Protection

CWB is exposed to some financial risk as a result of environmental laws. To manage this potential exposure, environmental risk is factored into credit evaluation procedures and property acquisitions, to ensure that the CWB's interests are reasonably protected. To date these environmental risks have not had any material effect on the operations of the personal and commercial banking segment.

Employees

At October 31, 2005, CWB's banking and trust operations employed 789 full-time or full-time equivalent staff across Western Canada.

Insurance

Summary

The Bank's wholly-owned insurance subsidiary, CDI, uses sophisticated underwriting selection criteria to offer competitively priced personal home and automobile insurance to better risk customers in British Columbia and Alberta. Products are offered directly to customers through call centres or the internet, thereby eliminating broker commissions and reducing costs. All claims are administered by CDI's head-office using modern imaging technology and effective workflow management to maintain a "paperless office" environment, which has contributed to CDI's low claims expense ratio. CDI currently enjoys very high customer satisfaction ratings for sales, service and claims experience as measured by internal surveys.

In the past fiscal year, the insurance segment accounted for 10% of consolidated revenues. As CDI was acquired at the end of April 2004, six months of insurance revenues were included in CWB's consolidated financial statements for the year ended October 31, 2004. During this six month period the insurance segment accounted for 10% of consolidated revenues. For the year ended October 31, 2004, insurance revenues accounted for 6% of consolidated revenues. In this segment, all revenues since acquisition were derived from sales to external customers outside of CWB and its subsidiaries.

Competitive Conditions

The British Columbia automobile insurance market is heavily influenced by the Insurance Corporation of B.C. ("ICBC"), a crown corporation of the Province of British Columbia. ICBC is the only permitted

insurer for the mandatory basic auto liability coverage and competes with private insurance companies for the provision of additional optional coverage. Within British Columbia, CDI has a market share of approximately 27% of the optional private automobile insurance market which itself comprises some 11% of the total automobile insurance market, the other 89% being held by ICBC. The markets for CDI's other insurance products are fully competitive with a large number of property and casualty insurance companies, most of which sell products and services through broker-based distribution channels. In British Columbia, CDI's growth rates for optional insurance are expected to slow as a result of the June 2005 announcement by ICBC that it was reducing rates on its optional insurance.

In Alberta, government enacted reforms to the provincial automobile industry have resulted in the announcement of two rate rollbacks in 2005. The first announcement was made in April and called for a six percent reduction in compulsory auto insurance premiums, effective for policies issued or renewed after July 1, 2005. The second announcement came in July and required an additional four percent reduction, effective for policies issued or renewed after November 1, 2005. CDI received exemptions from the Superintendent of Insurance for both of these mandated rollbacks by successfully demonstrating that it was already a provider of low cost automobile insurance. CDI's earnings in fiscal 2005 were negatively impacted by its allocated share of losses from its mandatory participation in the automobile insurance Alberta Facility Association (the "Facility"). CDI is developing strategies to minimize the adverse impact on future earnings related to participation in the Facility.

Intangible Products

CDI's business is generated primarily through inbound calls in response to television, radio and newspaper advertising. As a result, awareness of the Canadian Direct Insurance brand is very important in attracting and retaining business. Through significant investment in marketing there is a high level of brand awareness in British Columbia, with good opportunities to grow awareness in Alberta.

Employees

At October 31, 2005, insurance operations employed 210 full-time or full-time equivalent staff in British Columbia and Alberta.

Cycles

The property and casualty insurance industry has historically tended to fluctuate in cyclical patterns of "soft" markets characterized generally by increased competition resulting in lower premium rates and underwriting standards followed by "hard" markets characterized by lessening competition, stricter underwriting standards and increasing premium rates.

RISK FACTORS

CWB, like other financial institutions, is exposed to several factors that could adversely affect its business, financial condition or operating results which may also influence an investor to buy, sell or hold CWB shares. Many of the risk factors are beyond CWB's control. Information on the factors related to credit, liquidity, market, insurance and operational risk is also provided in the Risk Management section of the CWB's Management Discussion and Analysis for 2005, available on SEDAR at www.sedar.com. Principal risk factors are described below.

Principal Risk Factors

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to CWB. This risk can relate to balance sheet assets, such as

loans, as well as off-balance sheet assets such as guarantees and letters of credit. To diversify the risk, the exposure to a single borrower or associated borrowers is limited, unless approved by the Board of Directors, to not more than 10% of the Bank's shareholder equity or \$50 million for selected high quality accounts.

Liquidity Risk

Liquidity risk is the risk that CWB will not have sufficient cash to meet its obligations as they become due. This risk arises from fluctuations in cash flows from lending, deposit taking, investing and other activities. Effective liquidity management ensures that adequate cash is available to honour all cash outflow obligations. Maintenance of a prudent liquidity base also provides flexibility to fund loan growth and to react to other market opportunities.

Market Risk

Market risk is the impact on earnings resulting from changes in financial market variables such as interest rates and foreign exchange rates. Market risk arises when making loans, taking deposits and making investments. CWB itself does not undertake trading activities and, therefore, does not have risks related to such activities as market making, arbitrage or proprietary trading. CWB's material market risks are confined to interest rates and foreign exchange.

