

CANADIAN WESTERN BANK

ANNUAL INFORMATION FORM

December 10, 2008



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(All information is as of October 31, 2008 unless otherwise indicated)

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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, general business and economic conditions in Canada including, the volatility and lack of liquidity in financial markets, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, regulatory and legal developments, the level of competition in the Bank’s markets, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, 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. Many of the above factors are described in more detail in the Bank’s 2008 management’s discussion and analysis, however, it is important to note that 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 as a number of important factors could cause the Bank’s actual results to differ materially from the expectations expressed in such forward-looking statements. Unless required by securities law, 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.

Assumptions about the performance of the Canadian economy in 2009 and how it will affect CWB’s businesses are material factors the Bank considers when setting its objectives. In setting performance target ranges for fiscal 2009, management’s expectations assume:

- prolonged economic uncertainty that includes significantly challenged global economies and troubled markets;
- moderated economic activity in Western Canada;
- a declining interest rate environment supported by stable inflation, partially attributed to lower energy and commodity prices;
- sound credit quality with actual losses remaining within the Bank’s historic range of acceptable levels; and
- a compressed net interest margin consistent with elevated deposit costs, reduced prime lending rates, comparatively lower investment returns reflecting high quality assets held in the securities portfolio and the Bank’s higher liquidity levels maintained in response to disruptions in financial markets; partially offset by expectations for higher credit spreads and a corresponding increase in loan yields on both new lending facilities and renewal accounts.

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.

Intercorporate Relationships

The table below shows the subsidiaries of CWB as at November 1, 2008 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
Adroit Investment Management Ltd. ⁽¹⁾	72.5%	Alberta
Canadian Direct Insurance Incorporated	100%	Canada
Canadian Western Bank Capital Trust	100%	Alberta
Canadian Western Bank Leasing Inc.	100%	Alberta
Canadian Western Financial Ltd.	100%	British Columbia
Canadian Western Trust Company	100%	Canada
Valiant Trust Company	100%	Canada

⁽¹⁾ Adroit Group Ltd., an Alberta incorporated company, is a wholly owned subsidiary of Adroit Investment Management Ltd.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

As at October 31, 2008 CWB was the seventh largest publicly traded Canadian Schedule I chartered bank in terms of market capitalization. It operates only in Canada, primarily in the four western provinces. From 2005 to 2008, CWB’s total assets have grown by \$1.1 billion to \$10.6 billion as at October 31, 2008. Since 2005, an internal loan growth rate averaging 20% has been achieved. CWB and its wholly owned subsidiaries Canadian Western Trust Company (“CWT”), Valiant Trust Company (“Valiant”) and Canadian Western Financial Ltd. (“CWF”) offer a comprehensive range of personal and commercial banking and trust services. CWB also offers property and casualty insurance through Canadian Direct Insurance Incorporated (“CDI”). In the fourth quarter of fiscal 2008, CWB launched as a pilot initiative an Internet-based division of the Bank under the brand *Canadian Direct Financial*TM that offers a high-interest savings account and term deposits.

On November 1, 2008 CWB commenced operating its equipment leasing activities in a wholly owned subsidiary Canadian Western Bank Leasing Inc. (“CWB Leasing”). On December 1, 2008, CWB expanded into the investment management business through the acquisition, effective November 1, 2008, of a 72.5% ownership interest in Edmonton based Adroit Investment Management Ltd. which together with its wholly owned subsidiary Adroit Group Ltd. (collectively “Adroit”) provides investment management services to

individuals, corporations and institutional clients. The acquisition is expected to initially provide a modest positive impact on earnings. It also supports a key strategic objective to enhance the Bank's revenue diversification and earnings growth. Management expects the transition of ownership will be essentially seamless with no disruption to customers or employees. Adroit's executive management remains committed to continue building this business and will retain a minority ownership in the company.

DESCRIPTION OF THE BUSINESS

General

CWB is the largest 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 by the Bank, CWT and Valiant. CWB's subsidiary, CDI, offers personal home and automobile insurance to customers in British Columbia and Alberta. The Bank has 36 branches located in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba. In total, CWB and its subsidiaries employed 1,402 employees at October 31, 2008.

