



**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**MEETING OF HOLDERS OF  
COMMON SHARE PURCHASE WARRANTS  
(THE "WARRANTS")**

**to be held on  
August 19, 2011**

**with respect to**

**AN EXTRAORDINARY RESOLUTION  
TO AMEND THE TERMS OF THE WARRANTS**

**July 18, 2011**



July 18, 2011

Dear Warrantholder:

You are invited to attend a meeting of the holders of common share purchase warrants of Canadian Western Bank (CWB) to be held at 11:00 a.m. (Mountain Daylight Time) on August 19, 2011 in the Conference Centre on the Concourse Level of Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6. At the meeting, you will be asked to consider an amendment to the terms of the warrant indenture under which the warrants were created. The proposed amendment will provide CWB with the right to redeem on or before September 30, 2011 all, but not less than all, of the outstanding warrants for a redemption price of \$17.21. The redemption price represents the ten day volume weighted average trading price of the warrants on the Toronto Stock Exchange prior to July 18, 2011, the day this meeting was announced, plus a premium of \$0.46. If the extraordinary resolution to approve the amendment is passed by the warrant holders at the meeting, CWB intends to immediately proceed to redeem the warrants.

CWB believes that the trading pattern of the warrants is currently substantially the same as the trading pattern of the common shares of CWB, and that the trading price of the warrants does not include a material option value component in addition to the "in-the-money" value of the warrants. Further, management believes that the future market for the warrants may be relatively illiquid due to the significantly reduced number of warrants available.

The accompanying management information circular provides specific information regarding the meeting and the extraordinary resolution. Please review the entire circular carefully. Based on the considerations described in the circular, the directors of CWB recommend that you vote in favour of the extraordinary resolution to amend the warrant indenture.

The amendment to the warrant indenture must be passed by way of an extraordinary resolution, which requires a quorum of not less than 50% of outstanding warrants and an affirmative vote of not less than 66⅔% of the votes cast at the meeting. Each warrant is entitled to one vote. Regardless of the number of warrants that you own, your vote is very important. Whether or not you plan to attend the meeting, please submit your proxy as soon as possible to ensure that your warrants are represented at the meeting.

On behalf of the board of directors and management of CWB, I would like to thank you for your continued support. We look forward to seeing you at the meeting.

Yours sincerely,

Larry Pollock  
President and Chief Executive Officer



CANADIAN  
WESTERN BANK

## NOTICE OF MEETING OF WARRANTHOLDERS

**NOTICE IS HEREBY GIVEN** that a meeting (the “**Meeting**”) of the holders (the “**Warrantholders**”) of common share purchase warrants (the “**Warrants**”) of Canadian Western Bank (“**CWB**”) issued and outstanding under a warrant indenture (the “**Warrant Indenture**”) dated March 2, 2009 between CWB and Valiant Trust Company will be held at 11:00 a.m. (Mountain Daylight Time) on August 19, 2011 in the Conference Centre on the Concourse Level of Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6, for the following purposes:

1. to consider and, if deemed appropriate, pass an extraordinary resolution (the “**Extraordinary Resolution**”), the full text of which is set forth in Schedule “A” to the accompanying management information circular (the “**Circular**”), to amend the Warrant Indenture to provide CWB the option to redeem, on or before September 30, 2011, all, but not less than all, of the Warrants at the redemption price of \$17.21 per Warrant in cash, in accordance with the Warrant Indenture, as amended, all as more particularly described in the Circular; and
2. to transact such other business as may be properly brought before the Meeting and any and all adjournments thereof.

CWB’s board of directors has fixed the close of business on July 18, 2011 as the record date for determining the Warrantholders entitled to receive notice of the Meeting and to attend and vote at the Meeting.

Pursuant to the provisions of the Warrant Indenture, the Extraordinary Resolution will, if passed at the Meeting in accordance with the provisions contained in the Warrant Indenture, be binding upon all Warrantholders, whether present or absent at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

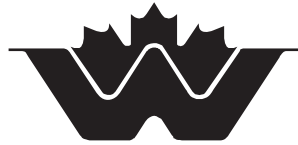
Gail L. Harding, Q.C., ICD.D  
Senior Vice President, General Counsel  
and Corporate Secretary

Edmonton, Alberta  
July 18, 2011

# MANAGEMENT INFORMATION CIRCULAR

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# CANADIAN WESTERN BANK

## MANAGEMENT INFORMATION CIRCULAR

### INTRODUCTION

This management information circular (the “**Circular**”) is furnished in connection with the solicitation by management of Canadian Western Bank (“**CWB**” or the “**Bank**”) of proxies to be used at the meeting (“**Meeting**”) of holders (the “**Warrantholders**”) of the outstanding common share purchase warrants of the Bank (the “**Warrants**”) issued pursuant to a warrant indenture made as of March 2, 2009 (the “**Warrant Indenture**”) between the Bank and Valiant Trust Company (“**Valiant**”) to be held on August 19, 2011 in the Conference Centre on the Concourse Level of Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6, commencing at 11:00 a.m. (Mountain Daylight Time), and all adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

In this Circular, references to “\$” and “Canadian dollars” are to the lawful currency of Canada. Unless otherwise stated, all references in this Circular to monetary amounts are expressed in Canadian dollars.

Information in this Circular is given as of July 18, 2011, unless otherwise indicated.

### FORWARD-LOOKING INFORMATION

From time to time, the Bank makes written and oral forward-looking statements and otherwise provides forward-looking information within the meaning of applicable Canadian securities laws (collectively, “**forward-looking information**”), including certain forward-looking information contained in this Circular. Forward-looking information is typically identified by future or conditional verbs such as “will”, “should”, “would” and “could” or words such as “outlook”, “believe”, “anticipate”, “estimate”, “project”, “expect”, “intend”, “plan”, and terms and expressions of similar import.

The forward-looking information in the Circular includes references to, but is not limited to: the approval of the Extraordinary Resolution (as defined herein) by Warrantholders at the Meeting; if the Extraordinary Resolution is approved at the Meeting, the Redemption (as defined herein) by the Bank following such approval, including the timing of any such Redemption; the belief that the Redemption represents an appropriate use of the Bank's capital resources and is part of prudent capital management practice by the Bank; the expectation that the Redemption will provide Warrantholders with an opportunity to realize on all or a portion of their investment in the Warrants at a premium to the market price; the belief that, subsequent to the Redemption, the Bank will maintain strong capital ratios that are above the regulatory requirements and the Bank's internal target thresholds; the belief that the Redemption would have a positive impact on the Bank's earnings calculated on a fully-diluted per share basis, as well as the return on common shareholders' equity, on a fully-diluted basis; the expectation that, subsequent to the Redemption, the Bank will continue to have sufficient capital and liquidity resources to conduct its ongoing business and operations and that the Redemption is not expected to preclude the Bank from pursuing its business opportunities or limit its future growth; and the receipt of required regulatory approvals, including the approval of the TSX (as herein defined).

By its very nature, forward-looking information involves numerous assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that the Bank's predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved.

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: that the Warrantholders may not approve the Extraordinary Resolution at the Meeting; that the Bank may not be able to obtain required regulatory approvals in respect of the Warrant Amendments (as defined herein); that the market price of the Warrants may exceed the Redemption Price (as defined herein) at the time of the Redemption; 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; legislative and regulatory developments; 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. It is important to note that the preceding list is not exhaustive of possible factors.

