

# Positioned for accelerated growth



May 28, 2021



## Forward-looking Statements

From time to time, we make written and verbal forward-looking statements. Statements of this type are included in our 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 our objectives and strategies, targeted and expected financial results, the outlook for CWB's businesses or for the Canadian economy, the intended redemption of the Series 7 Preferred Shares, including the timing thereof, and the estimated impact on our Tier 1 and Total capital ratios. 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 our predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that our assumptions may not be correct and that our strategic goals may not be achieved.

A variety of factors, many of which are beyond our 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 housing market conditions, the volatility and level of liquidity in financial markets, fluctuations in interest rates and currency values, the volatility and level of various commodity prices, changes in monetary policy, changes in economic and political conditions, material changes to trade agreements, transition to the Advanced Internal Ratings Based (AIRB) approach for calculating regulatory capital, legislative and regulatory developments, legal developments, the level of competition, the occurrence of natural catastrophes, outbreaks of disease or illness that affect local, national or international economies, changes in accounting standards and policies, information technology and cyber risk, the accuracy and completeness of information we receive 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 our 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 our annual 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 our actual results to differ materially from the expectations expressed in such forward-looking statements. Any forward-looking statements contained in this document represent our views as of the date hereof. Unless required by securities law, we do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by us or on our behalf. The forward-looking statements contained in this document are presented for the purpose of assisting readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the performance of the Canadian economy over the forecast horizon and how it will affect our business are material factors considered when setting organizational objectives and targets. In determining expectations for economic growth, we consider our own forecasts, economic data and forecasts provided by the Canadian government and its agencies, as well as certain private sector forecasts. These forecasts are subject to inherent risks and uncertainties that may be general or specific. The full extent of the impact that the COVID-19 pandemic, including government and regulatory responses to the outbreak, will have on the Canadian economy and our business is highly uncertain and difficult to predict at this time. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the Outlook and Allowance for Credit Losses sections of this MD&A and our annual MD&A.

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## Our vision

To be the best full-service bank  
for business owners in Canada

## Our values

People first

Relationships get results

Embrace the new

The how matters

Inclusion has power



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# Why invest in CWB?

**We are positioned to deliver attractive sustainable returns for investors**

**We are the only full-service bank in Canada with a focus to meet the unique financial needs of business owners**

**Our enhanced digital client experience will support growth**

**We are growing our brand and market share in Ontario**

**Our funding and capital levels are strong and stable, with upside expected with a successful AIRB transition**

**We are a secured lender and disciplined underwriter, proven by a history of low write-offs through economic cycles**

## **Our value proposition**

**We are the only full-service bank in Canada with a focus to meet the unique financial needs of business owners**

# CWB Financial Group



## Our vision

To be the best full-service bank for business owners in Canada



Proven management team, with a strong diverse board

**+2,500**

Employees across Canada



CWB recognized as one of the 50 Best Workplaces in Canada™ for the 2<sup>nd</sup> year in a row



One of Canada's 10 Most Admired Corporate Cultures™



## Our values

- People First
- Relationships get results
- Embrace the new
- The how matters
- Inclusion has power

## Schedule 1 bank

Included in the TSX composite index



**\$36B**

Total assets



**11%**

Q2 Pre-tax, pre-provision income growth from same quarter last year

# Business model focused on the unique financial needs of small and medium-sized businesses, and their owners



**Our core strength is we provide full-service, proactive banking through personalized and expanding digital channels**

- Delivered by highly responsive teams across a range of specialty segments

**We stay true to our brand promise *Obsessed With Your Success™***

- Our people know our clients and their industries
- We ask the right questions
- We work to find the right financial solutions

# Our strategic priorities

## Solve for the unmet banking needs of Canadian entrepreneurs



Unrivalled client experiences



Destination for top talent



Optimize our business

### BUILD ON OUR STRENGTHS

Personalized service, specialized industry expertise, customized solutions, faster response times

### TRANSFORM OUR BUSINESS

#### TRANSFORMATION PRIORITIES

- Targeted digital capabilities
- Client-focused operating model
- Fast, smooth, scalable processes
- Transition to AIRB methodology for capital and risk management

#### GROWTH ACCELERATORS

**Brand:** bolder and more visible to cut through the noise

**Culture:** proactive, client-focused, and change-ready to align with our strategy

### CREATE UNIQUE VALUE

With delivery of a **proactive** client experience through a full range of **in-person** and **digital** channels

### ATTRACTIVE SUSTAINABLE RETURNS

As a **disruptive force** in Canadian financial services, and a clear **full-service alternative** for Canadian business owners



# ESG & sustainability

**Our continued success depends on the responsible creation of long-term value for all of our stakeholders**

- To plot our course forward, we have created a dedicated sustainability team under the direction of our Chief Financial Officer
- ESG included in mandate of Board of Directors
- We will continue to update and enhance our ESG disclosures available on our website and invite you to follow our progress

**CWB's recognition as a career destination for top talent**



Waterstone  
CANADA'S  
MOST  
ADMIRABLE  
CORPORATE  
CULTURES

2020

Visit our [Corporate Social Responsibility page](#) on CWB.com to access our ESG and sustainability information and materials

The image shows a banner for Corporate Social Responsibility at the top, featuring two men, one with a red turban. Below the banner is a grid of four ESG topics: Community Investment, Inclusion, Governance, and Environment. Each topic has a brief description and a link to more information.

**Corporate Social Responsibility**

It's no coincidence that one of our corporate values is 'The How Matters'. We're thoughtful about everything we do, and are proud of the economic, social and environmental value we create as an active, engaged member of our communities.