Banking and Trust

Summary

The CWB branch network consists of sixteen branches in Alberta, sixteen branches in British Columbia, three branches in Saskatchewan and one branch in Manitoba. There are also two banking operations, one located within the Edmonton Head Office and one within the Vancouver Regional Office, which only process deposits gathered through a network of agents operating throughout Canada. CWT does not operate retail branches. Its administrative and business development offices are located in Calgary, Edmonton, Vancouver and Burlington. Valiant operates out of offices in Calgary, Edmonton, Vancouver and Toronto and has an arrangement for co-transfer agency services in New York.

Commercial lending services are divided into four major categories: general commercial, real estate (which includes construction and development loans), equipment financing (which includes equipment leasing) and energy. 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.

Credit risk is managed through lending policies and procedures, the establishment of lending limits and a defined approval process. Risk diversification is addressed by establishing portfolio limits by geographic area, industry sector and product. It is CWB's policy to limit single and associated corporate borrowers' loan authorizations to not more than 10% of the Bank's shareholders' equity. This limit is presently set at \$50 million (\$60 million if the amount in excess of \$50 million is cash secured or CMHC insured). Customers with larger borrowing requirements are accommodated through loan syndications with other financial institutions.

Competitively priced consumer loans and mortgages are offered to customers through bank branch locations. Optimum Mortgage, a division of CWT, offers alternative residential mortgages primarily through third party mortgage brokers.

CWB offers a variety of banking services and competitively priced deposit products. 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[®] and CWB Direct Advanced[®], both Internet personal computer banking systems. Commencing in 2008, retail customers could also view their statements and cheque images over the internet. CWB offers personal and business credit cards through an agreement with MBNA Canada Bank. Third party mutual funds are offered to customers through the Bank's mutual fund dealer subsidiary, CWF. CWT deposit products are also offered through the Bank's branch network.

The Bank introduced an Internet-based division of the Bank named *Canadian Direct Financial*[™] in the fourth quarter of fiscal 2008 that offers a high-interest savings account and term deposits directly to customers who are not served by the Bank's branch network. This distribution channel was launched as a pilot initiative and the Bank's believes that it has potential to provide a valued and diversified source of funding in the future.

Trust services are offered through CWT and Valiant. CWT's personal trust 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 provides various services to public companies and income trusts including stock transfer and registrar services, debenture trustee services, depository and escrow services and employee plan services.

The banking and trust segment accounted for 93% of consolidated revenues in 2008 and 2007. 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.

Intangible Assets

There are numerous trademarks and tradenames which have been registered, or which are in the process of registration, associated with the banking and trust segment.

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 CWB's interests are reasonably protected. To date these environmental risks have not had any material effect on the operations of the banking and trust segment.

Employees

At October 31, 2008, CWB's banking and trust operations employed 1,137 employees.

Insurance

Summary

The head office of the Bank's insurance subsidiary, CDI, is located in Vancouver. CDI uses sophisticated underwriting selection criteria to offer competitively priced personal home and automobile insurance to customers in British Columbia and Alberta. Products are offered to customers through two call centres, one in British Columbia and one in Alberta, and over the Internet. During fiscal 2007, CDI began offering optional automobile insurance in British Columbia through a broker channel. All claims are administered using imaging technology and effective workflow management to maintain a "paperless" environment, which contributes to CDI's operating efficiency.

The insurance segment accounted for 7% of consolidated revenues in 2008 and 2007.

Competitive Conditions

Insurance operations continue to be impacted by competitive pressures in British Columbia and regulatory changes in Alberta. The British Columbia automobile insurance market is heavily influenced by the Insurance Corporation of British Columbia (“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. Based on 2007 data from the Canadian Underwriter’s 2008 Statistical Issue, CDI has approximately 23% of the available optional private automobile insurance market in British Columbia which itself comprises some 11% of the total optional automobile insurance market, the other 89% being held by ICBC. In 2007 and 2008, ICBC increased rates on its mandatory basic coverage where it has a monopoly and decreased rates on its optional coverage. As a result, CDI experienced lower call volumes and lower sales for its optional auto product even though the pricing for its products remained competitive. 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 2008 the Court of Queen’s Bench in Alberta declared invalid the regulatory limit on the amount a claimant may receive in respect of minor injuries suffered in an automobile accident. This decision resulted in a considerable amount of uncertainty for companies offering auto insurance in the province. CDI has made provision for the costs of settling these claims and is monitoring the situation to assess the potential impact on the operation. An appeal of this ruling was heard in September and a decision is pending. The Alberta Insurance Rate Board announced that insurers were permitted to raise rates for basic coverage on private passenger vehicles by up to 5%, effective November 1, 2008. CDI has implemented the permitted increase of 5%, for all new and renewal business effective on or after November 1, 2008. CDI’s earnings and claims loss ratio for fiscal years 2007 and 2008 were significantly impacted by CDI’s share of the Alberta auto insurance Risk Sharing Pools (the “Pools”). In 2007, unpaid claims reserves in the Pools were decreased to reflect revised estimated loss assumptions derived by the Pools’ consulting actuary. In 2008, unpaid claim reserves were increased to include an explicit provision relating to minor injuries suffered in automobile accidents as a result of the Alberta court decision. Results from the Pools continue to be unpredictable and will add volatility to CDI’s earnings in the future.