Additional information about certain of these factors can be found under the heading "Risk Factors" in the Bank's annual information form for the year ended October 31, 2010 and in the "Risk Management" section of the Bank's annual report for the year ended October 31, 2010 each of which may be found under the Bank's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking information as a number of important factors could cause events and the Bank's actual results to differ materially from the expectations expressed in such forward-looking information. Unless required by securities law, the Bank does not undertake to update any forward-looking information, whether written or verbal, that may be made from time to time by it or on its behalf.

The forward-looking information contained in this Circular is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

#### **INFORMATION FOR UNITED STATES WARRANTHOLDERS ONLY**

This solicitation of proxies is made in the United States with respect to securities of a Canadian foreign private issuer in accordance with Canadian corporate and securities laws and is not subject to the proxy requirements of Section 14(a) of the United States Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada. Warrantholders in the United States should be aware that such requirements are different than those applicable to proxy statements prepared under the U.S Exchange Act. In addition, the Bank's financial statements, referenced under "Additional Information" below, have been prepared in accordance with generally accepted accounting principles which are in effect from time to time in Canada, and are subject to Canadian auditing and auditor independence standards. These financial statements may not be comparable to financial statements of United States companies, and auditing and auditor independence standards may be different.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Bank is organized outside the United States, that some or all of the officers and directors and the experts named herein are residents of a foreign country, and that all or a substantial portion of the assets of the Bank and said persons are located outside the United States. As a result, it may be difficult or impossible for holders of the Bank's securities in the United States to effect service of process within the United States upon the Bank, its officers and directors and the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, holders of the Bank's securities in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

The U.S. federal income tax consequences to U.S. Warrantheolders of the proposed Warrant amendment and subsequent Warrant redemption are not described herein. U.S. Warrantheolders are urged to consult legal counsel regarding the possible U.S. tax implications of the proposed Warrant amendment and subsequent Warrant redemption.

## **PROXY SOLICITATION AND VOTING**

### ***Proxy Solicitation***

**The enclosed form of proxy (the "Form of Proxy") is being solicited by management of the Bank.** It is expected that the solicitation will be primarily by mail. The costs associated with this solicitation will be borne by the Bank.

### ***Purpose of the Meeting***

The purpose of the Meeting is:

1. to consider and, if deemed appropriate, pass an extraordinary resolution (the "**Extraordinary Resolution**"), the full text of which is set forth in Schedule "A" to this Circular, to amend the Warrant Indenture to provide CWB the option to redeem, on or before September 30, 2011, all, but not less than all, of the Warrants at the redemption price of \$17.21 per Warrant in cash, in accordance with the Warrant Indenture, as amended, all as more particularly described in this Circular; and
2. to transact such other business as may be properly brought before the Meeting and any and all adjournments thereof.

In order for the Extraordinary Resolution to be passed by Warrantheolders, it must be passed by the affirmative votes of Warrantheolders who hold in the aggregate not less than 66% of the aggregate number of Warrants then outstanding represented at the Meeting (and voted on the Extraordinary Resolution).

### ***Warrants and the Principal Holders of Warrants***

Warrantheolders as at the close of business on July 18, 2011 are entitled to vote in respect of the Extraordinary Resolution. Each Warrant is entitled to one vote.

As of the date of this Circular there were 4,360,545 issued and outstanding Warrants. Except as disclosed below, to the knowledge of the directors and officers of the Bank, as of the date hereof, no person owns, directly or indirectly, or exercises control or direction over Warrants carrying more than 10% of the votes attached to the Warrants that may be voted at the Meeting. To the Bank's knowledge, as of July 18, 2011, an aggregate of 2,277,800 Warrants (representing 52.2% of the outstanding Warrants and votes attached to the Warrants that may be voted at the Meeting) are owned by one or more investment fund and private client managed accounts (the "**Flatiron Accounts**") advised by Flatiron Capital Management Partners ("**Flatiron**"). The Bank understands that Flatiron specifically disclaims any beneficial ownership of the Warrants held by the Flatiron Accounts, but as investment manager, Flatiron maintains exclusive power to exercise investment control or direction over such Warrants for the Flatiron Accounts as if it were the beneficial owner.

To the knowledge of the Bank, after reasonable inquiry, as at July 18, 2011 the directors and executive officers of the Bank, and their associates and affiliates, held in aggregate 278,492 Warrants representing approximately 6.4% of the outstanding Warrants.

### ***Quorum***

Pursuant to the Warrant Indenture, the quorum for the Meeting consists of Warranholders present in person or by proxy holding in the aggregate not less than 50% of the aggregate number of Warrants then outstanding.

**Pursuant to the Warrant Indenture, if a quorum is not present within 30 minutes after the time appointed for the Meeting, the Meeting shall stand adjourned until a date, not less than seven calendar days or more than 30 calendar days following the original date of the Meeting, and to such place and time, as is appointed by the chair of the Meeting. Warranholders shall be given no less than seven calendar days' notice of the time and place of any adjourned Meeting. At the adjourned meeting, the Warranholders present in person or by proxy will form a quorum and may transact any business for which the Meeting was originally convened, notwithstanding that the Warranholders present in person or by Proxy at the adjourned Meeting may hold in aggregate less than 50% of the total number of Warrants outstanding.**

### ***Information for Registered Warranholders***

Registered Warranholders hold Warrants in their own name and usually hold a physical certificate evidencing their ownership. There are two ways you can vote your Warrants if you are a registered Warranholder. You may vote in person at the Meeting or you may appoint someone to represent you as proxyholder and have him or her vote your Warrants at the Meeting. Should you choose to have someone represent you, you may choose the persons named in the Form of Proxy or some other person of your choice, who need not be a Warranholder. You can either tell that person how you want to vote or let him or her choose for you. The Form of Proxy also gives your proxyholder authority to vote if amendments or other matters of which you were unaware are brought before the Meeting.

If you cannot attend the Meeting in person, please complete and sign the Form of Proxy and return it in the postage-prepaid envelope provided or fax it to (604) 681-3067. For your vote to be recorded, your proxy must be received by Valiant, by facsimile or by mail at Valiant Trust Company, Attention: Proxy Department, P.O. Box 6510 Stn. Terminal, Vancouver, British Columbia, V6B 4B5, not later than 11:00 a.m. (Mountain Daylight Time) on August 17, 2011.

### ***Information for Beneficial Warrantheolders***

Most Warrantheolders do not hold Warrants in their own name but in the name of a “nominee”, which is usually a trust company, securities broker or other financial institution. If you fall into this category, you are considered a non-registered Warrantheolder. If you are a non-registered Warrantheolder, you should contact your nominee to determine what documentation is required in order for you or someone of your choosing to be appointed proxyholder. Only after being appointed proxyholder can a person vote Warrants directly at the Meeting. Each nominee has its own procedures, which you should follow carefully to ensure that your vote is counted. If you are a non-registered Warrantheolder who has voted and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

### ***Designation of Proxyholders***

The Warrants represented by your proxy will be voted in accordance with your instructions on any poll that may be called. If you specify a choice, your Warrants will be voted accordingly. In the event that you appoint the CWB officers designated in the Form of Proxy as your proxyholders but do not specify a choice as to how you want your Warrants voted, the Warrants represented by your proxy will be voted in favour of the Extraordinary Resolution.