Interest rate risk is the impact on net interest income resulting from a change in market interest rates. This risk and potential variability in earnings arises primarily when cash flows associated with interest sensitive assets and liabilities have different repricing dates. The differentials, or interest rate gaps, arise as a result of the financial intermediation process and reflect differences in term preferences on the part of borrowers and depositors. To manage interest rate risk the Bank has established policies the objective of which is to manage interest rate risk within prudent guidelines.

CWB's earnings are affected by the monetary policies of the Bank of Canada. Monetary policy decisions have an impact on the level of interest rates which can have an impact on earnings. CWB has established policies with the objective of managing interest rate risk within prudent guidelines.

Foreign exchange risk arises when there is a difference between assets and liabilities denominated in a foreign currency. In providing financial services to its customers, the Bank has assets and liabilities denominated in U.S. dollars. Currencies other than U.S. dollars are not bought or sold other than to meet specific customer needs, and therefore the Bank has virtually no exposure to currencies other than U.S. dollars. Policies have been established which include limits on the maximum allowable differences between U.S. dollar assets and liabilities.

Insurance Risk

The Bank is exposed to insurance risk through its wholly-owned subsidiary, CDI, which offers personal property and casualty insurance directly to consumers in British Columbia and Alberta. Accordingly, CDI's operations are subject to the elements of risk associated with the property and casualty insurance business, which can cause fluctuations and uncertainties in CDI's earnings. These elements include cyclical patterns in the industry and unpredictable developments, including weather-related and other natural catastrophes. CDI carries reinsurance coverage as part of its strategy to manage these risks. The industry is also impacted by political, regulatory, legal and economic influences.

CDI manages the risk from single large losses or catastrophic events by entering into reinsurance contracts. As such, CDI is exposed to risks related to the reinsurance market including viability of providers, price fluctuations, and availability of insurance. CDI takes steps to monitor the financial viability of reinsurance providers on an ongoing basis.

Operational Risk

Operational risk is inherent in all business activities. It is the potential for loss as a result of external events, human error or inadequacy or failure of processes, procedures or controls. Its impact can be financial loss, loss of reputation, loss of competitive position or regulatory penalties. CWB is exposed to operational risk from internal business activities and from activities that are outsourced. While operational risk cannot be completely eliminated, proactive operational management is a key strategy to mitigate this risk.

General Business and Economic Conditions

CWB primarily operates in Western Canada. As a result, its earnings are impacted by the general business and economic conditions of the four western provinces. The conditions include short-term and long-term interest rates, inflation, exchange rates, consumer, business and government spending, fluctuations in debt and capital markets as well as the strength of the economies in which CWB and its customers operate.

Level of Competition

CWB's performance is impacted by the level of competition in the markets in which it operates. Each of CWB's businesses operate in highly competitive markets. Customer retention may be influenced by many factors including relative service levels, the prices and attributes of products and services, changes in products and services and actions taken by competitors.

Regulatory Risk

The businesses operated by CWB are highly regulated through laws and regulations that have been put in place by various federal and provincial governments and regulators. Changes to laws and regulations, including changes in their interpretation or implementation, could affect CWB by limiting the products or services it may provide and increasing the ability of competitors to compete with its products and services. Also, CWB's failure to comply with applicable laws and regulations could result in sanctions and financial penalties that could adversely impact its earnings and damage its reputation. CWB takes what it believes to be reasonable and prudent measures designed to ensure compliance with governing laws and regulations including its legislative compliance framework. However, there is no guarantee that it will always be in compliance or deemed to be in compliance.

Litigation Risk

It is possible that litigation, and in particular class action litigation, may increase in Canada as a result of changes in Canadian securities laws. Litigation risk is also inherent in each of the business lines of the Bank, including trust services where CWT or Valiant acts as a trustee. Litigation risk cannot be eliminated, even if there is no legal cause of action. To mitigate such risk the Bank and each of its subsidiaries continuously monitor and review these processes and procedures.

Accuracy and Completeness of Information on Customers and Counterparties

CWB depends on the accuracy and completeness of information about customers and counterparties. In deciding whether to extend credit or enter into other transactions with customers and counterparties, CWB may rely on information furnished by them, including financial statements and other financial information. CWB may also rely on the representations of customers and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on the reports of auditors. CWB's financial condition and earnings could be negatively impacted to the extent it relies on financial statements that do not comply with generally accepted accounting principles, that are materially misleading, or that do not fairly present, in all material respects, the financial condition and results of operations of the customers and counterparties.

Ability to Attract and Retain Key Personnel

CWB's future performance depends to a large extent on its ability to attract and retain key executives. There is intense competition for the best people in the financial services sector. Although human resources risk is actively managed, there is no assurance that CWB will be able to continue to attract and retain key personnel.

Ability to Execute Growth Initiatives

As part of its long-term corporate strategy, CWB intends to continue growing its business through a combination of organic growth and strategic acquisitions. The ability to successfully grow its business will be dependent on a number of factors including: identification of accretive new business or acquisition opportunities; negotiation of purchase agreements on satisfactory terms and prices; approval of acquisitions by regulatory authorities; securing satisfactory regulatory capital and financing arrangements; and integration of newly acquired operations into the existing business. All of these activities may be more difficult to implement or may take longer to execute than management anticipates. Further, any significant expansion of the business may increase the operating complexity and divert management's attention away from established or ongoing business activities. Any failure to manage acquisition strategies successfully could have a material adverse impact on CWB's business, financial condition and results of operations.