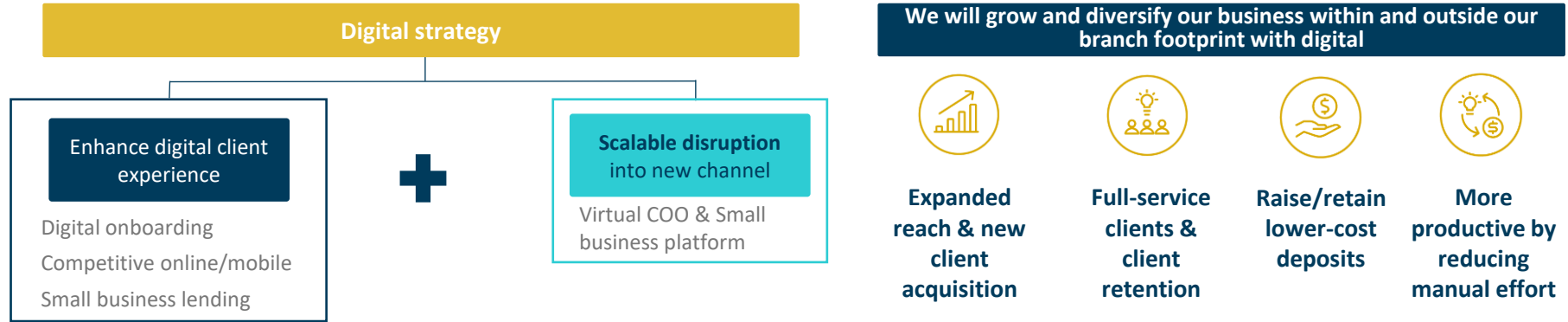
Community Investment	Inclusion	Governance	Environment
We take pride in actively participating in the growth, development and sustainability of our communities.	We are committed to being an equitable employer, providing an inclusive environment for a diverse workforce.	Our strong corporate governance culture is founded on the principals of integrity and accountability.	We're committed to reducing our impact with strategies to manage GHG emissions, waste and the sustainability of our infrastructure.
<b>Awards &amp; Recognition</b> From time to time we're recognized for our efforts. Check out some of our recent nods!	<b>CSR Reporting</b> Interested in how CWB acts as a corporate citizen? Read our reports dating back to 2011.	<b>ESG Q&amp;A</b> Find out more about our environmental, social and governance activities.	<b>Regulatory Documents</b> View our Public Accountability Statements and other regulatory documents.

**Our digital  
experience**

**Our enhanced digital  
client experience will  
support growth**

# Digital transformation augments our unrivaled client experience and supports growth

digital



- Significant opportunity to maximize our investments in core technology and choose areas we want to disrupt
- Our Temenos partnership scales our delivery of leading edge digital technology, without large in-house investments
- Further broadens our access to lower cost funding through cash management deposits
- We work with service providers to selectively innovate for small businesses based on client needs, strategic priorities, and long-term objectives

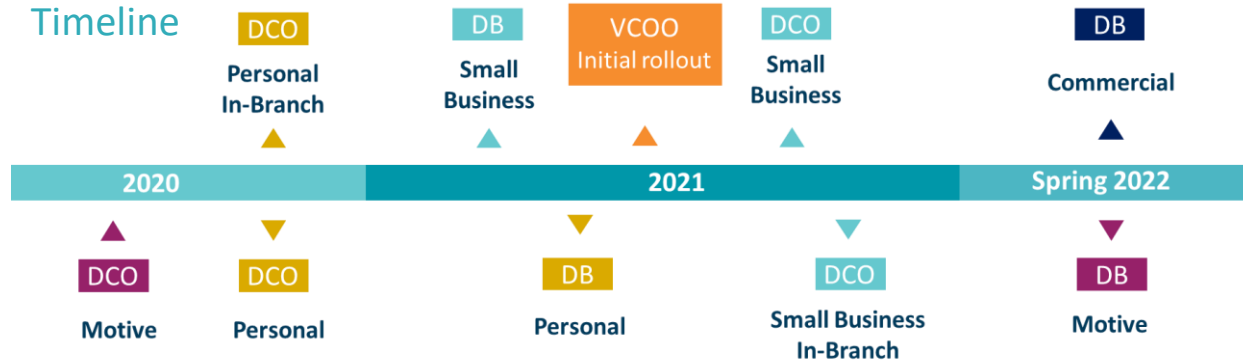
# Our digital strategy demonstrates we're obsessed with our clients' success

- Temenos Virtual COO is a digital tool that will disrupt the market for small business owners
  - Powered by advanced analytics and Explainable Artificial Intelligence
- It will provide clients access to real-time information and relevant insights to accelerate their business growth
- This digital solution will provide small business owners with a differentiated digital banking experience and accelerate our full-service client growth

[Click to watch](#) CWB's Jeff Wright, SVP, Equipment, Digital & Client Solutions discuss Virtual COO on FinExtra TV



## Timeline



**Digital client onboarding (DCO)**  
Allows prospective clients to apply for and fund accounts online. Back-end integration automatically creates account



**Digital banking (DB) platform**  
Will allow clients to access banking products and services through online and mobile, with back-end integration and single sign on



**Virtual COO initial soft launch**  
Business owners to be part of a beta group that will help us refine this product and ensure it meets their needs

**Diversification  
opportunities**

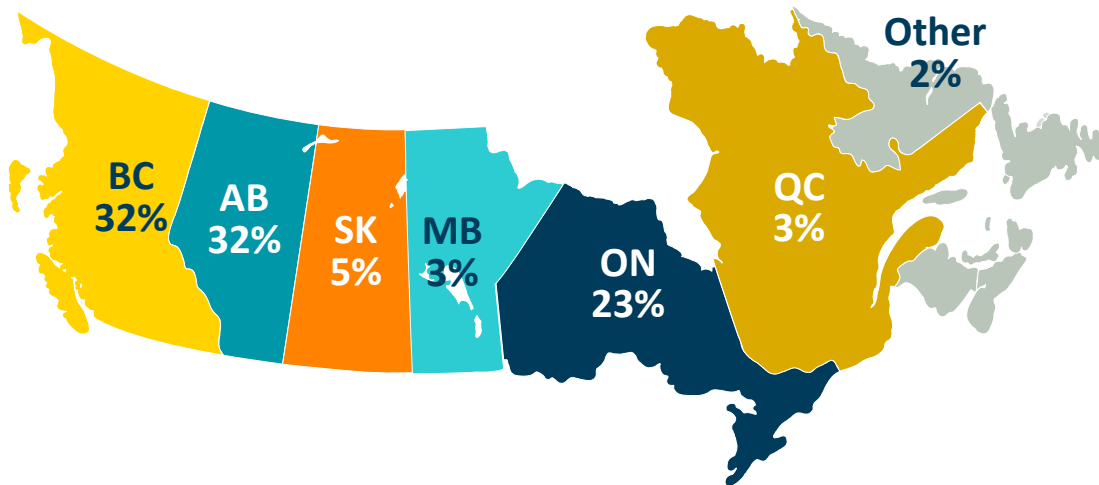
**We are growing our  
brand and market  
share in Ontario**