**You can choose anyone to act as your proxyholder; it does not have to be the persons named in the Form of Proxy or another Warrantheolder.** Just fill in the person’s name in the blank space provided on the Form of Proxy. If you leave the space in the Form of Proxy blank, the persons designated in the form of proxy, who are officers of the Bank, will be appointed to act as your proxyholders.

### ***Proxyholder Discretion***

No matter is expected to come before the Meeting other than the matter referred to in the Notice of Meeting. However, if any such matters which are not now known to management of the Bank (or amendments or variations to the matter identified in the Notice of Meeting) properly come before the Meeting, the proxies will be voted on such matters in accordance with the best judgment of the person or persons voting the proxies.

### ***Vote Tabulation***

Valiant will act as the Meeting’s scrutineer and will count the proxies and tabulate and verify the results.

Valiant preserves the confidentiality of individual Warrantheolder votes, except (a) where the Warrantheolder clearly intends to communicate his or her individual position to management, and (b) as necessary to comply with legal requirements. Subject to these two exceptions, all proxies are considered confidential.

### ***Revoking a Proxy***

If you are a registered Warrantheolder and want to revoke your proxy after you have delivered it, you can do so by signing a written statement to this effect and delivering it to Gail L. Harding, Q.C., Corporate Secretary, Suite 3000, Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6 on or before August 18, 2011 or by depositing it with the Chairman of the Meeting prior to the Meeting. If your Warrants are held in the name of a nominee, you will need to contact your nominee to discuss whether revocation is possible and, if so, the procedure to follow.

## BACKGROUND AND REASONS FOR THE WARRANT AMENDMENTS

As part of its capital management program and ongoing consideration of the most effective use of the Bank's financial resources, the Bank initiated, on January 20, 2010 a Normal Course Issuer Bid (“**NCIB**”) for the Warrants which resulted in the purchase and cancellation of 1,469,677 Warrants. On January 20, 2011, the Bank commenced a second NCIB to purchase and cancel up to an additional 1,029,108 Warrants. As a result, as of July 18, 2011, 2,469,677 Warrants had been purchased under both NCIBs in addition to 8,134,758 Warrants which have been exercised into common shares of the Bank (“**Common Shares**”) since the issuance of the Warrants in March 2009. See "Previous Distributions and Purchases of Warrants and Other Securities" below.

Of the remaining 4,360,545 outstanding Warrants as of July 18, 2011, 2,277,800 Warrants (representing 52.2% of the outstanding Warrants) are held by the Flatiron Accounts. In June 2011, management of the Bank was advised by Flatiron that it did not intend to sell the Warrants held by the Flatiron Accounts prior to their expiry in March 2014. As a result of prior Warrant exercises, purchases under the two NCIBs and the stated intention of Flatiron to not sell the Warrants held by the Flatiron Accounts in the market, the potential market for the Warrants has decreased from 14,964,980 Warrants at the time of issuance in March 2009 to 2,082,745 Warrants as at July 18, 2011.

At a meeting on July 18, 2011, and for the reasons set out below, the Board of Directors of the Bank (the “**Board**”) determined that it would be in the best interests of the Bank, the Common Shareholders and the Warrantheolders to call a meeting of the Warrantheolders for the purpose of amending the Warrant Indenture (the “**Warrant Amendments**”) to provide CWB the option to redeem, on or before September 30, 2011, all, but not less than all, of the Warrants at the redemption price of \$17.21 per Warrant in cash (the “**Redemption Price**”). The Warrant Amendments will be effected pursuant to a supplemental indenture to the Warrant Indenture, in substantially the form attached to this Circular as Schedule “B” (the “**Supplemental Indenture**”). The Warrant Indenture, as amended by the Supplemental Indenture, is referred to in this Circular as the “**Amended Warrant Indenture**”.

The Redemption Price of \$17.21 per Warrant represents the volume weighted average trading price of the Warrants on the Toronto Stock Exchange (“**TSX**”) as reported by Bloomberg L.P. for the ten trading days prior to July 18, 2011 of \$16.75, plus a premium of \$0.46. If the Extraordinary Resolution is passed by the Warrantheolders at the Meeting, it is the intention of the Bank to deliver a notice of redemption to Valiant Trust Company (the “**Warrant Agent**”) under the Amended Warrant Indenture to redeem on August 31, 2011 all outstanding Warrants (the “**Redemption**”). On the Redemption Date (as defined below), the Warrants will not be of any force or effect and are expected to be delisted by the TSX. As a result of the foregoing, in order to exercise outstanding Warrants prior to the Redemption, Warrantheolders must properly exercise their Warrants pursuant to the terms of the Warrant Indenture on or before the close of business on the business day prior to the Redemption Date. See "The Warrants" and "Details of the Warrant Amendments" below for more information in respect of the terms of the Warrants and the terms of the proposed Warrant Amendments and Redemption.

On July 18, 2011, CWB and Flatiron, on behalf of the Flatiron Accounts, entered into a voting support agreement (the “**Voting Agreement**”) and a conditional subscription agreement (the “**Subscription Agreement**”). Pursuant to the Voting Agreement, Flatiron has agreed to vote all of the Warrants held by the Flatiron Accounts, representing 52.2% of all outstanding Warrants, in favour of the Extraordinary Resolution at the Meeting. In addition, pursuant to the Subscription Agreement, in the event the Extraordinary Resolution is passed by the Warrantheolders at the Meeting and the Redemption occurs, CWB has agreed to issue, subject to the private placement rules of the TSX, to the Flatiron Accounts on the Redemption Date, up to an aggregate of 2,277,800 Common Shares, less any Common Shares acquired by the Flatiron Accounts prior to the date that Flatiron delivers notice to CWB that it intends to

subscribe for and purchase Common Shares under the Subscription Agreement. The subscription price for any Common Shares subscribed for and purchased by the Flatiron Accounts pursuant to the Subscription Agreement is \$30.46 per Common Share and represents the volume weighted average trading price of the Common Shares on the TSX as reported by Bloomberg L.P. for the ten trading days prior to July 18, 2011. The potential issuance of Common Shares to the Flatiron Accounts at the Subscription Agreement price will benefit diluted earnings per Common Share for existing CWB Common Shareholders versus having all outstanding Warrants exercised at the \$14 per Warrant exercise price. The Common Shares issued pursuant to the private placement will be subject to a four month and one day hold period whereas Common Shares issued upon exercise of the Warrants will not be subject to a hold period.

To the knowledge of the Bank, after reasonable inquiry, as at July 18, 2011 the directors and officers of the Bank, and their associates and affiliates, held in aggregate 278,492 Warrants. As at the date of this Circular, management was able to confirm with the holders of 160,692 of these Warrants that these Warrants will be voted in favour of the Extraordinary Resolution. The Warrants held by the Flatiron Accounts and the directors and officers of the Bank, and their associates and affiliates, represent in the aggregate 58.6% of the outstanding Warrants as at July 18, 2011.

