



# **CANADIAN WESTERN BANK**

## **ANNUAL INFORMATION FORM**

**DECEMBER 4, 2013**



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Note: Unless otherwise specified, all information presented is as at October 31, 2013. References to the 2013 MD&A and the 2013 Financial Statements are references to Management’s Discussion and Analysis and the consolidated financial statements of Canadian Western Bank (CWB) for the fiscal year ending October 31, 2013. References to Annual Reports are references to the Annual Reports of CWB. All documents referred to herein are available on CWB’s profile on the System for Electronic Documents Analysis and Retrieval ([www.sedar.com](http://www.sedar.com)) and are incorporated herein by reference.

## FORWARD-LOOKING STATEMENTS

From time to time, Canadian Western Bank (CWB or the Bank) makes written and verbal forward-looking statements. Statements of this type are included in the Annual Report and reports to shareholders 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 CWB's objectives and strategies, targeted and expected financial results, and the outlook for CWB'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", "goal", "focus", "potential", "proposed" 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 and are subject to inherent risks and uncertainties, which give rise to the possibility that management'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 CWB'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 level 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, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, the accuracy and completeness of information CWB 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 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 these factors can be found in the Risk Management section of the 2013 MD&A.

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 CWB's actual results to differ materially from the expectations expressed in such forward-looking statements. Unless required by securities law, CWB 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 2014 and how it will affect CWB's businesses are material factors considered when setting organizational objectives and targets. Performance target ranges for fiscal 2014 consider the following management assumptions:

- A modest acceleration of economic growth in Canada and relatively stronger performance in the four western provinces;
- Prices for energy and other commodities remaining at levels comparable with those observed at October 31, 2013;
- Sound credit quality with actual losses remaining within CWB's historical range of acceptable levels; and
- A relatively stable net interest margin attributed to favourable deposit costs and shifts in asset mix that help to offset impacts from the very low interest rate environment and competitive factors.

Potential risks that would have a material adverse impact on current economic expectations and forecasts include a global recession spurred by a return to negative growth in the euro zone, a material slowdown of economic growth in the United States and/or China, or a significant and sustained deterioration in Canadian residential real estate prices. Unexpected pricing competition and/or disruptions in domestic or global financial markets that meaningfully impact the costs of overall deposit funding may also contribute to adverse financial results compared to expectations.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

CWB 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: North West Trust Company (effective December 31, 1994) and B.C. Bancorp (effective November 1, 1996). The Bank Act is the charter of CWB and governs its operations.

CWB's head office is located at Suite 3000, Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6.

### Intercorporate Relationships

The table below shows the subsidiaries of CWB as at October 31, 2013 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.	72.75%	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
McLean & Partners Wealth Management Ltd.	54.60%	Alberta
National Leasing Group Inc.	100%	Alberta
Valiant Trust Company	100%	Canada

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

As at October 31, 2013, 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. CWB and its subsidiaries, National Leasing Group Inc. (National Leasing), Canadian Western Trust Company (CWT), Valiant Trust Company (Valiant), Canadian Direct Insurance Incorporated (CDI), Canadian Western Financial Ltd. (CWF), Adroit Investment Management Ltd. (Adroit), McLean & Partners Wealth Management Ltd. (McLean & Partners) and Canadian Western Bank Leasing Inc. (CWB Leasing) offer a comprehensive range of commercial and personal banking, trust, insurance and wealth management services.

CWB has achieved a loan growth rate over the last year averaging 13%. From the year ended October 31, 2010 to October 31, 2013, CWB's net income available to common shareholders grew from \$148 million to \$187 million. From October 31, 2010 to October 31, 2013, total assets grew from \$12.7 billion to \$18.5 billion. Financial results for the past three fiscal years have been prepared in accordance with International Financial Reporting Standards (IFRS), while the net income available to common shareholders in 2010 was prepared based on Generally Accepted Accounting Principles.

### Fiscal 2013

On December 7, 2012, DBRS Limited (DBRS) assigned credit ratings on CWB's Short-Term Instruments and Non-Cumulative Preferred Shares.

On December 17, 2012, CWB issued \$250 million Series E subordinated debentures at a fixed rate of 3.463% per annum redeemable by CWB on or after December 17, 2019.

On May 17, 2013, CWB expanded its wealth management business by acquiring a 54.6% ownership interest in McLean & Partners.

Further information about CWB's development during the 2013 fiscal year can be found in the 2013 MD&A.

#### Fiscal 2012

On February 15, 2012, CWB sold 3.5% of its ownership in Adroit to key employees of Adroit, thereby reducing CWB's interest to 72.75%.

On May 29, 2012, CWB acquired 100% of the issued and outstanding preferred shares of National Leasing. As part of the February 1, 2010 acquisition by CWB of the common shares of National Leasing, selling common shareholders were given the opportunity to retain a participating interest in National Leasing, to be represented by preferred shares. CWB's acquisition of National Leasing preferred shares extinguished the participating interest held by former common shareholders of National Leasing.