# Excellent opportunities for growth across target markets

**Our growth trajectory in Ontario supports our 30-30-30 diversification milestone for BC, AB and ON**

Total Loans, by Geography <sup>(1)</sup> (\$ billions)	Q2 2021	% of total loans	Y/Y change
British Columbia	\$10.1	32%	▲ 6%
Alberta	\$9.9	32%	▲ 7%
Ontario	\$7.3	23%	▲ 10%
Saskatchewan	\$1.5	5%	▲ 7%
Quebec	\$1.0	3%	▲ 8%
Manitoba	\$1.0	3%	▲ 10%
Other	\$0.6	2%	▲ 3%
<b>Total</b>	<b>\$31.4</b>	<b>100%</b>	<b>▲ 7%</b>

Loans by Province



- Ontario loans grew 10%, supported by our recently opened Mississauga banking centre
- In Q2, we formalized plans to open a new banking centre in Ontario in fiscal 2022

(1) Total loans outstanding exclude the allowance for credit losses

# Strong loan growth – Increasingly diversified

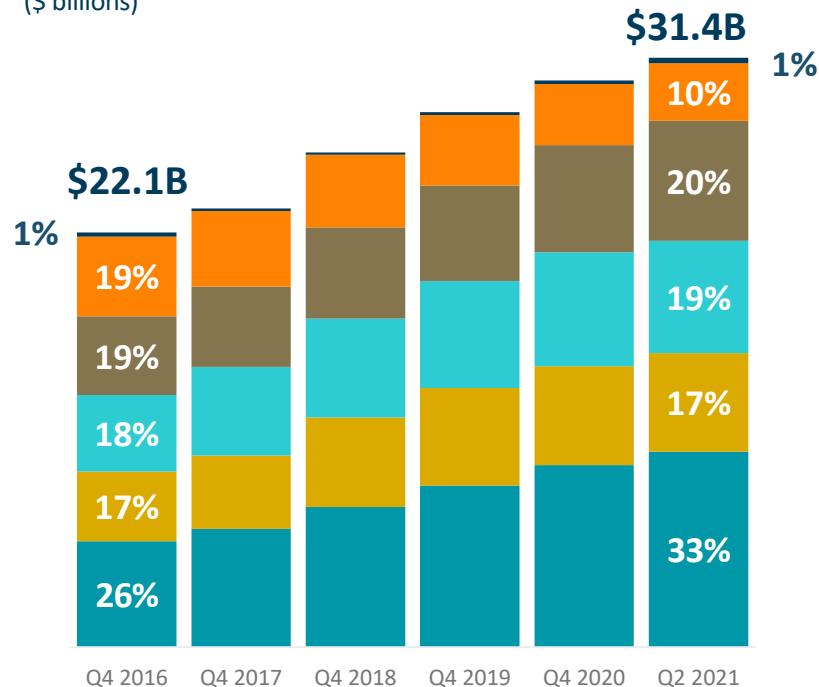
## General commercial provides excellent opportunities for growth in full-service relationships

- Strong annual growth in general commercial loans includes 15% growth in Ontario
- Very strong commercial mortgage growth primarily reflects strong new lending volumes in BC and AB with high-quality borrowers
- Lower-cost funding combined with transition to AIRB enables us to enter new markets and segments

Total Loans, by Type <sup>(1)</sup> (\$ billions)	Q2 2021	Y/Y change
General commercial loans	\$10.4	▲ 9%
Commercial mortgages	\$6.4	▲ 24%
Personal loans and mortgages	\$6.0	▲ 3%
Equipment financing and leasing	\$5.2	▲ 2%
Real estate project loans	\$3.1	▼ 8%
Oil and gas production loans	\$0.3	▲ 35%
<b>Total</b>	<b>\$31.4</b>	<b>▲ 7%</b>

(1) Total loans outstanding exclude the allowance for credit losses

Total Loans, by Type  
(\$ billions)



# Franchise strength

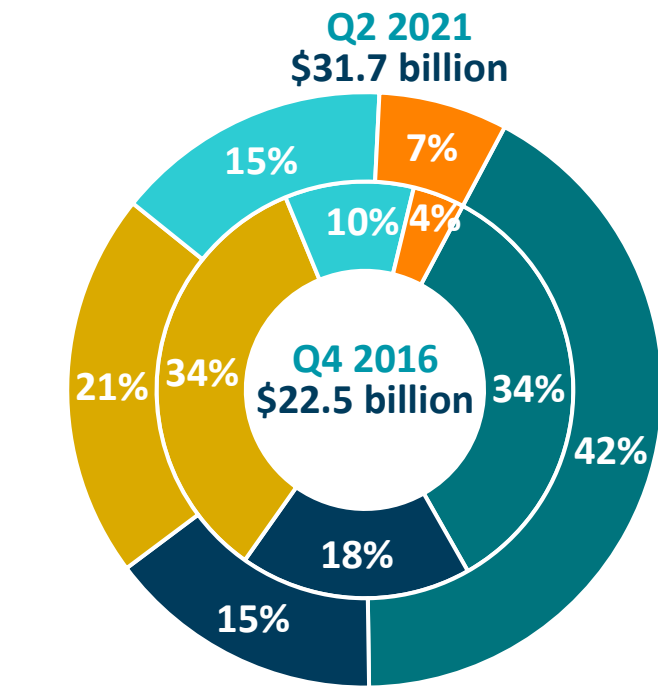
## Funding diversification and Capital Opportunities