Neither the Warrant Amendments nor the Redemption requires the delivery of a fairness opinion or formal valuation under the Warrant Indenture or applicable Canadian securities laws. The offered premium to the 10 trading day volume weighted average price was negotiated between the Bank and Flatiron, an institutional arms-length Warrantholder. Management and the Board believe that the arm's length negotiation with Flatiron is consistent with the basis for an exemption under applicable securities laws from the requirement to obtain a valuation in similar transactions.

The Bank believes that the Redemption represents an appropriate use of its capital resources and is part of a prudent capital management practice by the Bank in accordance with its capital plan to effectively manage risk, support ongoing growth and meet all regulatory capital requirements (including the forthcoming implementation of the Basel III capital rules published by the Basel Committee on Banking Supervision and subsequent guidance by the Office of the Superintendent of Financial Institutions). The Bank also believes that the Redemption provides Warrantholders with an opportunity to realize all or a portion of their investment at a premium to the market price prior to the announcement of the proposed Warrant Amendments and Redemption.

In considering whether to recommend the approval of the Extraordinary Resolution to the Warrantholders and approve the subsequent Redemption, the Board gave careful consideration to a number of factors, including, without limitation, that:

- the Redemption is expected to provide Warrantholders with an opportunity to realize on all or a portion (if they exercise or sell a portion of the Warrants they hold prior to the Redemption Date) of their investment in the Warrants at a premium to the market price;
- the Redemption provides liquidity to Warrantholders, and management believes that the future market for the Warrants may be relatively illiquid as a result of purchases under the NCIBs, Warrant exercises and the fact that a large block of the Warrants is currently held by one investor;
- the Redemption provides Warrantholders who are considering the sale of all or a portion of their Warrants with the opportunity to have such Warrants redeemed for cash without the usual transaction costs associated with market sales;
- subsequent to the Redemption, the Bank believes that it will maintain strong capital ratios that are above the regulatory requirements and the Bank's internal target thresholds;

- the Bank believes that the Redemption would have a positive impact on the Bank's earnings calculated on a fully-diluted per Common Share basis, as well as the return on common shareholders' equity, on a fully-diluted basis;
- the Bank expects that, subsequent to the Redemption, the Bank will continue to have sufficient capital and liquidity resources to conduct its ongoing business and operations and the Redemption is not expected to preclude the Bank from pursuing its business opportunities or limit its future growth; and
- subsequent to the Redemption, uncertainties related to the contingent nature of the Warrants as a future component of the Bank's regulatory capital will be reduced.

The above discussion of the information and factors considered by the Board is not intended to be exhaustive but is believed by the Board to include the material factors considered by the Board in its decision to recommend the approval of the Extraordinary Resolution. The Board did not consider it practical, nor did it attempt, to quantify, rank or otherwise assign relative weights to the foregoing factors that were considered in reaching its decision. In addition, in considering the factors described above, individual members of the Board may have given different weights to various factors and may have applied different analyses to each of the material factors considered by the Board. The members of the Board made their recommendation based upon the totality of the information presented to and considered by them.

The Board has approved this Circular, the Voting Agreement, the Subscription Agreement, the Supplemental Indenture and, if the Extraordinary Resolution is passed by the Warrantholders at the Meeting, the Redemption. **The Board recommends that Warrantholders vote in favour of the Extraordinary Resolution.**

The Bank suspended further purchases under the current NCIB on April 30, 2011. It does not intend to resume purchases under the NCIB until after the Meeting, and then only in the event the Extraordinary Resolution is not passed by the Warrantholders or if the Redemption does not occur.

The Bank is expected to incur expenses of approximately \$60,000 in connection with the Warrant Amendments and the Meeting, which includes legal fees, filing fees, warrant agent fees and printing fees.

**Warrantholders are urged to evaluate carefully all information in this Circular, consult their own investment and tax advisors and make their own decisions whether to vote in favour of the Extraordinary Resolution. Warrantholders should carefully consider the income tax consequences of the Warrant Amendments and the Redemption. See page 14 of this Circular – "Certain Canadian Federal Income Tax Considerations" for a summary of the principal Canadian federal income tax considerations as of the date of this Circular. Warrantholders should also be aware that the Warrant Amendments and the Redemption may have tax consequences for Warrantholders who are not resident in, or who are subject to taxation outside of, Canada, which are not described in this Circular. All Warrantholders are advised to consult their tax advisors to determine the tax consequences to them of the Warrant Amendments and the Redemption in their own particular circumstances.**

## THE WARRANTS

### *History*

On March 2, 2009, the Bank completed private and public offerings of 8.0 million Preferred Units (the "Preferred Units") for gross proceeds of \$200 million and on March 12, 2009, the Bank completed the issuance of an additional 390,000 Preferred Units as a result of the underwriters in the public offering of

Preferred Units having exercised an over-allotment option. Each Preferred Unit consisted of one Series 3 Preferred Share and a certain number of Warrants. Upon completion of the private and public offerings and the exercise of the over-allotment option, there were 14,964,980 Warrants outstanding.

As of July 18, 2011, 2,469,677 Warrants had been purchased under NCIBs commenced by the Bank and 8,134,758 Warrants have been exercised into Common Shares. As at July 18, 2011, 4,360,545 Warrants remain outstanding.

### ***Summary of Attributes***

The following is a summary of the material attributes and characteristics of the Warrants, prior to any amendments thereto which may be effected by the Supplemental Indenture following the approval of the Extraordinary Resolution, and is qualified in its entirety by reference to the full text of the Warrant Indenture, a copy of which is available under the Bank's profile on SEDAR at [www.sedar.com](http://www.sedar.com). See "Details of the Warrant Amendments" below for more information in respect of the terms of the Warrant Amendments and the Supplemental Indenture.

Each whole Warrant entitles its holder to purchase one Common Share at a price of \$14.00, subject to adjustment as summarized below. Warrants can be exercised until 5:00 p.m. (Toronto time) on March 3, 2014 (the "**Expiry Time**"). After the Expiry Time, Warrants will expire and become null and void.

The Warrants may only be offered, sold, pledged or otherwise transferred in a transaction outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "**1933 Act**"). The Warrants may not be exercised by persons in the United States or by, or for the account or benefit of United States Persons except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws, after providing certificates, legal opinions and any other documentation satisfactory to the Bank, to the effect that such an exemption is available.

The Warrant Indenture provides for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share in the event of: (a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than "Dividends Paid in the Ordinary Course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of the Warrants or pursuant to the exercise of directors', officers' or employee stock options granted under the Bank's stock option plan); (b) the subdivision, redivision or change of the Common Shares into a greater number of shares; (c) the reduction, combination or consolidation of the Common Shares into a lesser number of shares; and (d) the issuance or distribution to all or substantially all of the holders of the Common Shares or shares of any class other than the Common Shares, of rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares at 95% or less of the current market price, or other assets of the Bank, or evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture also provides for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of: (a) reclassifications of the Common Shares; (b) consolidations, amalgamations, plans of arrangement or mergers of the Bank with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (c) the transfer of the undertaking or assets of the Bank as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment of the exercise price will be made if the amount of such adjustment will be less than 1% of the exercise price in effect immediately prior to the event giving rise to the adjustment, provided, however, that in such case any adjustment that would otherwise be required then to be made will be carried forward and will be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, will amount to at least 1% of the exercise price.