Information Systems and Technology

CWB's business is highly dependent upon information technology systems. Third parties provide key components of infrastructure such as internet connections and network access. Disruptions in the Bank's information technology systems, whether through internal or external factors, as well as disruptions in internet, network access or other voice or data communication services provided by these third parties could adversely affect CWB's ability to deliver products and services to customers and otherwise conduct business.

Reputation Risk

Reputation risk is the risk to earnings and capital from negative public opinion. Negative public opinion can result from actual or alleged conduct in any number of activities, but often involves questions about business ethics and integrity, competence, corporate governance practices, quality and accuracy of financial reporting disclosures, or quality of products and service. Negative public opinion could adversely affect the ability to keep and attract customers and could expose CWB to litigation or regulatory action.

Other Factors

CWB cautions that the above discussion of risk factors is not exhaustive. Other factors beyond CWB's control that may affect future results include changes in tax laws, technological changes, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and the anticipation of and success in managing the associated risks.

DIVIDENDS

During the year ended October 31, 2005, CWB declared dividends totaling \$0.380 per common share (on a post stock dividend basis - see below) as compared to \$0.375 and \$0.230 per share for fiscal 2004 and 2003 respectively. The amount of dividends for fiscal 2004 is higher than in previous fiscal years as it includes the last semi-annual dividend of \$0.150 per share paid in the first quarter and quarterly dividends of \$0.075 per share paid in subsequent quarters.

CWB is prohibited from paying or declaring a dividend if there are reasonable grounds for believing that CWB is, or that payment would cause CWB to be, in contravention of any regulation made under the Bank Act with respect to the maintenance of adequate capital and adequate and appropriate forms of liquidity or with any direction given with respect to such matters by the Superintendent of Financial Institutions.

Dividends are payable on the common shares of CWB if, as and when declared by the Board of Directors. During 2004, the Board of Directors changed the frequency of dividend declarations from semi-annually to quarterly. The Board is not required to declare or pay dividends on the common shares of CWB.

CWB paid a stock dividend of one common share per common share held on January 10, 2005 to all shareholders of record on December 22, 2004, effectively achieving a two-for-one split of its common shares.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The authorized share capital of CWB consists of an unlimited number of common shares, 25,000,000 First Preferred Shares and 33,964,324 Class A Shares, all without nominal or par value. CWB also has four series of conventional debentures outstanding.

On November 5, 2004, CWB gave notice of its intention to redeem its outstanding 5.50% convertible subordinated debentures, which resulted in the conversion of the debentures into 2,785,192 common shares (on a post stock dividend basis) by December 13, 2004.

The common shares are entitled to one vote per share at all meetings of holders of common shares. The common shares are entitled to dividends, if, as and when declared by the Board of Directors and to the distribution of assets of CWB in the event of the liquidation, dissolution or winding-up of CWB. As of October 31, 2005, there were 30,613,634 common shares outstanding.

The First Preferred Shares are issuable in series. The First Preferred Shares of each series rank on a parity with the First Preferred Shares of every other series and are entitled to preference over the common shares and any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of CWB. CWB's Board of Directors is empowered to fix the number of shares and the rights to be attached to the First Preferred Shares of each series, including the amount of dividends and any conversion, voting and redemption rights. Subject to the foregoing and applicable law, the holders of the First Preferred Shares are not entitled to receive notice of, attend or vote at meetings of the shareholders of CWB. No First Preferred Shares have been issued by CWB.

The Class A Shares were created and issued in connection with the CWB's amalgamation with B.C. Bancorp. Pursuant to the conditions applicable to the Class A Shares, all of the issued and outstanding Class A Shares were automatically converted into common shares twenty business days after the effective date of the amalgamation with B.C. Bancorp. There are currently no Class A Shares issued or outstanding.

The material details of outstanding, subordinated debentures may be found in Note 14 to the Audited Financial Statements, which are incorporated herein by reference, and which are available on www.sedar.com and in the 2005 Annual Report.

Constraints

Any person wishing to obtain, or increase, a significant interest in a bank must make an application to the Minister of Finance. Ownership, directly or indirectly, of more than 10% of any class of shares of a bank constitutes a significant interest. A Bank with equity of \$5 billion or more (a “Large Bank”) may not have a shareholder which owns, directly or indirectly, more than 20% of its outstanding voting shares of any class or more than 30% of its outstanding non-voting shares of any class. Under the Bank Act, CWB was deemed to be a Large Bank, however, the Minister has the power to change CWB’s status if it is demonstrated that the change in status is in the public interest and it will foster opportunities for the Bank to grow and better serve its customers. If the Minister were to change the status of CWB, the Minister could approve the acquisition of all the Bank’s common shares by a single entity.

The Bank monitors the above constraints on shareholdings through various means including completion of Declaration of Ownership Forms for shareholder certificate transfer requests.

MARKET FOR SECURITIES

Trading Price and Volume

The Bank’s common shares are traded on the Toronto Stock Exchange (“TSX”) under the symbol CWB. The following table shows the price ranges and volume traded for both the common shares and the convertible debentures for each month of the most recent fiscal year (November 2004 through October 2005).