**Our funding is strong and well-diversified.**

**Our capital levels have been stable through COVID-19 – AIRB transition provides potential upside.**



# Significant sequential improvement in funding diversification



■ Branch demand & notice deposits  
■ Broker term deposits  
■ Securitization

■ Branch term deposits  
■ Capital market deposits & sub debt

Total Funding (\$ billions)	Q2 2021	Y/Y change
Total branch-raised deposits	\$18.0	▲ 18%
Branch demand & notice	\$13.4	▲ 34%
Branch term	\$4.6	▼ 12%
Broker term	\$6.6	▼ 12%
Capital market deposits and sub debt	\$4.9	▲ 31%
Securitization	\$2.2	–
<b>Total</b>	<b>\$31.7</b>	<b>▲ 9%</b>

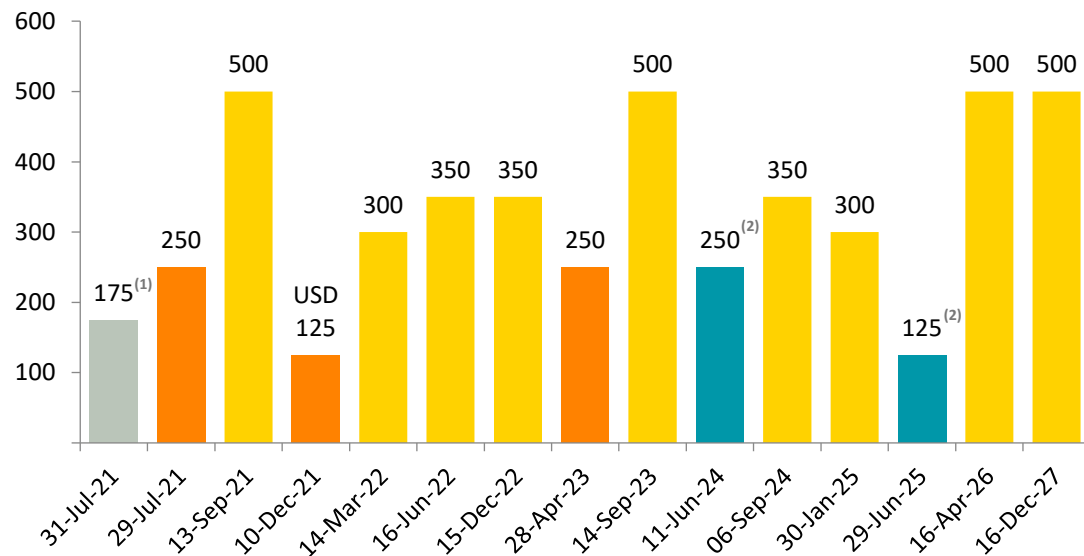
- Branch-raised deposit growth lowers our funding costs
- Branch-raised deposits up 2% sequentially, with lower cost notice and demand deposits up 6%

# Capital markets funding

## Maturity schedule

(\$ millions)

- Subordinated debentures
- Senior deposit notes (fixed)
- Senior deposit notes (floating)
- Bearer deposit notes



(1) Average maturity for bearer deposit notes outstanding at April 30, 2021

(2) Earliest redemption date

(\*) CWB is not subject to bail-in requirements

Credit Ratings (DBRS Morningstar)	Rating
Long-term senior debt and long-term deposits	A (low)
Short-term instruments	R-1 (low)
Subordinated debt (NVCC)	BBB (low)
Limited recourse capital notes (NVCC)	BB (High)
Preferred shares (NVCC)	Pfd-3

# Stable capital position

Capital ratios using the <i>Standardized</i> approach for credit risk	Q2 2021	Q2 2020	Regulatory Minimum <sup>(1)</sup>
Common equity Tier 1 capital (CET1)	8.7%	9.1%	7.0%
Tier 1 capital	11.2%	10.5%	8.5%
Total capital	12.9%	11.9%	10.5%
Basel III leverage Ratio	8.8%	8.3%	3.0%

- AIRB transition provides upside potential for our capital ratios
- Reduction of CET1 capital ratio from last year primarily reflects the impact of the wealth acquisition
- Our Tier 1 and Total capital ratios increased approximately 55 basis points on March 25, 2021 from a \$150 million Limited Recourse Capital Notes (NVCC) issuance
- With the recent LRCN issuances, we intend to redeem all of our outstanding Series 7 First Preferred Shares

(1) CWB is not subject to the Domestic Systemically Important Banks' 100-bp add-on nor the Domestic Stability Buffer.

# AIRB approach is expected to result in improved capital ratios

**We are actively using our AIRB tools in day-to-day risk management activities, which better equip us to manage through economic downturns**

Opportunity on initial AIRB approval to recalculate our risk-weighted assets (RWA), and therefore all capital ratios. This will enable the following enhanced capital allocation options, in order of priority:

- Higher levels of organic growth, where prudent
- Acquisition opportunities/portfolio acquisitions
- Right-size capital levels through common share NCIB/significant issuer bid
- Special dividend to common shareholders