No fractional Common Shares are issuable upon the exercise of any Warrants, and no cash or other consideration is payable in lieu of fractional shares. Warrantholders do not have any voting or preemptive rights or any other rights that a holder of Common Shares has.

Pursuant to the terms of the Warrant Indenture, the Bank may, at any time and from time to time, purchase Warrants by invitation for tender, by private contract, on any stock exchange, in the open market or otherwise on such terms as the Bank may determine. All Warrants purchased in this manner will forthwith be cancelled and will not be reissued.

### ***Amendments to the Warrant Indenture***

The rights of Warrantholders are subject to modification by extraordinary resolution, which is defined in the Warrant Indenture as a resolution either passed at a meeting of Warrantholders by holders of not less than 66 $\frac{2}{3}$ % of the Warrants represented at the meeting or adopted by instruments in writing signed by the holders of not less than 66 $\frac{2}{3}$ % of all Warrants then outstanding. An extraordinary resolution is subject to the prior approval of the TSX.

An extraordinary resolution passed by Warrantholders authorizes the Warrant Agent, on behalf of Warrantholders, to enter into a supplemental warrant indenture with the Bank to give effect to the extraordinary resolution. Under these provisions of the Warrant Indenture, upon approval of the Extraordinary Resolution and the TSX, the Bank and the Warrant Agent will enter into the Supplemental Indenture to effect the Warrant Amendments.

## **DETAILS OF THE WARRANT AMENDMENTS**

The following is a summary of the material attributes and characteristics of the Warrant Amendments to be effected by the Supplemental Indenture following the approval of the TSX and Warrantholders, and is qualified in its entirety by reference to the full text of the Supplemental Indenture, a copy of which is attached to this Circular as Schedule "B".

### ***Right of Redemption***

Subject to compliance with applicable laws and the rules and regulations of the TSX, the Warrant Amendments shall provide the Bank with the right to redeem, at its option, on or before September 30, 2011, all, but not less than all, of the Warrants issued under the Warrant Indenture at the Redemption Price, in accordance with the provisions of the Amended Warrant Indenture.

### ***Notice of Redemption and Effect Thereof***

Notice of the Redemption (the "**Redemption Notice**") shall be given to Warrantholders not more than ten business days nor less than seven business days prior to the date fixed for redemption (the "**Redemption Date**") by the Bank providing the Redemption Notice to the Warrant Agent, who in turn will notify Warrantholders. The Redemption Notice shall specify that all outstanding Warrants are called for redemption, the Redemption Date, the Redemption Price and the places of payment.

All of the Warrants called for Redemption pursuant to the delivery of the Redemption Notice, as described above, shall thereupon be void and of no further force and effect as of 7:00 am (Mountain Daylight Time) on the Redemption Date, in the same manner and with the same effect as if the Expiry Time had occurred, and from and after such time on the Redemption Date, if the monies necessary to redeem such Warrants shall have been deposited as described below, all of the Warrants so called for Redemption shall be void and of no further force and effect.

**As a result of the foregoing, in order to exercise outstanding Warrants, Warrantholders must properly exercise their Warrants pursuant to the terms of the Warrant Indenture prior to the Redemption Date.**

#### ***Deposit of Redemption Monies***

The Redemption of the Warrants shall be provided for by the Bank depositing with the Warrant Agent, on or before 7:00 a.m. (Mountain Daylight Time) on the Redemption Date, such sums of money as may be sufficient to pay the Redemption Price of the Warrants called for Redemption. The Warrant Agent shall pay or cause to be paid to the holders of the Warrants called for Redemption, upon surrender of the certificates representing such Warrants, the aggregate Redemption Price to which they are respectively entitled on Redemption.

#### ***Failure to Surrender Warrants Called for Redemption***

In case the holder of any Warrants called for Redemption shall fail on or before the Redemption Date to surrender such holder's Warrants, or shall not within such time accept payment of the Redemption monies payable or give receipt therefor, if any, as the Warrant Agent may require, such Redemption monies may be set aside in trust without interest either in the deposit department of the Warrant Agent or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Warrantholder of the sum so set aside and, to that extent, the Warrants shall thereafter not be considered as outstanding and shall be considered void and of no further force and effect and the Warrantholder shall have no other right except to receive payment out of the monies so paid and deposited, upon surrender and delivery of such holder's Warrants. In the event that any money required to be deposited with the Warrant Agent in respect of the Redemption shall remain so deposited for a period of six years from the Redemption Date, then such monies shall at the end of such period be paid over or delivered over by the Warrant Agent to the Bank on its demand, and thereupon the Warrant Agent shall not be responsible to Warrantholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Warrant in respect of which such money was so repaid to the Bank shall have no rights in respect thereof except to obtain payment of the money due from the Bank, subject to any limitation period provided by the laws of the Province of Alberta.

#### ***Cancellation of Warrants Redeemed***

All Warrants redeemed and paid pursuant to the Redemption shall forthwith be delivered to the Warrant Agent and cancelled and no Warrants or certificates representing such Warrant shall be issued in substitution therefor.

### **OTHER APPROVALS AND REGULATORY MATTERS**

#### ***TSX Approval***

Pursuant to the requirements of the TSX and the Warrant Indenture, the proposed Warrant Amendments must be approved by the TSX prior to the Warrant Amendments becoming effective. CWB has sought

and obtained the conditional approval of the TSX for the Warrant Amendments being considered by Warrantheolders at the Meeting.

## TRADING VOLUME AND PRICE AND DIVIDEND PAYMENTS

### *Trading Volume and Price*

The Warrants are listed and posted for trading on the TSX under the symbol “CWB.WT”. The following table sets forth the highest and lowest prices at which the Warrants were traded and the trading volume of the Warrants for the periods shown below:

Year	Month	High (\$)	Low (\$)	Volume
2010	December	15.85	13.16	4,441,460
2011	January	16.00	13.95	707,710
2011	February	17.75	15.45	167,532
2011	March	17.35	15.82	682,692
2011	April	17.61	16.10	3,911,463
2011	May	16.85	16.09	68,991
2011	June	17.25	15.60	239,561
2011	July 1 to July 15	17.20	15.95	43,118

On July 15, 2011, the closing price of the Warrants on the TSX was \$16.00. The Redemption Price represents a premium of \$1.21 over the July 15, 2011 closing market price of the Warrants as reported by the TSX. Warrantheolders are urged to obtain current market quotations for the Warrants.

The following table sets forth the average closing price of the Common Shares on the TSX, the average closing price of the Warrants on the TSX and the premium paid for the Warrants over and above the “in-the-money” value of the Warrants during the periods shown based on such average closing prices.