Period	Common Shares ⁽¹⁾		5.50% Convertible Debenture ⁽²⁾	
	Price Range	Volume	Price Range	Volume
November 2004	\$22.08 – 24.00	1,181,878	\$142.78 – 156.25	3,904,000
December 2004	\$22.28 – 27.00	1,565,402	\$146.04 – 157.10	1,041,000
January 2005	\$25.00 – 26.70	1,112,666	N/A	N/A
February 2005	\$25.00 – 27.70	1,138,702	N/A	N/A
March 2005	\$25.25 – 27.30	1,684,948	N/A	N/A
April 2005	\$25.37 – 27.69	923,947	N/A	N/A
May 2005	\$25.55 – 27.80	704,525	N/A	N/A
June 2005	\$27.00 – 28.84	869,222	N/A	N/A
July 2005	\$28.63 – 32.91	833,680	N/A	N/A
August 2005	\$31.00 – 33.84	985,427	N/A	N/A
September 2005	\$33.95 – 40.70	2,695,817	N/A	N/A
October 2005	\$33.50 – 37.90	872,744	N/A	N/A

⁽¹⁾ On January 10, 2005 CWB paid a stock dividend of one common share per common share held to all shareholders of record on December 22, 2004. The common share information provided under “Price Range” and “Volume” is presented on a post stock dividend basis.

⁽²⁾ CWB’s 5.50% convertible debentures were traded on the TSX under the symbol CWB.DB.A until December 13, 2004 when all remaining debentures were converted.

Prior Sales

On November 19, 2004 the Bank issued \$60 million principal amount of subordinated debentures. These subordinated debentures are not listed or quoted on a marketplace.

DIRECTORS AND OFFICERS

Director and Officer Information

The following table lists the name, municipality of residence and principal occupation of each director of CWB, the period that each director has served as a director, the committees on which the director served during the last fiscal year as well as the number of common shares of CWB beneficially owned, directly or indirectly, or controlled or directed by each director. Each director of CWB is also a director of CWT and Valiant Trust. Directors are elected annually and hold office until the next annual meeting of shareholders.

Name and Municipality of Residence	Principal Occupation	Director Since	Board Committee Membership	Common Shares Beneficially Owned, Controlled or Directed ⁽¹⁾
CHARLES R. ALLARD Edmonton, Alberta, Canada	President, Rosedale Meadows Development Inc. (real estate development company)	June 6, 1986	Conduct Loans	1,787,026 ⁽²⁾
ALBRECHT W.A. BELLSTEDT, Q.C. Calgary, Alberta, Canada	Executive Vice President, Law & General Counsel, TransCanada Corporation (North American energy services company)	March 9, 1995	Conduct (Chair) Governance	6,600
JACK C. DONALD ⁽⁴⁾ Red Deer, Alberta, Canada	Founder and Board Chairman, Parkland Income Trust (refining and marketing oil income trust) and President and Chief Executive Officer of Parkland Properties Ltd.	March 22, 1984	Chairman of the Board Loans Governance (Chair)	50,000
ALLAN W. JACKSON Calgary, Alberta, Canada	President, ARCI Ltd. (real estate development company)	March 22, 1984	Conduct Loans (Chair) Governance	57,000
WENDY A. LEANEY Toronto, Ontario, Canada	President, Wyoming Associates Ltd. (general investment holding company)	March 8, 2001	Audit Loans	7,000
ROBERT A. MANNING ⁽⁴⁾ Edmonton, Alberta, Canada	President, Cathton Holdings Ltd. (general investment holding company)	January 31, 1986	Audit (Chair) Governance	1,807,364 ⁽²⁾
GERALD A.B. McGAVIN ⁽⁴⁾ Vancouver, British Columbia, Canada	President, McGavin Properties Ltd. (commercial property investment company)	January 27, 1989	Audit Loans	20,000
HOWARD E. PECHET La Jolla, California, U.S.A.	President, Mayfield Consulting Inc. (general investment holding company)	March 22, 1984	Loans Governance	272,000 ⁽³⁾

ROBERT L. PHILLIPS ⁽⁴⁾ Vancouver, British Columbia, Canada	President, R.L. Phillips Investments Inc. (private investment firm)	March 8, 2001	Audit Governance	7,000
LARRY M. POLLOCK ⁽⁴⁾ Edmonton, Alberta, Canada	President and Chief Executive Officer of the Bank	January 26, 1990	Loans	123,256
ALAN M. ROWE Regina, Saskatchewan, Canada	Senior Vice President, Chief Financial Officer and Corporate Secretary, Crown Life Insurance Company (life insurance company)	July 1, 1996	Audit Loans	6,000
ARNOLD J. SHELL ⁽⁴⁾ Calgary, Alberta, Canada	President, Arnold J. Shell Consulting Inc. (an insurance, retirement and estate planning consulting firm)	December 9, 1997	Conduct	8,000

- (1) The information as to shares owned or over which control or direction is exercised is as at January 5, 2006, has been provided by the respective nominees.
- (2) Of the amounts for Mr. Allard and Mr. Manning, 1,875,000 shares are owned by Cathton Holdings Ltd. ("Cathton"). Both individuals exercise direction over these shares through their relationships to Cathton. Mr. Allard is a shareholder (50 percent equity interest) and a director of Cathton and Mr. Manning is a director and the President of Cathton.
- (3) Of the amount, 20,000 shares are beneficially owned by a trust, of which Mr. Pechet is a trustee but has no beneficial ownership.
- (4) Each of these directors are directors of CDI. The other two directors of CDI are Mr. Young, the President of CDI, and Mr. Ewoniak, an independent director.