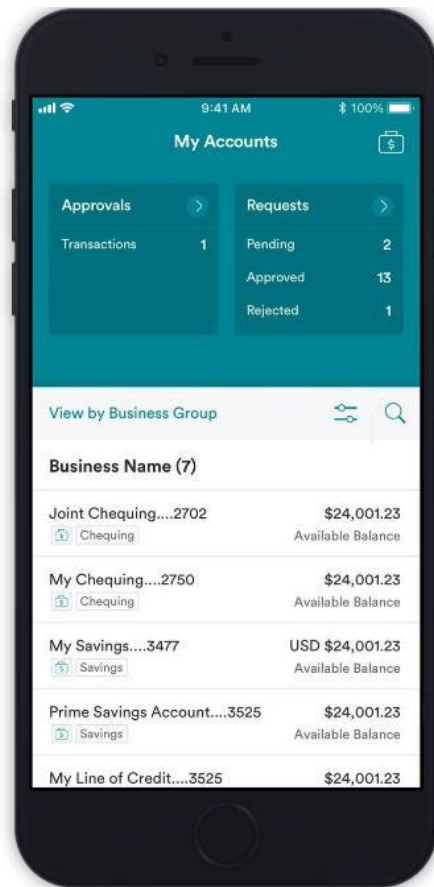
In March 2020 OSFI mandated that federally-regulated financial institutions halt dividend increases and suspend the use of share buyback programs

Additional benefits expected from the transition include:

- Improved data analytics for risk management
- Improved risk-based pricing capabilities and economic capital estimations
- Improved stress testing capabilities
- More accretive capital allocation opportunities over time

# A strong start to the year

Financial performance,  
credit, and  
outlook



# Updated fiscal 2021 financial outlook

**We are seeing signals of a strong economic recovery and our continued strategic execution will position us for accelerated growth**

Our strong financial performance in the first half of fiscal 2021 is expected to continue, under the assumption of a gradual recovery of the economy, with no significant or prolonged periods of adverse conditions.

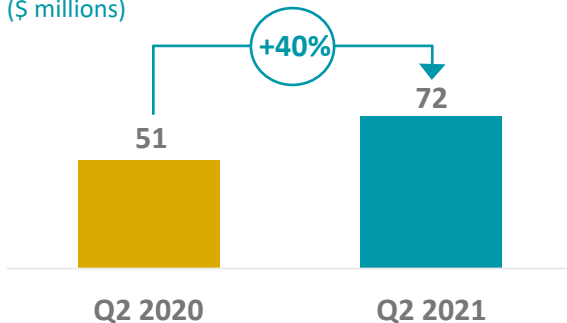
We now expect to deliver:

- Full year 2021 percentage growth of adjusted EPS in the mid-teens;
- Annual percentage loan growth to finish in the high-single digits, where prudent;
- Net interest margin is expected to fluctuate around 2.50% over the second half of the year;
- For the second half of fiscal 2021, we expect a total PCL in the range of high 20 to low 30 basis points, mostly attributable to PCL on impaired loans; and,
- Full year efficiency ratio between 48% to 49%, due to stronger net interest income

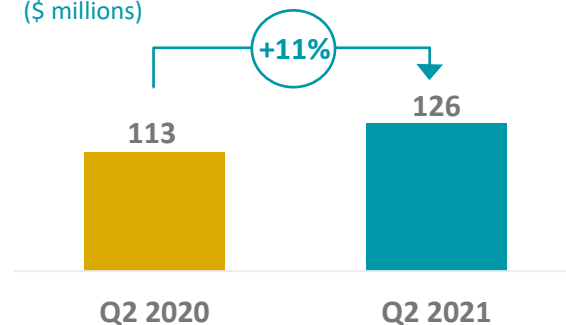
To provide the capital flexibility to take full advantage of potential accretive opportunities in excess of our current loan growth expectations, we plan to establish a \$150 million at-the-market common equity distribution program in Q3 2021.

# Q2 2021 results compared to Q2 2020

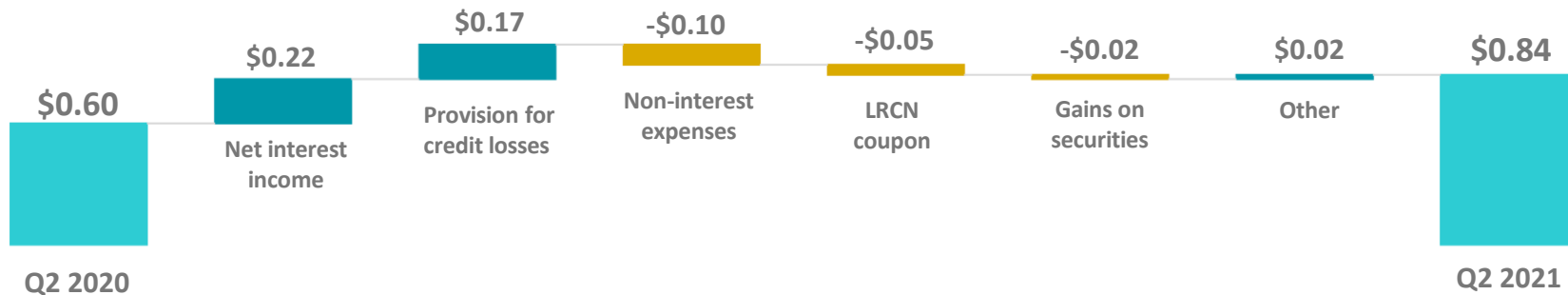
**Common Shareholders' Net Income**  
(\$ millions)