Year	Month	Average Monthly Closing Price		Premium paid over the “in-the-money” value of the Warrants (\$) <sup>2</sup>
		Common Shares (\$)	Warrants (\$) <sup>1</sup>	
2010	December	28.50	14.48	-0.02
2011	January	28.83	14.92	0.09
2011	February	30.68	16.78	0.10
2011	March	30.49	16.55	0.06
2011	April	30.58	16.73	0.15
2011	May	30.24	16.36	0.12
2011	June	30.43	16.51	0.08
2011	July 1 to July 15	30.46	16.56	0.09

<sup>1</sup> For trading days in which no Warrants were traded, the closing price of the Warrants on the previous trading day in which Warrants were traded was used to calculate the average monthly closing price of the Warrants,

<sup>2</sup> The exercise price of the Warrants is \$14.00

Based on the above table, CWB believes that the trading pattern of the Warrants is currently substantially the same as the trading pattern of the common shares of CWB, and that the trading price of the Warrants does not include a material option value component in addition to the “in-the-money” value of the Warrants.

### ***Dividends on Common Shares***

The following table discloses the dollar amount of cash dividends declared per Common Share outstanding from March 2009 to June 2011:

Year	Period	Dividend per Common Share
2009	March	\$0.11
2009	June	\$0.11
2009	September	\$0.11
2009	December	\$0.11
2010	March	\$0.11
2010	June	\$0.11
2010	September	\$0.11
2010	December	\$0.13
2011	March	\$0.13
2011	June	\$0.14

The declaration of dividends is at the discretion of the Board. As of the date hereof, the Bank has no plans or intention to alter its dividend policy.

### **PREVIOUS DISTRIBUTIONS AND PURCHASES OF WARRANTS AND OTHER SECURITIES**

During the five years preceding the date of this Circular, the Bank has not distributed any Warrants, apart from the original issuance of 14,964,980 Warrants in March of 2009. See “The Warrants”.

During the 12 months preceding the date of this Circular, the Bank has not purchased or sold any of its securities (excluding securities purchased or sold pursuant to the exercise of employee stock options and Warrant exercises), for its own account, other than the following:

- (a) On January 18, 2010, as subsequently amended on September 30, 2010, the Bank received approval from the TSX to institute an NCIB to purchase and cancel up to 1,469,677 Warrants. The NCIB commenced January 20, 2010 and was completed in October 2010. During the year, the Bank purchased and cancelled 1,469,677 Warrants fulfilling all available purchases under the NCIB at an average purchase price per Warrant of \$11.19.

On January 18, 2011, the Bank received approval from the TSX for a NCIB to purchase, for cancellation, up to 1,029,108 of its Warrants. The NCIB commenced January 20, 2011 and will expire January 19, 2012. As at July 18, 2011, the Bank had purchased and cancelled 1,000,000 Warrants at an average purchase price per Warrant of \$15.98.

The purchase of the Warrants pursuant to the NCIBs forms part of the Bank's capital management program and is consistent with management's objective to maintain strong capital ratios while maximizing value for the Bank's shareholders.

- (b) On November 22, 2010, the Bank redeemed for cancellation \$70 million of subordinated debentures with a fixed interest rate of 5.550%. The debentures were redeemed as a part of the Bank's capital management program.

- (c) On November 30, 2010, the Bank issued \$300 million of subordinated debentures with a fixed interest rate of 4.389%. The primary purpose of the issue was to support the Bank's then-current and future asset growth.

## **INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as disclosed herein, no director or executive officer of CWB who has held such position at any time since November 1, 2010 or any of their respective associates or affiliates has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matter to be acted upon at the Meeting, other than certain directors and executive officers who hold in the aggregate 278,492 Warrants, representing 6.4% of the outstanding Warrants.

As at the date of this Circular, management was able to confirm with the holders of 160,692 of these Warrants that these Warrants will be voted in favour of the Extraordinary Resolution.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations as of the date hereof generally applicable under the *Income Tax Act* (Canada) (the “**Tax Act**”) to a Warrantholder arising from and relating to the proposed Warrant Amendments and a subsequent disposition of Warrants by way of the Redemption. This summary is applicable to a Warrantholder who, for the purposes of the Tax Act, deals at arm's length and is not affiliated with the Bank and holds the Warrants as capital property. Generally, Warrants will be considered to be capital property to a Warrantholder provided that the Warrantholder does not hold such Warrants in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to (a) a Warrantholder that is a “financial institution” (for purposes of the mark-to-market rules) or a “specified financial institution” for purposes of the Tax Act, (b) a Warrantholder an interest in which is a “tax shelter investment” for purposes of the Tax Act, or (c) a Warrantholder whose “functional currency” for purposes of the Tax Act is the currency of a country other than Canada. Such a Warrantholder should consult its own tax advisors.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder in force as at the date hereof, specific proposals to amend the Tax Act and the regulations thereunder that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and the current published administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”). This summary assumes that the Warrant Amendments will be effected as currently proposed in this Circular, although no assurance can be given in that regard. Except as otherwise indicated, this summary does not take into account or anticipate any changes in the applicable law, whether made by judicial, governmental or legislative decision or action nor does it take into account provincial or foreign tax laws or considerations, which might differ significantly from those discussed therein.

This summary is not exhaustive of all possible Canadian federal tax considerations and is not intended to be legal or tax advice to any particular Warrantholder. Warrantholders should consult their own tax advisors for advice with respect to the tax consequences based on their particular circumstances.

### ***Warrantholders Resident in Canada***

The following portion of the summary is generally applicable to a Warrantholder who at all relevant times, for purposes of the Tax Act and any applicable income tax treaty, is, or is deemed to be, resident in Canada (a “**Canadian Holder**”).

#### Amendment of Warrant Indentures

Although the matter is not free from doubt, the adoption of the Warrant Amendments should not result, in and of itself, in a disposition of the Warrants by the Canadian Holders for purposes of the Tax Act.

In the event that the Warrant Amendments were held to be so fundamental that their adoption results in a disposition of the Warrants and an acquisition of different warrants, a Canadian Holder would realize a capital gain (or a capital loss) for the year in which such amendments were effected equal to the amount by which the proceeds of disposition of the Warrants, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Warrants to the Canadian Holder. In this case, the proceeds of disposition for the Warrants and the cost of any different warrants would be equal to the fair market value of such different warrants at the time the Supplemental Indenture relating to the Warrants becomes effective. The taxation of capital gains and capital losses is discussed below under the heading “Capital Gains and Capital Losses”.

The remainder of this summary assumes that the adoption of the Warrant Amendments, in and of itself, will not result in a disposition of the Warrants for the purposes of the Tax Act. If this assumption is not correct then the tax consequences to Canadian Holders may be materially different. Canadian Holders should consult their own tax advisors.

#### Disposition of Warrants

If the Warrant Amendments are effected, the Bank intends to redeem all outstanding Warrants in exchange for a cash payment of \$17.21 per Warrant. The Redemption will result in a disposition by each Canadian Holder of the Warrants held by such holder for proceeds of disposition equal to the amount of the cash received by such holder on the Redemption.

In general, a disposition of a Warrant on a redemption thereof by the Bank will give rise to a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Warrant, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the disposed Warrant. The taxation of capital gains and capital losses is discussed below under the heading “Capital Gains and Capital Losses”.

#### Capital Gains and Capital Losses

Generally, one-half of a capital gain must be included in income as a taxable capital gain for the year of the disposition. One-half of a capital loss will be an allowable capital loss that must be deducted by the Canadian Holder in computing income to the extent of any taxable capital gains for the year. Any unused allowable capital loss may be deducted against taxable capital gains in computing taxable income for any of the three preceding years or any subsequent year (in accordance with the detailed rules contained in the Tax Act). Recognition of capital losses otherwise realized may be denied in various circumstances set out in the Tax Act. Capital gains realized by a Canadian Holder that is an individual, other than certain specified trusts, will be relevant in computing such holder's possible liability under the alternative minimum tax.