On August 14, 2012, CWB opened an equipment finance centre in Lloydminster, Alberta.

On October 29, 2012, CWB expanded its banking network in Manitoba with the opening of a new full-service personal and business banking centre in Winnipeg, Manitoba. The business banking centre that was previously operating out of National Leasing's head office was transferred to this new business banking centre.

Further information about CWB's development during the 2012 fiscal year can be found in the 2012 MD&A.

#### Fiscal 2011

On November 22, 2010, DBRS assigned long-term credit ratings on CWB's deposits, senior debt and subordinated debentures.

On April 4, 2011, Valiant began accepting deposits that are eligible to be insured by the Canada Deposit Insurance Corporation.

On April 14, 2011, CWB expanded its Medicine Hat, Alberta business financing centre into a full-service personal and business banking centre.

On August 22, 2011, CWB opened a business banking centre based out of National Leasing's head office in Winnipeg, Manitoba.

On September 28, 2011, CWB opened a new full-service personal and business banking centre in Richmond, British Columbia.

Further information about CWB's development during the 2011 fiscal year can be found in the 2011 MD&A.

## **DESCRIPTION OF THE BUSINESS**

### **General**

CWB is the largest Schedule I chartered bank headquartered in Western Canada. CWB and its subsidiaries currently operate in the financial services areas of banking, trust, insurance and wealth management. CWB is primarily focussed on its core business and personal banking and lending services in Western Canada. National Leasing specializes in commercial equipment leasing for small and mid-sized transactions and is represented

across Canada. CWT provides trustee and custody services to independent financial advisors, corporations, brokerage firms and individuals. CWT also underwrites and administers residential mortgages through its Optimum Mortgage division. Valiant's operations include stock transfer and corporate trust services. CDI provides personal automobile and home insurance to customers in British Columbia and Alberta. Adroit and McLean & Partners specialize in discretionary wealth management for individuals, corporations and/or institutional clients. Third party mutual funds are offered through CWF, the Bank's mutual fund dealer subsidiary.

### *Summary*

The CWB branch network consists of 18 branches in Alberta, 17 branches in British Columbia, four branches in Saskatchewan and two in Manitoba. CWB operates an Internet-based banking division under the name Canadian Direct Financial®, which offers registered and non-registered deposit products. CWT and Valiant maintain offices in Calgary, Alberta, Edmonton, Alberta, Vancouver, British Columbia and Toronto, Ontario. Valiant also has an arrangement for co-transfer agency services in New York, New York. Adroit serves its customers from its Edmonton, Alberta office and McLean & Partners serves its customers from its Calgary, Alberta office. National Leasing is based in Winnipeg, Manitoba. National Leasing has a network of sales representatives across Canada who serve the needs of customers in every province of Canada. CDI's head office is located in Vancouver, British Columbia. CDI also maintains two call centres, which are located in Edmonton, Alberta and Vancouver, British Columbia.

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 lending has also been developed through selective participation in syndications, the majority of which are 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 connected corporate borrowers' loan authorizations to not more than 10% of CWB's shareholders' equity. Generally, CWB's lending limit is \$50 million for a single risk exposure. However, for certain quality connections that confirm debt service capacity and security from more than one source, the limit is generally \$75 million. Customers with larger borrowing requirements are accommodated through loan syndications with other financial institutions.

Competitively priced consumer loans and mortgages are mainly offered to customers through bank branch locations. Optimum Mortgage, a division of CWT, offers conventional, high-ratio and alternative residential mortgages and home equity lines of credit, 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 through CWBdirect® Online Banking and CWBdirect® Business Online Banking, both Internet computer banking platforms. Customers can also view their statements, account activity and cheque images over the Internet. Prior to November 1, 2011, CWB offered personal and business credit cards through an agreement with MBNA Canada Bank. On November 1, 2011, CWB began transitioning its business credit card customers to cards issued through an agreement with Peoples Trust Company. Third party mutual funds are offered to customers through CWB's mutual fund dealer subsidiary, CWF. CWT and Valiant deposit products are also offered through CWB's branch network.

National Leasing specializes in commercial equipment leasing for small to mid-sized transactions. Headquartered in Winnipeg, Manitoba, it serves the needs of customers in all provinces via its sales network.

CDI offers competitively priced personal home and automobile insurance directly to customers in British Columbia and Alberta. CDI also offers optional automobile insurance in British Columbia through select broker distributors.

Trust services are offered through CWT and Valiant. CWT's personal trust services include self-directed registered investment accounts, non-registered investment accounts and individual pension plans. 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 private and public companies, including stock transfer and registrar services, debenture trustee services, depository and escrow services, and employee plan services.

Adroit and McLean & Partners offer wealth management services via discretionary management of client investment accounts. Clients may receive non-personalized investment management services by investing in two mutual funds managed by Adroit.

Substantially all revenues of CWB and its subsidiaries in 2012 and 2013 were derived from transactions with external customers.