Each of the individuals listed in the previous table have held their respective positions and offices with the same, predecessor or associated firms or organizations for the past five years except:

- Mr. Donald, who prior to June 2002 was Board Chairman of Parkland Properties Ltd. (private real estate and investment company) and prior to January 2002 was President and CEO of Parkland Industries Ltd. (refining and marketing oil company); and,
- Mr. Phillips, who prior to July 2004 was Group President and Chief Executive Officer, BCR Group of Companies (crown corporation providing integrated transportation services in B.C.) and prior to March 2001 was President of R.L. Phillips Investments Inc. (private investment firm).

The following table lists the name, municipality of residence and principal occupation of each executive officer of CWB as at November 1, 2005.

Name and Municipality of Residence	Principal Occupation and Position with CWB	Employed Since
WILLIAM J. ADDINGTON Edmonton, Alberta, Canada	Executive Vice President	1986
ADRIAN M. BAKER Vancouver, British Columbia, Canada	Vice President & Chief Operating Officer, Trust Services, Canadian Western Trust Company	1999
TRACEY C. BALL Edmonton, Alberta, Canada	Executive Vice President and Chief Financial Officer	1987
WILLIAM A. BOOK Edmonton, Alberta, Canada	Vice President and Regional Manager	1991
JAMES O. BURKE Calgary, Alberta, Canada	Vice President, Industrial Division	1991

CHRIS H. FOWLER Edmonton, Alberta, Canada	Vice President, Credit Risk Management	1991
DONALD C. KEMP Edmonton, Alberta, Canada	Senior Vice President, Credit Risk Management	1989
RANDELL W. GARVEY Edmonton, Alberta, Canada	Senior Vice President, Corporate Support	2005
DAVID R. GILLESPIE St. Albert, Alberta, Canada	Vice President & Chief Internal Auditor	1985
RICKI L. GOLICK Edmonton, Alberta, Canada	Treasurer	1989
MICHAEL N. HALLIWELL Calgary, Alberta, Canada	Vice President and Regional Manager	1990
GAIL L. HARDING Calgary, Alberta, Canada	Vice President, General Counsel and Corporate Secretary	2004
UVE KNAAK Sherwood Park, Alberta, Canada	Vice President, Human Resources	1989
ALLISTER J. McPHERSON ⁽¹⁾ Edmonton, Alberta, Canada	Executive Vice President	1997
DAVID R. POGUE Edmonton, Alberta, Canada	Vice President, Marketing & Product Development	2002
LARRY M. POLLOCK Edmonton, Alberta, Canada	President, Chief Executive Officer and Director	1990
ROD W. SORBO ⁽²⁾ Delta, British Columbia, Canada	Vice President and Regional Manager	1994
MICHAEL VOS Edmonton, Alberta, Canada	Chief Technology Officer	1987
JOHN (JACK) C. WRIGHT Edmonton, Alberta, Canada	Senior Vice President	1990
BRIAN J. YOUNG Vancouver, British Columbia, Canada	Executive Vice President, President & Chief Executive Officer, Canadian Direct Insurance Incorporated	2004
RAYMOND L. YOUNG Vancouver, British Columbia, Canada	Vice President, Real Estate Lending	1990

⁽¹⁾ Mr. McPherson retired effective November 30, 2005.

⁽²⁾ Mr. Sorbo retired effective December 31, 2005.

All of the executive officers listed have held their respective positions with CWB for at least the last five years except for the following:

- Mr. Baker was appointed to the position of Vice President and General Manager, CWT in June 2000 and then Vice President and Chief Operating Officer, Trust Services, CWT in June 2004. In October 2004 Mr. Baker was also appointed President, Valiant Trust Company.
- Mr. Book held the position of Senior Assistant Vice President and Branch Manager prior to being appointed Vice President in June 2000 and Vice President and Regional Manager in June 2001.
- Mr. Burke held the position of Assistant Vice President and Manager, Industrial prior to being appointed to Assistant Vice President and District Manager, Industrial in October 2000, Senior Assistant Vice President and District Manager Industrial in January of 2002 and then Vice President, Industrial in June 2004.

- Mr. Fowler held the position of Senior Assistant Vice President, Credit Risk Management until he was appointed Vice President, Credit Risk Management in October 2003.
- Mr. Garvey joined CWB as Senior Vice President, Corporate Support in November, 2005. From September 2003 to October 2005, he was the Chief Financial Officer at the Workers Compensation Board of Alberta and prior to that, he was the General Manager Corporate Services and Chief Financial Officer at the City of Edmonton.
- Ms. Golick held the position Senior Assistant Vice President, Treasury and Agent Administration until her appointment as Treasurer in October 2003.
- Mr. Halliwell held the position of Senior Assistant Vice President and Branch Manager prior to his appointment as Vice President and Regional Manager in October 2003.
- Ms. Harding joined CWB in September 2004 prior to which she held the position of Partner with Fraser Milner Casgrain LLP.
- Mr. Knaak held the position of Senior Assistant Vice President, Human Resources prior to being appointed Vice President, Human Resources in October 2003.
- Mr. Pogue joined CWB as a Senior Assistant Vice President in March 2002 and was appointed Vice President in June 2002. Prior to joining CWB, he was employed with Laurentian Bank of Canada for six years, most recently as the Regional Vice President of Retail Financial Services for western Canada.
- Mr. Vos held the position Senior Assistant Vice President, Systems until he was appointed Chief Technology Officer in October 2003.
- Mr. Young was appointed President and CEO of HSBC Canadian Direct Insurance Incorporated in May 2000, which was acquired by CWB in April 2004. In July, 2005 Mr. Young was also appointed Executive Vice President of CWB.