An increasing number of consumers are taking advantage of CDI’s technological advances and on-line discounts and are choosing to purchase auto insurance over the Internet. Additional development is underway to further expand and improve upon this delivery capability.

Intangible Assets

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 and good opportunities to grow brand awareness in Alberta, particularly through association with the Bank’s brand.

Employees

At October 31, 2008, insurance operations had 265 employees 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. The operating results are also subject to seasonal weather conditions and natural catastrophes.

SUPERVISION AND REGULATION

The Bank, along with CWT and CDI, are federally regulated financial institutions governed by the Bank Act, the *Trust and Loan Companies Act* (Canada) and the *Insurance Companies Act* (Canada), respectively. In 2008, Valiant continued under the *Trust and Loan Companies Act* (Canada) and became subject to such legislation. The Office of the Superintendent of Financial Institutions (“OSFI”) is responsible to the Minister of Finance (the “Minister”) for the supervision of federally regulated financial institutions. OSFI is required to examine the affairs and business of each institution for the purpose of determining whether statutory requirements are duly observed and the institution is in sound financial condition. OSFI performs an annual examination and submits its report to the Minister of Finance thereafter.

In addition to their governing legislation, the Bank, CWT, Valiant and CDI are subject to regulation under the *Financial Consumer Agency of Canada Act*. The Financial Consumer Agency of Canada enforces consumer-related provisions of the federal statutes which govern financial institutions. The activities of the Bank’s trust and insurance subsidiaries are also regulated under provincial laws in respect to their activities in the provinces. CWF and Adroit are regulated by the provincial securities commissions in the provinces in which they operate. CWF is also regulated by the Mutual Fund Dealers Association of Canada, the self regulatory organization for mutual fund dealers. Valiant is a registered transfer agent with the Securities and Exchange Commission in the United States.

The Bank and CWT are member institutions of the Canada Deposit Insurance Corporation which insures certain deposits held at the member institutions. CDI is a member of the Property and Casualty Insurance Compensation Corporation which is the corporation protecting Canadian property and casualty policyholders against loss of benefits due to the financial failure of a member company and CWF is a member of the MFDA Investor Protection Corporation which provides certain protections to MFDA member customers in the event the MFDA member becomes insolvent.

RISK FACTORS

The risks faced by the Bank are described on pages 54 to 60 of the Annual Report and those pages are incorporated herein by reference.

DIVIDENDS

During the year ended October 31, 2008, CWB declared dividends totalling \$0.42 as compared to \$0.34 per common share during fiscal 2007 and \$0.25 per share during fiscal 2006 (after adjustment for the stock dividend paid on January 18, 2007, see below).

The Board of Directors has declared a cash dividend of \$0.11 per common share payable on January 2, 2009 to shareholders of record on December 18, 2008. CWB paid a stock dividend of one additional common share for each common share outstanding, payable on January 18, 2007 to shareholders of record on January 11, 2007, effectively achieving a two-for-one split of its common shares.

Dividends are payable on the common shares of CWB if, as and when declared by the Board of Directors. The Board is not required to declare or pay dividends on the common shares of CWB.

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 OSFI.

In conjunction with the issuance of Trust Capital Securities – Series 1 (“CWB WesTS – Series 1”) in August 2006 by Canadian Western Bank Capital Trust (“CWB Trust”), the Bank contractually agreed that if CWB Trust fails to pay in full the semi-annual distributions on its CWB WesTS – Series 1, the Bank will not declare dividends on the Bank’s outstanding preferred shares and common shares for a period of approximately 12 months.

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 five series of conventional debentures outstanding. CWB Trust has issued 105,000 CWB WesTS - Series 1, which are not consolidated in the Bank’s annual consolidated financial statements but which are permitted by OSFI to be included in the Bank’s regulatory capital.