A Canadian Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % in respect of its “aggregate investment income” for the year, which is defined in the Tax Act to include amounts in respect of taxable capital gains. This refundable tax generally will be refunded to a corporate holder at the rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

### ***Warrantholders Not Resident in Canada***

The following summary is generally applicable to Warrantholders who (a) for the purposes of the Tax Act have not been and will not be deemed to be resident in Canada at any time while they hold Warrants, and (b) do not use or hold the Warrants in carrying on a business in Canada (“**Non-Resident Holders**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

### Amendment of Warrant Indenture

The Canadian federal income tax consequences to a Non-Resident Holder resulting from the adoption of the Warrant Amendments are generally the same as those described above that apply to a Canadian Holder.

### Disposition of Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain arising on the disposition of Warrants provided that such securities do not constitute, and are not deemed to constitute, “taxable Canadian property” of the Non-Resident Holder for purposes of the Tax Act. Generally, such securities will not constitute taxable Canadian property of a Non-Resident Holder provided that (a) the Common Shares are listed on a “designated stock exchange” (which includes the TSX) for the purposes of the Tax Act at the time of disposition; and (b) at no time during the 60 month period immediately preceding the disposition of the Warrants were 25% or more of the issued shares of any class or series of the capital stock of the Bank owned by the Non-Resident Holder, by persons with whom the Non-Resident Holder did not deal at arm's length, or by the Non-Resident Holder together with such persons.

Even if the Warrants are taxable Canadian property to a Non-Resident Holder, the Non-Resident Holder may still not be subject to tax under the Tax Act in respect of a capital gain on the disposition of such securities to the extent that the Non-Resident Holder is entitled to an exemption under an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. Non-Resident Holders whose Warrants constitute taxable Canadian property should consult their own tax advisors.

## **ADDITIONAL INFORMATION**

Additional information relating to the Bank may be found under the Bank's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information is provided in the Bank's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended October 31, 2010, which are both available on SEDAR at [www.sedar.com](http://www.sedar.com) and in the Bank's 2010 Annual Report.

The unaudited interim consolidated financial statements of the Bank as at and for the three and six month periods ended April 30, 2011 are available on SEDAR at [www.sedar.com](http://www.sedar.com). Warrantholders may obtain

copies of available financial statements, without charge, upon request to the Bank at Suite 3000, Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6, Attention: Corporate Secretary or via the Bank's website at [www.cwbankgroup.com](http://www.cwbankgroup.com).

Copies of the information referred to in this section may be obtained by writing to the Corporate Secretary, Canadian Western Bank, Suite 3000, Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta T5J 3X6 or via the Bank's website at [www.cwbankgroup.com](http://www.cwbankgroup.com).

#### **DIRECTORS' APPROVAL**

The Board has approved the content and sending of this Circular.

A handwritten signature in black ink, appearing to read 'G. Harding', with a stylized flourish at the end.

Gail L. Harding, Q.C., ICD.D  
Senior Vice President, General Counsel  
and Corporate Secretary  
July 18, 2011

## SCHEDULE “A” – EXTRAORDINARY RESOLUTION

“BE IT RESOLVED BY EXTRAORDINARY RESOLUTION OF THE HOLDERS OF CANADIAN WESTERN BANK COMMON SHARE PURCHASE WARRANTS THAT:

1. Canadian Western Bank (the “**Bank**”) and Valiant Trust Company, as warrant agent (the “**Warrant Agent**”) are and they are hereby authorized to enter into a supplemental warrant indenture (the “**Supplemental Indenture**”), substantially in the form attached as Schedule “B” to the management information circular of the Bank dated July 18, 2011 (the “**Circular**”) in respect of the meeting of holders of common share purchase warrants of the Bank (the “**Warrantholders**”) held on August 19, 2011, to amend the terms of the Warrant Indenture dated as of March 2, 2009 between the Bank and the Warrant Agent (the “**Warrant Indenture**”), and the terms of the common share purchase warrants governed by the Warrant Indenture (the “**Warrants**”), to provide CWB the option to redeem, on or before September 30, 2011, all, but not less than all, of the Warrants at the redemption price of \$17.21 per Warrant in cash, all as more particularly described in the Circular and the Supplemental Indenture;
2. any officer or director of the Bank be and is hereby authorized to execute and deliver for and in the name of and on behalf of the Bank and the proper officers or signing authorities of the Warrant Agent are hereby authorized to execute and deliver for and in the name of and on behalf of the Warrantholders, under their corporate seals or otherwise, the Supplemental Indenture with such changes as the person executing same may approve, the approval of such changes to be conclusively evidenced by the execution of the Supplemental Indenture; and
3. any officer or director of the Bank is authorized and directed to execute and deliver in the name of and on behalf of the Bank and the proper officers or authorized signatories of the Warrant Agent are hereby authorized and directed to execute and deliver in the name of and on behalf of the Warrantholders, under their corporate seals or otherwise all such certificates, instruments, agreements, notices and other documents and to do such other acts and things as, in the opinion of such person, may be necessary or desirable in connection with the Supplemental Indenture, with the performance of the Bank and the Warrant Agent of their obligations thereunder, and to give effect to the foregoing and facilitate the implementation of the foregoing Extraordinary Resolution (as such term is defined in the Warrant Indenture).”

**SCHEDULE “B” – FORM OF SUPPLEMENTAL INDENTURE**

**CANADIAN WESTERN BANK**

**AND**

**VALIANT TRUST COMPANY**

**as Warrant Agent**

**FIRST SUPPLEMENTAL INDENTURE**

Supplemental to the Warrant Indenture  
made as of March 2, 2009

Providing for the creation and issue of  
Common Share Purchase Warrants

**August •, 2011**

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**FIRST SUPPLEMENTAL INDENTURE**

THIS FIRST SUPPLEMENTAL INDENTURE is made as of the ●th day of August, 2011

BETWEEN:

**CANADIAN WESTERN BANK**, a Canadian chartered bank (the "**Bank**")

- and -

**VALIANT TRUST COMPANY**, a trust company continued under the laws of Canada (the "**Warrant Agent**")

WHEREAS the Bank and the Warrant Agent entered into a Warrant Indenture made as of March 2, 2009 (the "**Original Indenture**") to provide for the issue of up to 14,964,980 Warrants, with each whole Warrant entitling the holder thereof to be issued one Common Share (subject to adjustment and Bank Act limitations, as provided in the Indenture) on the terms and subject to the conditions therein provided.