### *Competitive Conditions*

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

### *Intangible Assets*

Numerous trademarks and trade names associated with the businesses of CWB and its subsidiaries have been registered, or are in the process of registration. Further information about CWB's intangible assets can be found in the notes to the 2013 Financial Statements.

### *Environmental Protection*

CWB is exposed to a degree of 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 CWB's interests are reasonably protected. To date, environmental risks have not had any material effect on operations.

### *Cycles*

The operating results of CDI are subject to seasonal weather conditions, cyclical patterns of the industry and natural catastrophes. CDI purchases reinsurance protection to limit the impact of these events on capital and to manage volatility in operating results.

### *Employees*

At October 31, 2013, CWB and its subsidiaries had 2,218 employees.

## **SUPERVISION AND REGULATION**

CWB, CWT, Valiant and CDI are each federally regulated financial institutions. CWB is governed by the Bank Act, CWT and Valiant are governed by the *Trust and Loan Companies Act* (Canada), and CDI is governed by the *Insurance Companies Act* (Canada). 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 thereafter.

In addition to their governing legislation, CWB, 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 that govern financial institutions. The activities of CWB's trust and insurance subsidiaries are also regulated under provincial laws where they conduct activities in those provinces. CWF, Adroit and McLean & Partners 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 (MFDA), the self-regulatory organization for mutual fund dealers. McLean & Partners is also regulated by the Investment Industry Regulatory Organization of Canada. Valiant is a registered transfer agent with the Securities and Exchange Commission in the United States.

CWB, CWT and Valiant 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 protects Canadian property and casualty policyholders against loss of benefits due to the financial failure of a member company. 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. McLean & Partners is a member of the Canadian Investor Protection Fund, which provides investor protection for investment dealer bankruptcy.

## **RISK FACTORS**

The principal and other risks faced by CWB are described in the Risk Management section of the 2013 Annual Report, and those pages are incorporated herein by reference.

## **DIVIDENDS**

During the year ended October 31, 2013, CWB declared dividends totalling \$0.70 per common share, compared to \$0.62 per common share during fiscal 2012 and \$0.54 per common share during fiscal 2011.

During the years ended October 31, 2013, October 31, 2012 and October 31, 2011, CWB declared dividends totalling \$1.8125 per Non-Cumulative 5-Year Rate Reset Preferred Share, Series 3 (Series 3 Preferred Shares).

The Board of Directors has declared a cash dividend of \$0.19 per common share payable on January 9, 2014 to holders of record on December 17, 2013. In addition, the Board of Directors has declared a cash dividend of \$0.453125 per Series 3 Preferred Share payable on January 31, 2014 to holders of record on January 23, 2014.

Dividends are payable on the common shares and Series 3 Preferred Shares of CWB if, as and when declared by the Board of Directors. Series 3 Preferred Shares are entitled to preference over the common shares with respect to the payment of dividends.

CWB is prohibited from paying or declaring a dividend if there are reasonable grounds to believe 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), CWB contractually agreed that, if CWB Trust fails to pay in full the semi-annual distributions on its CWB WesTS – Series 1, CWB will not declare dividends on outstanding preferred shares and common shares for a period of approximately 12 months.

## DESCRIPTION OF CAPITAL STRUCTURE

### General Description

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.

#### *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, 2013, there were 79,619,595 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 common shareholders of CWB.

As part of the issuance of CWB WestTS – Series 1, the Board of Directors authorized the issuance of 4,200,000 First Preferred Shares Series 1 which, when issued, would pay semi-annual, non-cumulative cash dividends with an annual yield of 4.00% and be redeemable at the sole option of CWB, with OSFI approval, after December 11, 2011 and 4,200,000 First Preferred Shares Series 2 which, when issued, would pay semi-annual, non-cumulative cash dividends with an annual yield of 5.25% and be redeemable at the sole option of CWB, with OSFI approval, after December 11, 2011. No First Preferred Shares Series 1 or First Preferred Shares Series 2 have been issued.

In March 2009, CWB issued 8,390,000 million preferred units. The preferred units issued by way of a private placement and a public offering each consisted of one Series 3 Preferred Share with an issue price of \$25.00 per share and 1.7857 and 1.7800 common share purchase warrants, respectively (the Warrants). Each Warrant was exercisable at a price of \$14.00 to purchase one common share in the capital of CWB until March 3, 2014. All issued Warrants have since been exercised or redeemed. Holders of the Series 3 Preferred Shares are entitled to receive non-cumulative quarterly fixed dividends for the five-year period ending April 30, 2014 of 7.25% per annum, payable quarterly, as and when declared by the Board of Directors. The dividend rate on Series 3 Preferred Shares will reset May 1, 2014 and every five years thereafter at a level of 500 basis points over the then current five-year Government of Canada bond yield. The Series 3 Preferred Shares are not redeemable prior to April 30, 2014. Subject to the provisions of the Bank Act, the prior consent of OSFI and the provisions described in the prospectus for the public offering, on April 30, 2014 and on April 30 every five years thereafter, CWB may redeem all or any part of the then outstanding Series 3 Preferred Shares for \$25.00 per Series 3 Preferred Share together with all declared and unpaid dividends to the date fixed for redemption. As of October 31, 2013, there were 8,352,596 Series 3 Preferred Shares outstanding.