Share Capital

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, 2008, there were 63,457,142 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.

As part of the issuance of CWB WesTS – Series 1, the Board of Directors authorized the issuance of 4,200,000 First Preferred Shares Series 1, which pay semi-annual non-cumulative cash dividends with an annual yield of 4.00% and are redeemable at the sole option of the Bank, with OSFI approval, on or after December 11, 2011, and 4,200,000 First Preferred Shares Series 2 which pay semi-annual non-cumulative cash dividends with an annual yield of 5.25% and are redeemable at the sole option of the Bank, with OSFI approval, on or after December 11, 2011. No First Preferred Shares were outstanding as of October 31, 2008.

The Class A Shares were created and issued in connection with CWB’s amalgamation with B.C. Bancorp in 1996. 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.

Subordinated Debentures

CWB redeemed \$30 million and \$35 million of subordinated debentures in July and October 2008, respectively. The material details of outstanding, subordinated debentures may be found in Note 17 to the audited consolidated financial statements, which are incorporated herein by reference, and which are available on www.sedar.com, and in the 2008 Annual Report which is available on the Bank’s website www.cwbankgroup.com.

Trust Capital Securities

On August 31, 2006 CWB Trust privately placed 105,000 CWB WesTS – Series 1 with institutional investors for gross proceeds of \$105 million. The gross proceeds were used to acquire a \$105 million deposit note from the Bank. Both the CWB WesTS – Series 1 and the deposit note bear interest at 6.199% until December 31, 2016 and thereafter at the CDOR 180-day Bankers’ Acceptance rate plus 2.55%. The material details of the CWB WesTS – Series 1 may be found in Note 14 to the audited consolidated financial statements, which are incorporated herein by reference, and which are available on www.sedar.com and in the 2008 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 \$8 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. Although CWB does not meet this equity threshold, CWB was grandfathered and deemed to be a Large Bank under this section of the Bank Act. 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 the common shares for each month of the most recent fiscal year (November 2007 through October 2008).

Period	Common Shares	
	Price Range	Volume
November 2007	\$25.02 – 30.89	2,573,866
December 2007	\$27.00 – 32.20	3,140,107
January 2008	\$22.51 – 31.45	4,188,470
February 2008	\$27.33 – 30.85	2,406,306
March 2008	\$20.89 – 28.00	6,856,656
April 2008	\$23.35 – 26.04	5,856,812
May 2008	\$24.50 – 27.79	2,631,135
June 2008	\$24.05 – 26.50	3,013,056
July 2008	\$21.13 – 25.12	4,201,450
August 2008	\$22.50 – 26.48	2,812,922
September 2008	\$19.12 – 24.13	7,251,026
October 2008	\$14.67 – 20.26	6,817,521

Prior Sales

On June 27, 2008 the Bank issued \$50 million principal amount of subordinated debentures, the material details of which may be found in Note 17 to the audited consolidated financial statements, which are incorporated herein by reference, and which are available on www.sedar.com and in the 2008 Annual Report. The subordinated debentures are not listed or quoted on an exchange or alternative 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, and the percentage of outstanding common shares, beneficially owned, directly or indirectly, or controlled or directed by each director. Each director of CWB is also a director of CWT and Valiant. 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	3,574,052 ⁽²⁾ 5.63%
ALBRECHT W.A. BELLSTEDT, Q.C. Canmore, Alberta, Canada	President, A.W.A. Bellstedt Professional Corporation (consulting services firm)	March 9, 1995	Conduct (Chair) Governance Loans	13,200 0.02%
JACK C. DONALD ⁽³⁾ Red Deer, Alberta, Canada	President and Chief Executive Officer, Parkland Properties Ltd. (commercial property investment company)	March 22, 1984	Chairman of the Board Loans Governance (Chair)	120,488 0.19%
ALLAN W. JACKSON Calgary, Alberta, Canada	President, ARCI Ltd. (real estate development company)	March 22, 1984	Conduct Loans (Chair) Governance	114,000 0.18%
WENDY A. LEANEY Toronto, Ontario, Canada	President, Wyoming Associates Ltd. (general investment holding company)	March 8, 2001	Audit Loans	16,000 0.03%
ROBERT A. MANNING ⁽³⁾ Edmonton, Alberta, Canada	President, Cathton Holdings Ltd. (general investment holding company)	January 31, 1986	Audit (Chair) Governance	3,624,548 ⁽²⁾ 5.71%
GERALD A.B. McGAVIN ⁽³⁾ Vancouver, British Columbia, Canada	President, McGavin Properties Ltd. (general investment holding company)	January 27, 1989	Audit Loans	40,000 0.06%
HOWARD E. PECHET La Jolla, California, U.S.A.	President, Mayfield Consulting Inc. (general investment holding company)	March 22, 1984	Loans Governance	482,480 0.76%
ROBERT L. PHILLIPS ⁽⁴⁾ Vancouver, British Columbia, Canada	President, R.L. Phillips Investments Inc. (private investment firm)	March 8, 2001	Audit Governance Loans	16,000 0.03%
LAURENCE (LARRY) M. POLLOCK ⁽³⁾ Edmonton, Alberta, Canada	President and Chief Executive Officer of the Bank	January 26, 1990	Loans	430,310 0.68%