As at November 1, 2005, CWB directors and executive officers, as a group, beneficially owned or exercised direction over 2,498,985 common shares or approximately 12.25% of the issued and outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Bank has, within the 10 years prior to the date of this Annual Information Form, been a director or executive officer of any company that (i) was the subject of a cease trade order or similar order for more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of an cease trade order or similar order for more than 30 days, or (iii) within one year of the director or executive officer ceasing to act in that capacity, became bankrupt or insolvent, instituted proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; except as follows:

- Mr. Rowe served as a director of CrownAg International Inc. from November 25, 2004 to June 14, 2005 as a nominee of a secured lender, which together with two other secured lenders, appointed a receiver of the company on June 14, 2005.
- Mr. Bellstedt, who served as a trustee of Atlas Cold Storage Income Trust, was subject to an Ontario Securities Commission cease trade order that was issued in respect of all insiders of Atlas Cold Storage Income Trust on December 2, 2003 due to the late filing of financial statements required to reflect certain restatements. The cease trade order was rescinded in January 2004.
- Ms. Harding resigned as director of AC Energy Inc., a TSX Venture Exchange company, on March 14, 2003. The company was placed in receivership by its secured lender on October 9, 2003 and a cease trade was issued against the company on December 19, 2003 for failure to file its financial statements.

Conflicts of Interest

There are no existing or potential material conflicts of interest between the directors and officers and CWB or its subsidiaries.

LEGAL PROCEEDINGS

In the ordinary course of business, the Bank and its subsidiaries are parties to legal proceedings. Although the outcome of such proceedings is difficult to predict, based on current knowledge, the Bank does not expect the outcome of any of these proceedings to have a material effect on its consolidated financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer or an associate thereof had any material interest, direct or indirect, in any transaction within the three most recently completed fiscal years that has materially affected or will materially effect CWB.

TRANSFER AGENTS AND REGISTRAR

Valiant Trust Company acts as registrar and transfer agent for CWB's common shares at its principal office in Calgary, Alberta. BNY Trust Company of Canada acts as co-transfer agent in Toronto, Ontario.

INTERESTS OF EXPERTS

Deloitte & Touche LLP were auditors of the Bank for the year ended October 31, 2005 and prepared and executed the audit report accompanying the annual financial statements.

AUDIT COMMITTEE INFORMATION

Audit Committee's Mandate

CWB's Audit Committee Mandate sets out the committee's purpose, organization, reporting, duties and responsibilities. A copy of the mandate is attached hereto as Appendix "A".

Composition of the Audit Committee

As of October 31, 2005, the Audit Committee was comprised of five directors, all of whom are independent directors: Robert A. Manning (Chair), Wendy A. Leaney, Gerald M. McGavin, Alan M. Rowe and Robert L. Phillips. Each member of the Audit Committee is financially literate and holds the same position with CWT and Valiant Trust.

Relevant Education and Expertise

The following section lists the relevant education and experience for each Audit Committee member.

Robert A. Manning, B.Sc. (Hons), MBA (Chairman of the Audit Committee)

Robert Manning acquired significant experience and exposure to accounting and financial reporting issues as the current President and Director of privately-held Cathton Holdings Ltd. and several subsidiary and affiliated companies, and Executive Vice President and Director of North West Trust Company from 1979-1980. Mr. Manning completed his Masters of Business Administration at Cranfield School of Management and his Bachelor of Science (Hons) at the University of Manchester Institute of Science and Technology. Mr. Manning has been a director of the Bank for 19 years and is also a director of CDI.

Wendy A. Leaney, B.A. (Hons), FICB

Wendy Leaney acquired significant experience and exposure to accounting and financial reporting issues in various capacities during her 26-year career with TD Bank. She is the current President of Wyoming Associates Ltd., a private investment and consulting firm. Ms. Leaney's career has been focused on providing corporate finance, advisory and lending services to the communications and media sectors. She currently serves as a director of Corus Entertainment Inc. Ms. Leaney received her Bachelor of Arts (Hons) from the University of Toronto and has completed the Executive Management Programme at the University of Western Ontario. Ms. Leaney is a Fellow of the Institute of Canadian Bankers and has completed both the Canadian Securities Course and the Partners, Directors and Officers Course offered by the Canadian Securities Institute. Ms. Leaney has been a director of the Bank for five years.