**Pre-tax, Pre-provision Income**  
(\$ millions)

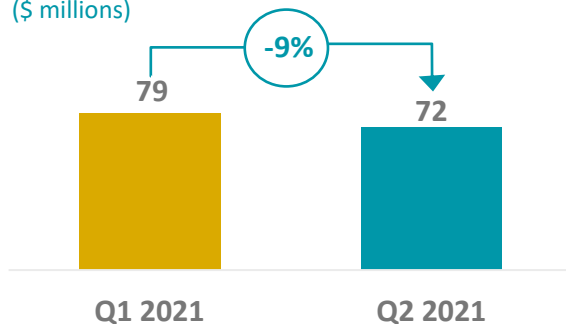


**Adjusted Earnings Per Share, up 40% from Q2 2020**  
(\$ per share)

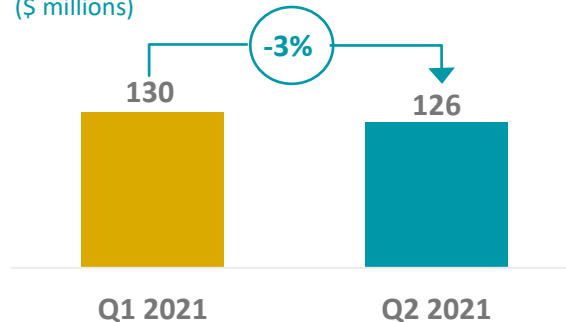


# Q2 2021 results compared to Q1 2021

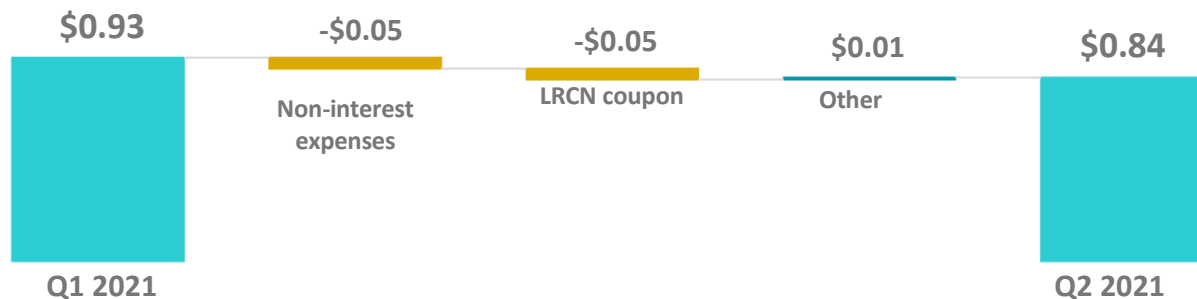
**Common Shareholders' Net Income**  
(\$ millions)



**Pre-tax, Pre-provision Income**  
(\$ millions)



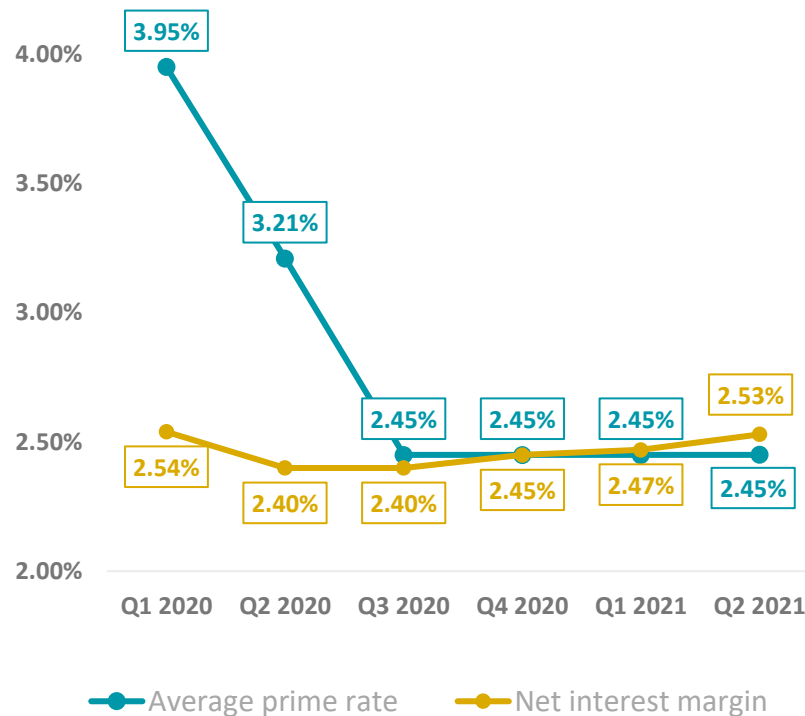
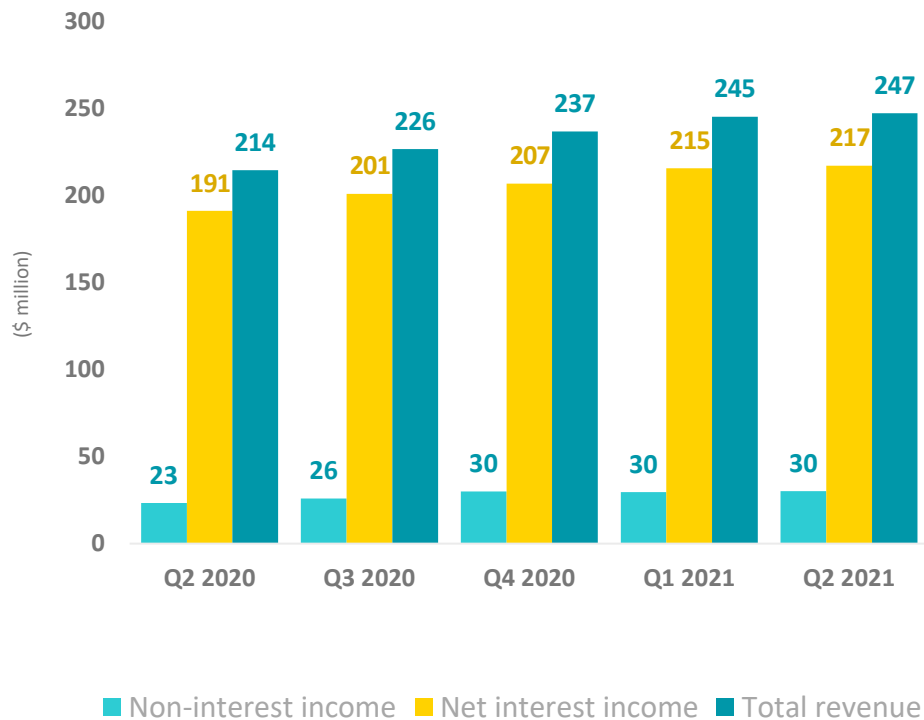
**Adjusted Earnings Per Share, down 10% sequentially**  
(\$ per share)