Should CWB choose not to redeem the outstanding Preferred Shares on April 30, 2014, on that date and every five years thereafter, holders of Series 3 Preferred Shares will, subject to certain conditions, have the option to convert their Series 3 Preferred Shares to Non-Cumulative Floating Rate Preferred Shares, Series 4 (the Series 4 Preferred Shares). Holders of Series 4 Preferred Shares will be entitled to non-cumulative floating quarterly dividends equal to the 90-day Canadian treasury bill rate plus 500 basis points, as and when declared by the Board of Directors. Subject to the provisions of the Bank Act, the prior consent of OSFI and the provisions described in the prospectus for the public offering, CWB may redeem, with notice, all or any part of the then outstanding Series 4 Preferred Shares at (i) a price of \$25.00 per Series 4 Preferred Share together with all declared and

unpaid dividends to the date fixed for redemption on April 30, 2019 and every five years thereafter; or (ii) a price of \$25.50 together with all declared and unpaid dividends to the date fixed for redemption in the case of redemptions on any other date on or after April 30, 2014. Subject to certain conditions, holders of Series 4 Preferred Shares may also have the option to convert their Series 4 Preferred Shares into Series 3 Preferred Shares on April 30, 2019 and every five years thereafter. There are currently no Series 4 Preferred Shares outstanding.

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 20 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*

As of October 31, 2013, CWB had \$625 million of conventional subordinated debentures outstanding. The material details of these subordinated debentures may be found in the notes to the 2013 Financial Statements.

#### *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 CWB. Both the CWB WesTS – Series 1 and the deposit note bear interest at 6.199% until December 31, 2016 and thereafter at the Canadian Dollar Offered Rate 180-day Bankers' Acceptance rate plus 2.55%. The material details of the CWB WesTS – Series 1 may be found in the notes to the 2013 Financial Statements.

#### *Developments in Fiscal 2014*

On November 15, 2013, CWB called a special meeting of common shareholders as well as a special meeting of First Preferred shareholders. At the meetings, to be held concurrently on December 12, 2013, shareholders will be asked to consider a special resolution to amend CWB's By-law One. If passed by shareholders, the amendment will change CWB's authorized share capital to permit an unlimited number of First Preferred shares to be issued, up to an aggregate consideration of \$1.0 billion for all First Preferred shares outstanding at any time.

#### **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 \$8.0 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 CWB 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 of CWB's common shares by a single entity.

CWB monitors the above constraints on shareholdings through various means, including completion of Declaration of Ownership Forms for shareholder certificate transfer requests. To the best of CWB's knowledge, as of October 31, 2013, certain subsidiaries of Fairfax Financial Holdings Ltd. held a significant interest (as described above) in CWB's Series 3 Preferred Shares.

## Ratings

The following credit ratings have been assigned to CWB by DBRS and are current to December 4, 2013. DBRS last confirmed these ratings on October 16, 2013.

Debt	DBRS Rating <sup>(1)</sup>	Trend	DBRS Rating Description
Issuer Rating	A (low)	Stable	<ul style="list-style-type: none"> <li>The Issuer rating addresses the overall credit strength of the issuer based on the DBRS long-term obligations rating scale.</li> <li>The DBRS long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued.</li> <li>The A rating is ranked third of DBRS's 10 long-term rating categories.</li> <li>The "low" designation means the securities should be considered as belonging in the lower subcategory of the rating category.</li> <li>An obligation rated "A" is of good credit quality. The capacity for the payment of financial obligations is substantial. The Issuer may be vulnerable to future events, but qualifying negative factors are considered manageable.</li> </ul>
Deposit and Senior Debt Rating	A (low)	Stable	<ul style="list-style-type: none"> <li>The A rating is ranked third of DBRS's 10 long-term rating categories.</li> <li>The "low" designation means the securities should be considered as belonging in the lower subcategory of the category.</li> <li>An obligation rated "A" is of good credit quality. The capacity for the payment of financial obligations is substantial. The obligor may be vulnerable to future events, but qualifying negative factors are considered manageable.</li> </ul>
Short-Term Instruments Rating	R-1 (low)	Stable	<ul style="list-style-type: none"> <li>The DBRS short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner.</li> <li>The R-1 rating is the first of DBRS's six short-term rating categories.</li> <li>An obligation rated R-1(low) is of good credit quality. The obligor's capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favourable as higher rating categories. The obligor may be vulnerable to future events, but qualifying negative factors are considered manageable.</li> </ul>
Subordinated Debt Rating	BBB (high)	Stable	<ul style="list-style-type: none"> <li>The BBB rating is ranked fourth of DBRS's 10 long-term rating categories.</li> <li>The "high" designation means the securities should be considered as belonging in the higher subcategory of the rating category.</li> <li>An obligation rated BBB is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. The obligor may be vulnerable to future events.</li> </ul>
Non-Cumulative Preferred Share Rating	Pfd-3 (high)	Stable	<ul style="list-style-type: none"> <li>The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfil its full obligations in a timely manner, with respect to both dividend and principal commitments.</li> <li>The Pfd-3 rating is the third of DBRS's six rating categories for preferred shares.</li> <li>The "high" designation means the securities should be considered as belonging in the higher subcategory of the rating category.</li> <li>A security rated Pfd-3 is of adequate credit quality. While protection of dividends and principal is considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection.</li> </ul>

<sup>(1)</sup> A more detailed explanation of each rating above may be obtained directly from DBRS.