Gerald B. McGavin, B. Comm., MBA, FCA

Gerald McGavin acquired significant experience and exposure to accounting and financial reporting issues as the current Director and President for privately-held McGavin Properties Ltd. and subsidiary and affiliated companies, as President and COO of B.C. Hydro and Power Authority from 1986-1987 and as Director, President and CEO of Yorkshire Trust Company from 1972-1986. Mr. McGavin also serves as a director of Industrial Alliance Pacific Life Assurance Company of Canada which acquired Seaboard Life Insurance Company and Seaboard Trust Company of which Mr. McGavin was a Director and the Chairman of the Audit Committee. Mr. McGavin earned his Bachelor of Commerce from the University of British Columbia and his Masters in Business Administration from the University of California at Berkeley. He has been a Chartered Accountant since 1963 and has served as a member of the Accounting Research and Advisory Board for the Canadian Institute of Chartered Accountants. Mr. McGavin has been a director of the Bank for 16 years and is also a director and the Audit Committee Chairman of CDI.

Robert L. Phillips, B.Sc (Hons), Chemical Engineering, LLB (Gold Medalist)

Robert Phillips acquired significant experience and exposure to accounting and financial reporting issues as the current President of R.L. Phillips Investments Inc., a private investment firm, as President and Chief Executive Officer of the BCR Group of Companies from 2001 to 2004, as Executive Vice-President of MacMillan Bloedel Limited from 1999 to 2000, as President and CEO of PTI Group Inc. from 1998 to 1999 and President and Chief Executive Officer of Dresco Energy Services Ltd. from 1994 to 1998. Mr. Phillips is a director of Axia NetMedia Corporation, Epcor Utilities Inc., Epcor Preferred Equity Inc., Boston Pizza Royalties Income Fund, MacDonald Dettwiler & Associates Ltd. TerraVest Income Fund, Tree Island Wire Income Fund, Precision Drilling Trust and West Fraser Timber Co. Ltd. Mr. Phillips has received Bachelor of Laws (Gold Medalist) and Bachelor of Science, Chemical Engineering (Hons.) degrees from the University of Alberta. He has been a director of the Bank for five years and is also a director and Board Chairman of CDI.

Alan M. Rowe, B. Comm. (Hons, Gold Medalist), CA

Alan Rowe acquired significant experience and exposure to accounting and financial reporting issues in his current positions as Senior Vice-President, Chief Financial Officer and Corporate Secretary for Crown Life Insurance Company, Partner in Crown Capital Partnership and Crown Realty Partners, and in previous positions with Crown Life. Mr. Rowe is also a director and the Audit Committee Chairman of Big Sky Farms Inc., a large hog producer in Saskatchewan, and the President of the Saskatchewan Government Growth Funds. Mr. Rowe received his Bachelor of Commerce (Hons, Gold Medalist) from the Memorial University of Newfoundland, has been a Chartered Accountant since 1980 (Newfoundland Gold Medalist) and is a member of Financial Executives International. Mr. Rowe has been a director of the Bank for nine years.

Pre-Approval Policies and Procedures Regarding External Auditors

As part of CWB's corporate governance structure, the Audit Committee annually reviews and approves the terms and scope of the external auditors' engagement. To further ensure the independence of the auditors is not compromised, CWB's policy requires that the Audit Committee also pre-approve all significant engagements of the auditors for non-audit services and monitor all other engagements.

Under the policy, the significance threshold for non-audit engagements is defined as any engagement for which the cost estimate exceeds five percent of the audit fee as outlined in the auditor's scope memorandum. Receiver/manager services provided by the auditors to borrowers of the Bank are not included in the definition of non-audit services under this policy but are reviewed by the Audit Committee on an annual basis.

All non-audit service engagements, regardless of the cost estimate, are required to be coordinated and approved by the Chief Financial Officer, or designate, to further ensure that adherence to this policy is monitored. All non-audit service engagements must also be reported to the Audit Committee on a quarterly basis.

External Audit Fees by Category

Deloitte & Touche LLP (or predecessor firm) has served continually as the Bank's external auditor since 1984. The following table lists the fees paid to Deloitte & Touche LLP, by category, for the last two fiscal years.

	Year ended October 31, 2005	Year ended October 31, 2004
Audit fees	\$372,388	\$354,807
Audit-related fees	\$14,330	\$45,000
Tax-related fees	\$35,630	\$64,325
All other fees	-	-
Total fees	\$427,348	\$464,132

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Bank's annual financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of the Bank's interim financial statements.

Audit-related Fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. These services consisted of accounting consultations, services regarding the issuance of privately placed debentures and special attest services as required by government entities.

Tax-related Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance including the review of original and amended tax returns; preparation of senior management tax returns; tax planning and advisory services relating to common forms of taxation including income tax, capital tax, goods and services tax and property tax.

All Other Fees

All other fees were paid for products or services other than the audit fees, audit-related fees and tax fees described above. These services include corporate recovery services where the auditor acts as the receiver or manager as part of the collection of outstanding loans.

ADDITIONAL INFORMATION

Additional information relating to Canadian Western Bank may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized under equity compensation plans are contained in CWB's Management Proxy Circular issued in connection with the Annual and Special Meeting of Shareholders to be held on March 9, 2006.

Additional financial information is provided in CWB's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended October 31, 2005, which is available at www.sedar.com and in the 2005 Annual Report.

Copies of the information referred to in this section may be obtained by writing to the Corporate Secretary, Canadian Western Bank, Suite 2300, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6 or via the Bank's website at www.cwbank.com.