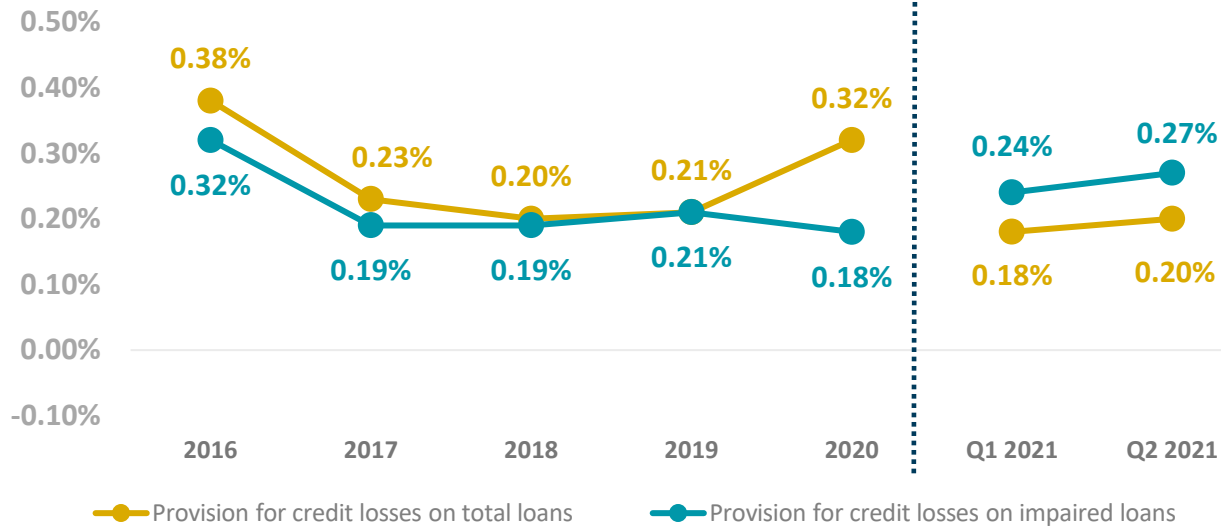
# Revenue growth

Very strong branch-raised deposit growth supported continued net interest margin improvement

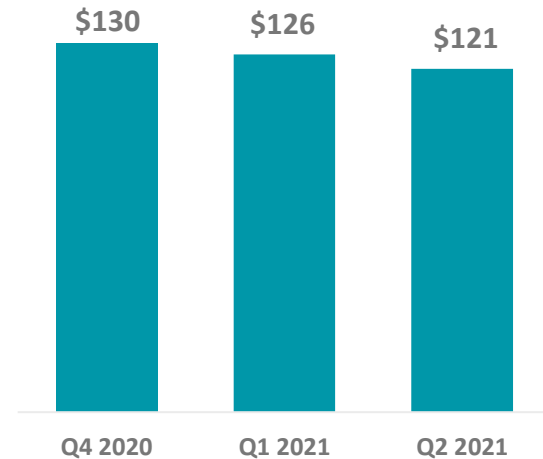


# Provision for credit losses reflects secured and prudent lending model

**Provision for Credit Losses on Loans<sup>(1)</sup>**  
(as a % of average loans)



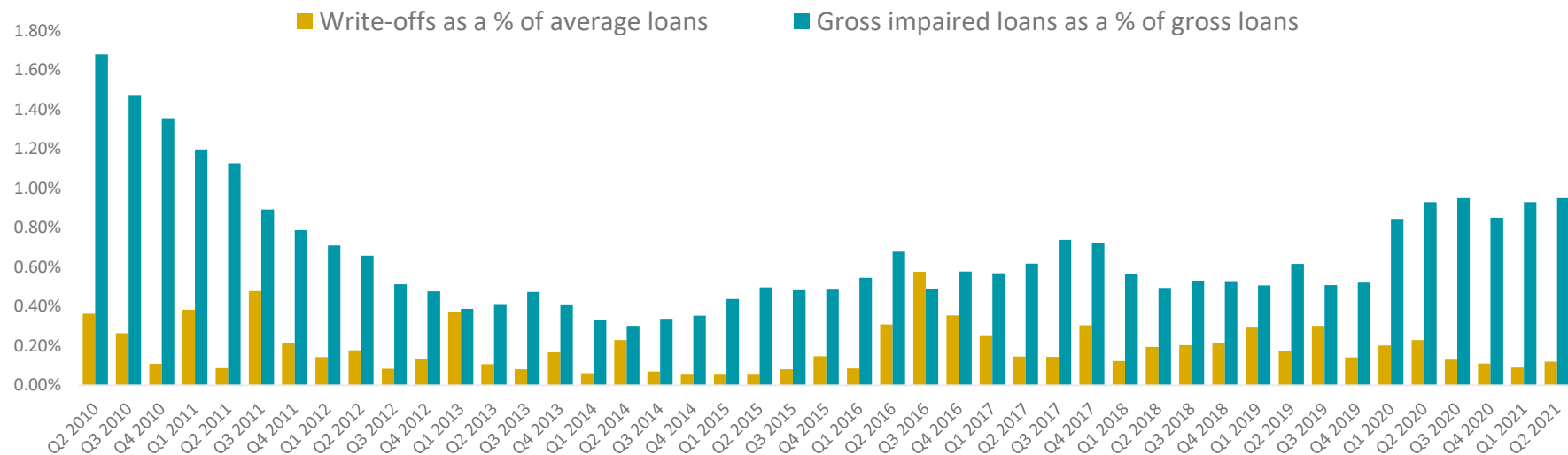
**Performing Loan Allowance**  
(Stage 1 & 2, in \$ millions)



- The seven-basis point recovery realized in Q2 2021 on performing loans, is attributed to improved macroeconomic forecasts related to the impact of the COVID-19 pandemic and a migration of loans back to Stage 1

(1) As of Q1 2019, results have been prepared in accordance with IFRS 9. Prior period comparatives have been prepared in accordance with IAS 39 and have not been restated.