In general terms, ratings are opinions that reflect the creditworthiness of an issuer, a security, or an obligation. They are opinions based on forward-looking measurements that assess an issuer's ability and willingness to make timely payments on outstanding obligations (whether principal, interest, dividend, or distributions) with respect to the terms of an obligation. Ratings do not address the market price of a security.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issuer or a security and do not speak to the suitability of particular securities for any particular investor. A credit rating is, therefore, not a recommendation to purchase, sell or hold a security. Ratings are subject to revision and withdrawal at any time by the rating organization.

Each DBRS rating category is appended with one of three rating trends: "Positive", "Stable", or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue or, in some cases, unless challenges are addressed. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

## MARKET FOR SECURITIES

### Trading Price and Volume

CWB's common shares and Series 3 Preferred Shares are listed and traded on the Toronto Stock Exchange (TSX) under the symbols CWB and CWB.PR.A, respectively. The following table shows the price ranges and volumes traded for these securities for each month of the most recent fiscal year (November 2012 through October 2013).

Period	Common Shares		Series 3 Preferred Shares	
	Price Range (\$)	Volume	Price Range (\$)	Volume
November 2012	27.59 – 29.99	2,212,378	26.62 – 27.00	105,319
December 2012	27.25 – 29.13	3,539,596	26.50 – 26.95	59,897
January 2013	28.62 – 30.97	4,428,325	26.52 – 27.08	237,100
February 2013	30.39 – 31.88	2,449,822	26.32 – 26.70	173,648
March 2013	27.55 – 30.75	7,368,884	26.57 – 26.90	173,897
April 2013	27.40 – 28.49	2,510,171	26.25 – 26.95	443,343
May 2013	28.01 – 29.13	3,590,573	26.04 – 26.48	128,242
June 2013	27.04 – 28.77	4,013,447	25.65 – 26.30	140,810
July 2013	27.48 – 30.40	4,691,373	25.70 – 26.44	139,833
August 2013	28.16 – 29.95	3,281,929	25.57 – 25.99	85,674
September 2013	29.47 – 31.90	3,661,183	25.68 – 26.00	129,743
October 2013	30.60 – 33.75	2,645,638	25.45 – 25.95	178,459

## 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 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. Directors may be elected annually by the shareholders or, subject to the by-laws of CWB, may be appointed by the Board of Directors. Directors 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 <sup>(1)</sup>
ALBRECHT W.A. BELLSTEDT, Q.C. Canmore, Alberta, Canada	President, A.W.A. Bellstedt Professional Corporation (consulting services firm)	March 9, 1995	Governance (Chair) Human Resources	13,200 0.017%
ANDREW J. BIBBY Vancouver, British Columbia, Canada	CEO and Director, Grosvenor Americas Partners	December 3, 2012	Human Resources Loans	0 0.00%
CHRISTOPHER H. FOWLER Edmonton, Alberta, Canada	President and Chief Executive Officer, CWB	March 7, 2013	Loans	30,223 0.038%
LINDA M.O. HOHOL Calgary, Alberta, Canada	Corporate Director	June 1, 2011	Audit Governance Loans	7,490 0.009%
ALLAN W. JACKSON <sup>(2)</sup> Calgary, Alberta, Canada	President and Chief Executive Officer, ARCI Ltd. (real estate development company)	March 22, 1984	Governance Human Resources Loans	114,000 0.143%
WENDY A. LEANEY Toronto, Ontario, Canada	President, Wyoming Associates Ltd. (general investment holding company)	March 8, 2001	Audit Human Resources Loans (Chair)	19,500 0.024%
ROBERT A. MANNING <sup>(3)</sup> Edmonton, Alberta, Canada	President, Cathton Investments Ltd. (general investment holding company)	January 31, 1986	Audit (Chair) Governance Human Resources	1,918,470 2.410%
HOWARD E. PECHET Rancho Mirage, California, U.S.A.	President, Mayfield Consulting Inc. (general investment holding company)	March 22, 1984	Human Resources Loans	281,480 0.354%
ROBERT L. PHILLIPS, Q.C. Vancouver, British Columbia, Canada	President, R.L. Phillips Investments Inc. (private investment firm)	March 8, 2001	Audit Human Resources Loans <sup>(4)</sup>	24,859 0.031%
RAYMOND J. PROTTI, ICD.D Victoria, British Columbia, Canada	Corporate Director	March 5, 2009	Audit Governance	17,382 0.022%
IAN M. REID Edmonton, Alberta, Canada	Corporate Director	March 3, 2011	Audit Loans	8,871 0.011%
H. SANFORD RILEY, C.M. Winnipeg, Manitoba, Canada	President and Chief Executive Officer, Richardson Financial Group Limited (financial services company)	March 3, 2011	Human Resources Loans	6,148 0.008%
ALAN M. ROWE, CPA, CA Toronto, Ontario, Canada	Partner, Crown Realty Partners (investment management company)	July 1, 1996	Audit Human Resources (Chair) Loans	22,000 0.028%
ARNOLD J. SHELL Toronto, Ontario, Canada	President, Arnold J. Shell Consulting Inc. (insurance, retirement and estate planning consulting firm)	December 9, 1997	Governance Human Resources	18,000 0.023%