APPENDIX “A”

CANADIAN WESTERN BANK AUDIT COMMITTEE MANDATE

Purpose of the Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities with respect to (a) the integrity of the financial statements and other financial information provided by the Bank to its shareholders, the public and others, (b) the qualifications and independence of the external auditors, (c) the performance of the Bank’s internal and external auditors and (d) the adequacy of the Bank’s internal controls.

Although the Audit Committee has the powers and responsibilities set forth in this Mandate, the role of the Audit Committee is oversight. It is not the duty of either the Audit Committee as a whole or any individual member thereof to conduct audits or investigations or to determine that the Bank’s financial statements and disclosures are complete and accurate and are in accordance with either generally accepted accounting principles, and applicable rules and regulations, or the Bank’s corporate policies and procedures. These are the responsibilities of management and the external auditors.

Organization of the Audit Committee

The Audit Committee shall be comprised of not less than three directors, one of whom shall serve as the Chair of the Committee, as determined by the Board. Each Committee member shall satisfy the independence, financial literacy and experience requirements of all applicable regulatory requirements (including Multilateral Instrument 52-110 *Audit Committees*), as such qualifications are interpreted by the Board in the exercise of its sound business judgment.

Meetings of the Audit Committee

In order for the Committee to transact business, two members of the Committee must be present and a majority of those present must be resident Canadians. The Audit Committee shall meet on a regular basis and shall schedule a sufficient number of meetings (whether in person or by teleconference) to carry out its mandate, which shall occur at least once each quarter. Any member of the Committee or the external auditors may call a meeting. At least quarterly, the Committee shall have separate private meetings with the external auditors, the chief internal auditor and management to discuss any matters that the Committee or these groups believe should be discussed. The Chair, or in his or her absence another member of the Audit Committee, will preside at each meeting of the Audit Committee.

Reporting to the Board

The Committee shall report verbally after each meeting to the Board with respect to its activities with such recommendations as are deemed desirable in the circumstances. Prior to approval by the directors, the Committee will also report to the Board on the annual statement and returns that must be approved by the directors under the Bank Act.

Outside Advisors

The Audit Committee shall have the authority to retain, at the Bank's expense, independent advisors and consultants to advise the Audit Committee as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants. The Audit Committee may request any officer or employee of the Bank, or the Bank's internal or external auditors or legal counsel to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

Duties And Responsibilities of the Audit Committee

The Audit Committee shall have the following specific duties and responsibilities:

- Review the annual audited financial statements, Management's Discussion and Analysis ("MD&A"), the Annual Information Form and other annual public documents of the Bank containing financial information and report thereon to the directors before approval is given.
- Review the quarterly reports to the shareholders, including the unaudited interim quarterly financial statements and the quarterly MD&A and report thereon to the directors before approval is given.
- Review the Bank's earnings press releases before the Bank publicly discloses this information.
- Discuss major issues regarding accounting principles and financial statement presentations, including significant changes in the Bank's selection or application of accounting principles, analyses prepared by management or the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- Meet with the external auditors to discuss the annual and quarterly financial results and the returns referred to within this mandate and receive the auditors' reports thereon.
- Recommend to the Board the appointment of the external auditors, who shall report directly to the Committee. Review the terms of the external auditors' engagement, their level of remuneration, the audit plan, any proposed changes in accounting policies, their presentation and input concerning significant risks and key estimates and judgments of management.
- Resolve disagreements between management and the external auditors regarding financial reporting.
- Review the independence of the external auditors.
- Review and approve the policy for non-audit services to be completed by the external auditors, which includes an established definition of what constitutes non-audit services and a requirement for pre-approval for all but de minimus engagements. The Committee may delegate to one or more Committee members, the authority to grant approval of such services, provided the decisions of such members are reported to the full Committee at its next meeting.

- Review and approve the Bank's hiring policies regarding employees and former employees of the present and former external auditors of the Bank.
- Require the management of the Bank to implement and maintain appropriate internal control procedures. Review, evaluate and approve those procedures.
- Meet with the Chief Internal Auditor of the Bank and with management of the Bank, to discuss reports on internal audit activities and findings and the effectiveness of the internal control procedures established for the Bank. Review the mandate and annual plan of the internal audit department.
- Review correspondence received from regulators and external auditors together with management's responses thereto, concerning the effectiveness of internal controls and other matters that fall within the responsibility of the Committee.
- Review such returns of the Bank as the Superintendent of Financial Institutions may specify.
- Review such investments and transactions of the Bank, that could adversely affect the well being of the Bank as the external auditors or any officer of the Bank may bring to the attention of the Committee.
- Review a quarterly report from the Loans Committee of the Board, concerning the quality of the loan portfolio, the adequacy of the allowance for credit losses and accounts recommended for write-off.
- Review the appointment of the Chief Financial Officer and the Chief Internal Auditor.
- Review periodically the Code of Conduct for senior financial officers.
- Review a quarterly report from the Bank's Disclosure Committee.
- Review a quarterly report from the Canadian Direct Insurance Incorporated Audit and Conduct Review Committee.
- Establish procedures for the receipt and handling of complaints received by the Bank regarding accounting, internal accounting controls, or auditing matters, and establish procedures for the confidential, anonymous submission by employees of the Bank of concerns regarding questionable accounting or auditing matters.
- Review and assess annually the adequacy of its mandate.
- Prepare any report from the Committee that may be required to be included in the Bank's management information circular or that the Board elects to include on a voluntary basis.