Name and Municipality of Residence	Principal Occupation	Director Since	Board Committee Membership	Common Shares Beneficially Owned, Controlled or Directed ⁽¹⁾
ALAN M. ROWE Toronto, Ontario, Canada	Partner, Crown Capital Partners Inc. and Crown Realty Partners (investment management companies)	July 1, 1996	Audit Loans	20,000 0.03%
ARNOLD J. SHELL ⁽³⁾ Calgary, Alberta, Canada	President, Arnold J. Shell Consulting Inc. (an insurance, retirement and estate planning consulting firm)	December 9, 1997	Conduct	16,000 0.03%

(1) The information as to the number of shares owned or over which control or direction is exercised, and the percentage of outstanding shares, is as at October 31, 2008 and has been provided by the respective directors.

(2) Of the amounts for Mr. Allard and Mr. Manning, 3,570,000 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) Each of these directors are directors of CDI. The other three directors of CDI are Mr. Brian Young, the President and CEO of CDI, and Messrs. Karl Ewoniak and Raymond Protti, both independent directors.

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 May 2004 was Board Chairman of Parkland Income Trust and its predecessor Parkland Industries Ltd. (a refining and marketing oil company);
- Mr. Phillips, who prior to July 2004 was Group President and Chief Executive Officer, BCR Group of Companies (a crown corporation providing integrated transportation services in British Columbia);
- Mr. Bellstedt, who prior to February 2007 was Executive Vice President, Law and Corporate, TransCanada Corporation (a North American energy services company); and
- Mr. Rowe, who prior to July 2007 was Senior Vice President, Chief Financial Officer and Corporate Secretary, Crown Life Insurance Company (a life insurance company).

The following table lists the name, municipality of residence and principal occupation of each executive officer of CWB as at October 31, 2008.

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 and Chief Operating Officer, Trust Services, Canadian Western Trust Company and President, Valiant Trust Company	1999
TRACEY C. BALL Edmonton, Alberta, Canada	Executive Vice President and Chief Financial Officer	1987
JAMES O. BURKE Calgary, Alberta, Canada	Vice President, Equipment Financing Group	1991
LARS K. CHRISTENSEN Edmonton, Alberta, Canada	Vice President and Chief Internal Auditor	1994
DENNIS M. CROUGH Edmonton, Alberta, Canada	Vice President, Credit Risk Management	1994

Name and Municipality of Residence	Principal Occupation and Position with CWB	Employed Since
CHRIS H. FOWLER Edmonton, Alberta, Canada	Executive Vice President	1991
RANDELL W. GARVEY Edmonton, Alberta, Canada	Executive Vice President, Corporate Support	2005
RICHARD R. GILPIN Edmonton, Alberta, Canada	Senior Vice President, Credit Risk Management	2001
RICKI L. GOLICK Edmonton, Alberta, Canada	Senior Vice President and Treasurer	1989
CAROLYN J. GRAHAM Edmonton, Alberta, Canada	Vice President and Chief Accountant	2000
MICHAEL N. HALLIWELL Calgary, Alberta, Canada	Senior Vice President and Regional General Manager	1990
GAIL L. HARDING, Q.C. Calgary, Alberta, Canada	Vice President, General Counsel and Corporate Secretary	2004
DARRELL R. JONES Edmonton, Alberta, Canada	Vice President and Chief Information Officer	2008
UVE KNAAK Sherwood Park, Alberta, Canada	Senior Vice President, Human Resources	1989
PETER K. MORRISON Edmonton, Alberta, Canada	Vice President, Marketing and Product Development	2002
DAVID R. POGUE Edmonton, Alberta, Canada	Vice President, Corporate Development	2002
LAURENCE (LARRY) M. POLLOCK Edmonton, Alberta, Canada	President, Chief Executive Officer and Director	1990
GREGORY J. SPRUNG Coquitlam, British Columbia, Canada	Senior Vice President and Regional General Manager	2005
JOHN (JACK) C. WRIGHT Edmonton, Alberta, Canada	Senior Vice President and Regional General Manager	1990
BRIAN J. YOUNG Vancouver, British Columbia, Canada	Executive Vice President, President and Chief Executive Officer, Canadian Direct Insurance Incorporated	2004