(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, 2013 and has been provided by the respective directors.

(2) Mr. Jackson also serves as the Chair of the Board of Directors.

(3) Of the amounts disclosed for Mr. Manning, 1,859,922 shares are owned by Cathton Investments Ltd. (Cathton). Mr. Manning exercises direction over these shares as a director and President of Cathton.

(4) Mr. Phillips serves as an alternate on the Loans Committee.

Each of the directors listed have held their respective positions and offices with the same, predecessor or associated firms or organizations for the past five years except Mr. Rowe, who, prior to July 2010, was also a Partner at Crown Capital Partners Inc. (an investment management company).

The following table lists the name, municipality of residence and principal occupation of each executive officer of CWB. Executive Officer is defined as a chair, vice-chair, president, a vice president in charge of a principal business unit, division or function (including sales, finance or production), an officer of CWB or any of its subsidiaries who performed a policy-making function in respect of CWB, or any other individual who performed a policy-making function in respect of CWB.

<b>Name and Municipality of Residence</b>	<b>Principal Occupation and Position with CWB</b>	<b>Employed Since</b>
WILLIAM J. ADDINGTON, FCMA Edmonton, Alberta, Canada	Executive Director, Corporate and Business Development	1986
TRACEY C. BALL, FCA Edmonton, Alberta, Canada	Executive Vice President and Chief Financial Officer	1987
KELLY S. BLACKETT Edmonton, Alberta, Canada	Senior Vice President, Human Resources	2013
LARS K. CHRISTENSEN, CMA Edmonton, Alberta, Canada	Vice President and Chief Internal Auditor	1994
DIANE M. DAVIES, CA Edmonton, Alberta, Canada	Vice President, Operations	2005
MICHAEL J. DOCHERTY Calgary, Alberta, Canada	Vice President, Equipment Financing Group	1991
M. GLEN EASTWOOD Strathmore, Alberta, Canada	Senior Vice President and Regional General Manager	2001
CHRISTOPHER H. FOWLER Edmonton, Alberta, Canada	President and Chief Executive Officer	1991
MARIO V. FURLAN Vancouver, British Columbia, Canada	Senior Vice President and Regional General Manager	1990
RANDELL W. GARVEY, CFA, FCMA Edmonton, Alberta, Canada	Executive Vice President	2005
RICHARD R. GILPIN St. Albert, Alberta, Canada	Senior Vice President, Credit Risk Management	2001
RICKI L. GOLICK Edmonton, Alberta, Canada	Senior Vice President and Treasurer	1989
CAROLYN J. GRAHAM, FCA Edmonton, Alberta, Canada	Senior Vice President and Chief Accountant	2000
MICHAEL N. HALLIWELL Edmonton, Alberta, Canada	Senior Vice President and Regional General Manager	1990
RICHARD R. HALLSON Edmonton, Alberta, Canada	Vice President, Corporate Lending	1997
GAIL L. HARDING, Q.C. Calgary, Alberta, Canada	Senior Vice President, General Counsel and Corporate Secretary	2004
DARRELL R. JONES, CMA Edmonton, Alberta, Canada	Senior Vice President and Chief Information Officer	2008
PETER K. MORRISON Edmonton, Alberta, Canada	Vice President, Marketing and Product Development	2002
PATRICK F. RENNISON Vancouver, British Columbia, Canada	Vice President, Real Estate Lending, BC Region	1988
GREGORY J. SPRUNG Coquitlam, British Columbia, Canada	Executive Vice President, Banking	2005
JOHN (JACK) C. WRIGHT Edmonton, Alberta, Canada	Senior Vice President	1990
BRIAN J. YOUNG Vancouver, British Columbia, Canada	Executive Vice President, CWB and President and Chief Executive Officer, CDI	2004

All of the executive officers listed above have held their current positions or other senior positions with CWB or its subsidiaries during the past five years, with the exception of Ms. Blackett. Ms. Blackett joined CWB in March 2013, prior to which she held the following positions with General Electric or its affiliated companies: Leader, Learning Organizational Development & HR Strategy (July 2012 - March 2013), Vice President, Organizational Development and Effectiveness (2009 - 2013) and Vice President & HR Leader (2004 - 2009).