AND WHEREAS Section 9.01(c) of the Original Indenture provides that, subject to TSX approval, the Bank and the Warrant Agent may, subject to the provisions of the Original Indenture, and they shall, when so directed in accordance with the provisions of the Original Indenture, execute and deliver by their proper officers supplemental indentures to the Original Indenture, which thereafter shall form part of the Original Indenture, to give effect to any Extraordinary Resolution passed as provided in Article 8 of the Original Indenture;

AND WHEREAS the Bank and the Warrant Agent desire to supplement the Original Indenture by adding certain terms and provisions thereto;

AND WHEREAS Section 8.11 of the Original Indenture provides that, subject to TSX approval, the Warranholders may by Extraordinary Resolution, subject to the agreement of the Bank, assent to or sanction any amendment, modification, abrogation, alteration, compromise or arrangement of any right of the Warranholders, whether such right arises under the Indenture or otherwise and to authorize the Warrant Agent to concur in and execute any indenture supplemental to the Original Indenture in connection therewith;

AND WHEREAS all necessary acts and proceedings have been performed and taken and all necessary resolutions have been passed including the resolution of the Bank and an Extraordinary Resolution of the Warranholders to authorize the execution and delivery of this First Supplemental Indenture and to make this First Supplemental Indenture legal, valid, effective and binding upon each of the Bank and the Warrant Agent for and on behalf of the Warranholders in accordance with the terms of the Original Indenture, as amended by this First Supplemental Indenture;

NOW THEREFORE, for good and valuable considerations (the receipt and sufficiency of which are hereby acknowledged), it is hereby agreed and declared as follows:

## **ARTICLE 1 - INTERPRETATION**

### 1.01 **Definitions**

Except as defined in this First Supplemental Indenture, including in the recitals or description of the parties herein, all capitalized terms used in this First Supplemental Indenture shall have the meanings given to them in the Original Indenture.

### 1.02 **Indenture Continues to Remain in Effect**

This First Supplemental Indenture is supplemental to the Original Indenture and this First Supplemental Indenture shall hereafter be read together and shall have effect, so far as practicable, with respect to the Warrants as if all the provisions of the Original Indenture and this First Supplemental Indenture were contained in one instrument. The Original Indenture is and shall remain in full force and effect with regards to all matters governing the Warrants, except as the Original Indenture is amended, superceded, modified or supplemented by this First Supplemental Indenture. Any references in the text of this First Supplemental Indenture to section numbers, article numbers, schedules, "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this First Supplemental Indenture unless otherwise qualified.

## **ARTICLE 2- AMENDMENTS TO THE ORIGINAL INDENTURE**

### 2.01 **Redemption of Warrants**

The Original Indenture is hereby amended to include the addition of the following as Article 12 to the Original Indenture:

### **"ARTICLE 12 - REDEMPTION OF WARRANTS**

#### 12.01 **Applicability of Article**

Subject to compliance with Applicable Laws and the rules and regulations of the TSX, the Bank shall have the right at its option to redeem, on or before September 30, 2011, all, but not less than all, of the Warrants issued hereunder at the redemption price (in this Article, the "**Redemption Price**") of \$17.21 per Warrant in cash, in accordance with such other provisions as shall have been expressed in this Indenture.

#### 12.02 **Notice of Redemption**

Notice of redemption (the "**Redemption Notice**") of the Warrants redeemed pursuant to Section 12.01 shall be given to the holders of the Warrants not more than 10 Business Days nor less than 7 Business Days prior to the date fixed for redemption (the "**Redemption Date**") by the Bank providing the Redemption Notice to the Warrant Agent, and the Warrant Agent shall thereafter promptly deliver the Redemption Notice to all Warrantholders. The Redemption Notice shall specify that all outstanding Warrants are called for redemption, the Redemption Date, the Redemption Price and the places of payment.

12.03 **Warrant Certificates Due on Redemption Dates**

Notice having been given as aforesaid, all the Warrants so called for redemption shall thereupon be void and of no further force and effect as of 7:00 a.m. (Mountain Daylight Time) on the Redemption Date specified in the Redemption Notice, in the same manner and with the same effect as if the Expiry Time had occurred, anything therein or herein to the contrary notwithstanding, and from and after such time on the Redemption Date, if the monies necessary to redeem such Warrants shall have been deposited as provided in Section 12.04, all of the Warrants so called for redemption shall be void and of no further force and effect. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Warrant Agent, relying on the advice of Counsel, whose decision shall be final and binding upon all parties in interest.

12.04 **Deposit of Redemption Monies**

Redemption of Warrants shall be provided for by the Bank depositing with the Warrant Agent, on or before 7:00 a.m. (Mountain Daylight Time) on the Redemption Date specified in the Redemption Notice, such sums of money as may be sufficient to pay the Redemption Price of the Warrants so called for redemption.

The Bank shall also deposit with the Warrant Agent a sum of money sufficient to pay any charges or expenses which may be incurred by the Warrant Agent in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, the Warrant Agent shall pay or cause to be paid to the holders of the Warrants so called for redemption, upon surrender of the Warrant Certificates representing such Warrants, the aggregate Redemption Price to which they are respectively entitled on redemption.

12.05 **Failure to Surrender Warrants Called for Redemption**

In case the holder of any Warrants so called for redemption shall fail on or before the Redemption Date to surrender such holder's Warrants, or shall not within such time accept payment of the redemption monies payable or give such receipt therefor, if any, as the Warrant Agent may require, such redemption monies may be set aside in trust without interest either in the deposit department of the Warrant Agent or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Warranholder of the sum so set aside and, to that extent, the Warrants shall thereafter not be considered as outstanding hereunder and shall be considered void and of no further force and effect and the Warranholder shall have no other right except to receive payment out of the monies so paid and deposited, upon surrender and delivery of such holder's Warrants. In the event that any money required to be deposited hereunder with the Warrant Agent on account of the Redemption Price on Warrants issued hereunder shall remain so deposited for a period of six years from the Redemption Date, then such monies shall at the end of such period be paid over or delivered over by the Warrant Agent to the Bank on its demand, and thereupon the Warrant Agent shall not be responsible to Warranholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Warrant in respect of

which such money was so repaid to the Bank shall have no rights in respect thereof except to obtain payment of the money due from the Bank, subject to any limitation period provided by the laws of the Province of Alberta.

12.06 **Cancellation of Warrants Redeemed**

All Warrants redeemed and paid under this Article 12 shall forthwith be delivered to the Warrant Agent and cancelled and no Warrants or Warrant Certificates shall be issued in substitution therefor.

12.07 **No Conflict**

The redemption of the Warrants in accordance with this Article 12 shall not result or be deemed to result in a breach by the Bank of any provision or requirement of the Original Indenture, including for greater certainty section 6.01(i) of the Original Indenture."

2.02 **Other Amendments and Supplements**

The Original Indenture is amended as provided herein, and any changes necessary to implement the amendments intended hereby are hereby made to any other provisions of the Original Indenture where necessary, *mutatis mutandis*.

**ARTICLE 3- ADDITIONAL MATTERS**

3.01 **Counterparts and Formal Date**

This First Supplemental Indenture may be executed by facsimile or other electronic means and in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument and notwithstanding the date of their execution shall be deemed to be dated as of August ●, 2011.

3.02 **Further Assurances**

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this First Supplemental Indenture, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of the First Supplemental Indenture and carry out its provisions.

3.03 **Acceptance of Trusts**

The Warrant Agent hereby accepts the trusts in this First Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and subject to the terms and conditions set forth in the Original Indenture.

**IN WITNESS** whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

**CANADIAN WESTERN BANK**

Per: \_\_\_\_\_  
Name:  
Title:

**VALIANT TRUST COMPANY**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

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