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 held the position of Vice President and General Manager, CWT prior to being appointed 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. Burke held the position of Senior Assistant Vice President and District Manager, Industrial prior to being appointed Vice President, Industrial in June 2004 which title was subsequently amended to Vice President, Equipment Financing Group.
- Mr. Christensen held the position of Assistant Vice President, Real Estate Lending prior to being appointed Vice President and Chief Internal Auditor in November 2006.
- Mr. Crough held the position of Senior Assistant Vice President, Credit Risk Management prior to being appointed Vice President, Credit Risk Management in March 2008.
- Mr. Fowler held the position of Vice President, Credit Risk Management prior to his appointment as Senior Vice President, Credit Risk Management in February 2006. Mr. Fowler was appointed Executive Vice President in March 2008.
- Mr. Garvey joined CWB as Senior Vice President, Corporate Support in November 2005 and was appointed Executive Vice President, Corporate Support in June 2007. Prior to joining CWB, Mr. Garvey was Chief Financial Officer, Workers Compensation Board of Alberta.

- Mr. Gilpin held the position Assistant Vice President, Credit Risk Management prior to his appointment as Vice President, Credit Risk Management in February 2006. Mr. Gilpin was appointed Senior Vice President, Credit Risk Management in March 2008.
- Ms. Golick held the position of Vice President and Treasurer prior to being appointed Senior Vice President and Treasurer in March 2008.
- Ms. Graham held the position Assistant Vice President, Finance until June 2005 when she was appointed Senior Assistant Vice President and Chief Accountant. In June 2006, Ms. Graham was appointed Vice President and Chief Accountant.
- Mr. Halliwell held the position of Vice President and Regional Manager, Prairies prior to being appointed Senior Vice President and Regional General Manager in March 2008.
- Ms. Harding joined CWB as Vice President, General Counsel and Corporate Secretary in September 2004 prior to which she held the position of Partner with Fraser Milner Casgrain LLP.
- Mr. Jones joined CWB as Vice President and Chief Information Officer in August 2008 prior to which he held the position of Partner with KPMG LLP. Prior to being appointed Partner in October 2006, Mr. Jones held the position of Senior Principal and prior to October 2004 he held the position of Senior Manager.
- Mr. Knaak held the position of Vice President, Human Resources prior to being appointed Senior Vice President, Human Resources in March 2008.
- Mr. Morrison held the position of Assistant Vice President, Product Development prior to being appointed Vice President, Marketing and Product Development in January 2006.
- Mr. Pogue held the position of Vice President, Marketing and Product Development prior to November 2005 when Mr. Pogue was appointed Vice President, Corporate Development.
- Mr. Sprung joined CWB in November 2005 as Vice President and Regional Manager, British Columbia and was appointed Senior Vice President and Regional General Manager in March 2008. Prior to joining CWB, Mr. Sprung was Vice President, Commercial Financial Services at HSBC Bank Canada.
- Mr. Wright held the position of Senior Vice President prior to being appointed Senior Vice President and Regional General Manager in March 2008.
- Mr. Young was President and Chief Executive Officer of HSBC Canadian Direct Insurance Incorporated when it was acquired by CWB in April 2004. In July 2005 Mr. Young was also appointed Executive Vice President of CWB.

As at October 31, 2008, CWB directors and executive officers, as a group, beneficially owned or exercised direction over 5,331,622 common shares or approximately 8.40% 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 or an order that denied the company access to any exemption under securities legislation 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 a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for more than 30 consecutive days, or (iii) within one year of the director or executive officer ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any 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 on December 2, 2003 that was issued in respect of all insiders

of Atlas Cold Storage Income Trust as a result of the late filing of financial statements required to reflect certain restatements. The cease trade order was rescinded in January 2004; and

- 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 order was issued against the company on December 19, 2003 for failure to file its financial statements.