As at October 31, 2013, CWB directors and executive officers, as a group, beneficially owned or exercised direction over 2,975,858 common shares, or approximately 3.738% of the issued and outstanding common shares.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or executive officer of CWB 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 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 Big Sky Farms Inc. from October 8, 2004 to April 12, 2010 which, on March 23, 2010, implemented a plan of compromise and arrangement as approved by the Saskatchewan Court of Queen's Bench pursuant to the *Companies' Creditors Arrangement Act* (Canada);
- 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; and
- 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.

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 of CWB or its subsidiaries.

## **LEGAL PROCEEDINGS**

In the ordinary course of business, CWB and its subsidiaries are parties to legal proceedings. Based on current knowledge, CWB does not expect the outcome of any of these proceedings to have a material effect on its consolidated financial position or operations. However, there is a possibility that the resolution of such proceedings may be material to the consolidated results of operations for a particular period.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director or executive officer of CWB or its subsidiaries, 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 affect CWB.

## **TRANSFER AGENTS AND REGISTRAR**

Valiant acts as registrar and transfer agent for CWB's common shares and Series 3 Preferred Shares at its principal office in Calgary, Alberta, and at its offices in Toronto, Ontario and Vancouver, British Columbia.

## **INTERESTS OF EXPERTS**

KPMG LLP were auditors of CWB for the year ended October 31, 2013 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 Schedule A.

### **Composition of the Audit Committee**

As of October 31, 2013, the Audit Committee was comprised of seven directors, all of whom are independent directors: Robert A. Manning (Chair), Linda M.O. Hohol, Wendy A. Leaney, Robert L. Phillips, Raymond J. Protti, Ian M. Reid and Alan M. Rowe.

### **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 (Chair of the Audit Committee)

Robert Manning acquired significant experience and exposure to accounting and financial reporting issues as the current President and a director of privately held Catton Investments Ltd. and several subsidiary and affiliated companies, and as Executive Vice President and a 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 CWB for 28 years.

#### Linda M.O. Hohol, FICB

Ms. Hohol acquired significant experience and exposure to accounting and financial reporting issues as the former President of TSX Venture Exchange Inc. at the TMX Group Inc. in addition to her prior role as the Executive Vice President, Wealth Management and Senior Vice President, Alta and NWT for Canadian Imperial Bank of Commerce where she spent 26 years. Ms. Hohol currently serves on the Board of Directors of EllisDon Construction Ltd., Export Development Canada (Vice Chair), and NAV Canada. She has also served on many boards including the Board of ATB Financial (Chair of the Risk Committee) as well as the Calgary Airport Authority and Canada Foundation for Innovation (Chair of both Audit and Finance Committees). She is a graduate of the Executive Development Program of the Kellogg Business School. Ms. Hohol is a Fellow of the Institute of Canadian Bankers. Ms. Hohol has been a director of CWB for two years.

#### 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 Program 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 CWB for 13 years.

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

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 2001-2004, as Executive Vice President of MacMillan Bloedel Limited from 1999-2000, as President and Chief Executive Officer of PTI Group Inc. from 1998-1999 and as President and Chief Executive Officer of Dreco Energy Services Ltd. from 1994-1998. Mr. Phillips is Chairman of Precision Drilling Corporation and MacDonald Dettwiler & Associates Ltd. and a director of Axia NetMedia Corporation, EPCOR Utilities Inc. and West Fraser Timber Co. Ltd. Mr. Phillips received his Bachelor of Laws (Gold Medalist) and Bachelor of Science, Chemical Engineering (Hons) degrees from the University of Alberta. He has been a director of CWB for 13 years.

Raymond J. Protti, B.A. (Hons, Gold Medalist), M.A., ICD.D

Raymond Protti acquired significant experience and exposure to accounting and financial reporting issues during a distinguished career spanning more than 25 years in the Canadian public service, where he held several senior positions. Mr. Protti also served as President and Chief Executive Officer of the Canadian Bankers Association from 1996-2007. Mr. Protti is the Vice President of the Board of Pacific Opera Victoria. He received his Bachelor of Arts (Hons, Gold Medalist) and Master of Arts, both in Economics, from the University of Alberta. He holds the ICD.D designation from the Institute of Corporate Directors. Mr. Protti has been a director of CWB for five years. He also served as a director of CDI from June 2007 to August 2010.

Ian M. Reid, B.Comm.

Ian Reid acquired significant experience and exposure to accounting and financial reporting issues during his 30-year career at Finning International Inc., which included 11 years as President of Finning (Canada) Ltd. He is currently the Vice Chair of The Churchill Corporation and a director of Fountain Tire Ltd. Mr. Reid also serves as a director of Delta Gold Corporation and Engineering and Voice Construction OPCO ULC as well as a member of the Alberta Provincial Audit Committee. He holds a Bachelor of Commerce degree from the University of Saskatchewan and has completed the Advanced Management Program at Harvard Business School. Mr. Reid has been a director of CWB for three years.

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

Alan Rowe acquired significant experience and exposure to accounting and financial reporting issues in his current position as a Partner of Crown Realty Partners, as well as previous positions with Crown Capital Partners Inc. and with Crown Life Insurance Company, which included positions as Senior Vice President, Chief Financial Officer and Corporate Secretary, Vice President Finance, and Vice President and Treasurer. Mr. Rowe received his Bachelor of Commerce (Hons, Gold Medalist) from 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 CWB for 18 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 that 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 5% of the annual audit fee, as outlined in the auditors' scope memorandum. Receiver/manager services provided by the auditors to borrowers of CWB 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 co-ordinated and approved by CWB's Chief Financial Officer, or designate, to further ensure that adherence to this policy is monitored. All non-audit service engagements must also be reported to the Audit Committee on a quarterly basis.

## Auditor Service Fees

The following table lists the fees paid to KPMG LLP by CWB and its affiliates, by category, during fiscal 2013 and 2012.

	Year Ended October 31, 2013 (\$)	Year Ended October 31, 2012 (\$)
Audit fees	601,559	872,249
Audit-related fees	204,348	143,463
Tax-related fees	157,653	124,926
All other fees	18,671	0
Total fees	982,231	1,140,638

### *Audit Fees*

Audit fees were paid for professional services rendered for the audit of CWB's annual financial statements, for services provided in connection with statutory and regulatory filings, for engagements, and the review of CWB's interim financial statements. Audit fees are inclusive of regulatory charges paid to the Canadian Public Accountability Board.

### *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 2012, audit-related fees were comprised of costs associated with the implementation of IFRS. In 2013, audit-related fees were comprised of costs related to the issuance of subordinated debentures and costs related to special procedures performed for a subsidiary as part of its regulatory requirements.

### *Tax-Related Fees*

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. Tax compliance services included the review of corporate tax returns and preparation of senior management tax returns. Tax planning and advisory services related to common forms of taxation, including income tax, capital tax, goods and services tax, and property tax. In 2012, CWB incurred further tax-related fees in relation to advice sought regarding its acquisition of National Leasing preferred shares.

### *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. In 2013, these fees were comprised of fees associated with the administration of securitized loans and leases in addition to professional courses.

## **ADDITIONAL INFORMATION**

Additional information relating to CWB may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities and securities authorized under equity compensation plans, is 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, 2013, which is available at [www.sedar.com](http://www.sedar.com) and in the 2013 Annual Report.

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 CWB's website at [www.cwb.com](http://www.cwb.com).

**SCHEDULE A**  
**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 Canadian Western 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 CWB Group’s internal controls. For the purposes of this mandate, “Bank” means Canadian Western Bank and “CWB Group” means the Bank, its federally regulated subsidiaries and such other subsidiaries designated from time to time by the Board.

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 CWB Group’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 CWB Group’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*) and one Committee member shall be considered a financial expert, 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, Chief Internal Auditor, Chief Financial Officer and management to discuss any matters that the Committee or these groups believe should be discussed. At least annually, the Committee shall have separate private meetings with the appointed actuary for Canadian Direct Insurance Inc. 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.

**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 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 of the CWB Group;
- 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 for the CWB Group, 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 as well as the quality of the external audit;
- 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 hiring policies regarding employees and former employees of the present and former external auditors of the CWB Group;
- require the management of the Bank to implement and maintain appropriate internal control procedures, including procedures designed to identify, monitor and manage audit-related risks. 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 CWB Group. Review and approve the mandate and annual plan of the internal audit department;
- review and approve the mandate of the finance function;

- 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;
- oversee the CWB Group's Anti-Money Laundering and Anti-Terrorist Financing Program and approve amendments thereto;
- at least annually, meet with the Chief Anti-Money Laundering Officer to review the annual report on the Bank's Anti-Money Laundering and Anti-Terrorist Financing Program;
- review such returns of the CWB Group as the Superintendent of Financial Institutions may specify;
- review such investments and transactions that could adversely affect the well-being of the CWB Group 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 amounts written-off by management;
- review the appointment of the Chief Financial Officer and the Chief Internal Auditor of the Bank as well as any Chief Financial Officer of an entity within the CWB Group;
- review a quarterly report from the CWB Group's Disclosure Committee;
- act as the audit committee for Canadian Western Bank Group, including the review of the annual audited financial statements and report thereon to each respective board before approval is given;
- meet annually with the appointed actuary of the CWB Group's federally regulated insurance company subsidiary;
- receive the periodic external peer review reports regarding the work of the appointed actuary;
- establish procedures for the receipt and handling of complaints received by the CWB Group regarding accounting, internal accounting controls, or auditing matters and establish procedures for the confidential, anonymous submission by employees of the Canadian Western Bank Group 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 proxy circular or that the Board elects to include on a voluntary basis.

This mandate was last reviewed and approved by the Board on August 28, 2013.