No director or executive officer has, within 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

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 acts as registrar and transfer agent for CWB's common shares at its principal office in Calgary and at its office in Toronto.

INTERESTS OF EXPERTS

KPMG LLP were auditors of the Bank for the year ended October 31, 2008 and prepared and executed the audit report accompanying the annual consolidated 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, 2008, the Audit Committee was comprised of five directors, all of whom are independent directors: Robert A. Manning (Chair), Wendy A. Leaney, Gerald A. B. 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.

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 23 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 eight years.

Gerald A. B. McGavin, B. Comm., MBA, C.M., O.B.C., 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 served from 1999-2008 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 20 years and is also a director and the Audit Committee Chairman of CDI.

Robert L. Phillips, B.Sc. Chemical Engineering (Hons), 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 Dreco Energy Services Ltd. from 1994 to 1998. Mr. Phillips is a director of Axia NetMedia Corporation, Epcor Utilities Inc., MacDonald Dettwiler & Associates Ltd., TerraVest Income Fund, Precision Drilling Corporation 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 eight 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 Partner, Crown Capital Partners Inc. and Crown Realty Partners, as well as previous positions with Crown Life Insurance Company which included: Senior Vice-President, Chief Financial Officer and Corporate Secretary; Vice President Finance; and Vice President and Treasurer. 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 Fund. 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 12 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 auditors' 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 are reported to the Audit Committee on a quarterly basis.

External Audit Fees by Category

Deloitte & Touche LLP ("D&T") served as the Bank's external auditor until 2007 when KPMG LLP ("KPMG") was appointed. The following table lists the fees paid to D&T and to KPMG during fiscal years ended October 31, 2008 and October 31, 2007.

	Year ended October 31, 2008 ⁽¹⁾ (\$)	Year ended October 31, 2008 ⁽²⁾ (\$)	Year ended October 31, 2007 (\$)
Audit fees ⁽³⁾	402,523	457,278	438,608
Audit-related fees	97,634	124,415	151,050
Tax-related fees	24,345	97,667	842,295
All other fees	-	200,820	26,943
Total fees	524,502	880,180	1,458,896

(1) Services provided by KPMG.

(2) Services provided by D&T.

(3) Audit fees in fiscal 2008 were higher than in 2007 primarily due to timing differences in the billing practices of the Bank's former auditors and its current auditors. Amounts paid to D&T in fiscal 2008 relate to the 2007 audit while fees paid to KPMG were paid throughout the year and relate to the 2008 audit. In addition, KPMG were the auditors of Canadian Direct Insurance Inc. in fiscal 2007 and 2008 and audit fees paid to KPMG related to CDI are included in the 2008 fees but were not included in the 2007 fees paid to D&T.

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.

In 2007, the amount of these services increased primarily as a result of accounting consultations and services regarding the implementation of the new accounting framework for financial instruments, the issuance of a privately placed subordinated debenture issue and services relating to special procedures performed for a subsidiary as part of its regulatory requirements. In 2008, additional fees were incurred as a result of accounting services related to the filing of a base shelf prospectus and an issuance of subordinated debt thereunder.

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. In 2007, these fees also included a one-time contingency fee related to advice on prior period transactions. This fee arrangement was entered into prior to the initial establishment in 2004 of the policy which requires the pre-approval of non-audit services by the Audit Committee.

All Other Fees

All other fees were paid for products or services other than the audit fees, audit-related fees and tax-related 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 for its most recent annual meeting of shareholders.

Additional financial information is provided in CWB's audited consolidated financial statements and Management's Discussion and Analysis for the year ended October 31, 2008, which is available at www.sedar.com and in the 2008 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.cwbankgroup.com.

APPENDIX “A”
CANADIAN WESTERN BANK
MANDATE OF THE AUDIT COMMITTEE

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 the Audit Committee to conduct audits or to determine that the Bank’s financial statements are complete, accurate and in accordance with generally accepted accounting principles. The external auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank’s annual financial statements and reviewing the Bank’s quarterly financial information. Management of the Bank is responsible for the preparation, presentation and integrity of the Bank’s financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

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; and
- 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.

This mandate was last approved on June 5, 2008.