# We are a secured lender and disciplined underwriter, with proven history of low write-offs through economic cycles<sup>(1)</sup>



- The dollar level of gross impaired loans fluctuates as loans become impaired and are subsequently resolved, and does not directly reflect the dollar value of expected write-offs given tangible security held in support of lending exposures
- Write-offs as a percentage of average loans remain low and continue to demonstrate the benefits of CWB's secured lending practices and disciplined underwriting

(1) As of the first quarter 2019, results have been prepared in accordance with IFRS 9. Prior period comparatives have been prepared in accordance with prior accounting standards and have not been restated.

**Full-service offering with  
valued advice focused on  
businesses and their  
owners**

**Diversified business  
lines**



# CWB National Leasing



- Industry leader in commercial equipment leasing across Canada and offers lease financing solutions for deals that range from \$5,000 to \$2 million



Long-standing management team with strong track record and proven experience



National Leasing's portfolio is well diversified across Canada, including 28% in Ontario and 20% in Quebec



**\$60K**

Lease average size at origination

**44 years**

Long history of strong performance

Provide commercial equipment leasing for a variety of industries:

- Agriculture
- Construction & transportation
- Medical
- Office & telecommunications
- Golf & landscaping
- Industrial & material handling



**\$2.7B**

Of leases (including securitized portfolios)

Securitization of equipment assets provides a valuable funding source

# CWB Maxium

- Structured loans and customized leasing solutions in niche industries across Canada



Long-standing management team with strong track record and proven experience

CWB Maxium provides excellent opportunities to grow full-service relationships in general commercial space



**82%**

Of portfolio is in Ontario



Our healthcare financing team provides financing solutions mostly to pharmacies

Our team delivers specialized financing solutions for:

- Health care
- Program financing
- Golf
- Real estate
- General commercial financing



**\$2.3B**

Of total loans

Golf team provides equipment leasing and mortgage solutions to more than 800 golf courses

# CWB Optimum Mortgage

- Broker-driven origination model providing alternative and insured residential mortgages across Western Canada, Ontario and selected regions of Atlantic Canada



Long-standing management team with offices in Edmonton and Richmond Hill



**47%**

Of CWB Optimum's mortgages are in Ontario, remainder well diversified across country



**30,000+**

Optimum Mortgage has access to over 30,000 mortgage brokers across Canada

Named Top Mortgage Workplace in Canada by Canadian Mortgage Professional magazine

Source and service residential mortgages through the Canadian mortgage broker market:

- Alternative lending
- "A" lending (insured and conventional)
- Portfolio acquisitions
- Underwriting and adjudication for branch originated term mortgages



**\$3.0B**

Of CWB's personal loans and mortgage portfolio

Solid source of fee-based income and interest revenues with an attractive yield

# CWB Franchise Finance



- Specialized financing solutions to:
  - Leading hotel industry owner-operators, and
  - Prominent and sophisticated restaurant operators and high growth brands across Canada



Long standing management team with strong track record and proven experience

## Low average LTV

Our hotel portfolio focuses on suburban limited service properties to owners with multiple locations outside of conference and vacation areas



**43%**

Of Franchise Finance's loans are in Ontario, remainder well diversified across country

Our team structures financial solutions that work with clients' cash flows:

- Term lending
- Revolver facilities
- Development loans
- Acquisition loans
- Construction financing



**75%**

Of exposure is in hotel portfolio



**\$1.3B**

Of total loans

Our restaurant portfolio focuses on sophisticated, multi-unit operators

These clients are showing good resilience in current environment



# CWB Trust Services



- We provide personalized trustee and custodial solutions for mid-sized pension plans, brokerage firms, investment managers, endowments, individual mortgage investors and other investment pools



Long-standing management team with Offices in Vancouver and Toronto service clients across Canada

**\$3.8B**

Registered Plan Trust Deposits

Additional ~\$0.4B of deposits in custody accounts

**\$13B AUA**



## Three lines of business:

- Trust & Corporate Custody Services
- Bare Trust (Industry Leader)
- Investor Mortgages (ALMs, NALMs)



**32%**

Of the estimated addressable bare trust market

## Some of the services we provide:

- Custody/trust accounts
- Payment processing
- Trade settlement
- Registered plans
- Accounting and reporting
- Exclusive self-directed plan administration



**1,300+**

Corporate custody client appointments



Provides additional CDIC licenses

- CWB has three CDIC licenses
- CWB
  - CWT
  - Valiant Trust



**13,000+**

Self-directed plans, including 6,000+ for CWF, and 4,000+ investor mortgages

# CWB Wealth Management

- A leading provider of private wealth advisory services and professional investment management
- Offering specialized expertise for successful business families, corporate executives, professionals, and institutions



A legacy of service and value-creation for wealthy Canadian families going back to 1939

Teams across Canada offering services in English and French

**\$9.6B**

Of assets under management, advisement, and administration

Exclusive access to professionally managed, proprietary investment strategies as well as third-party managed solutions

Private Wealth Advisory teams across Canada, with expertise in:

- Portfolio management
- Complex financial and estate planning
- Tax services
- Asset protection
- Risk management



Wealth acquisition to support adjusted EPS modestly at first, with further accretion beginning in fiscal 2022



We expect the acquired teams to help accelerate full-service client growth



Very strong advisor and client retention following the wealth acquisition<sup>(1)</sup>



(1) On June 1, 2020, we acquired the businesses of T.E. Wealth and Leon Frazer & Associates (the wealth acquisition). T.E. Wealth was founded in 1972 and Leon Frazer & Associates was founded in 1939.

# Contact information

## Common share listing

TSX symbol: CWB

S&P/TSX index inclusions: Composite,  
Completion (mid-cap), Capped  
financial

Shares outstanding: 87.1 million

Market Cap: ~\$2.9 billion

## Investor Relations Team

Patrick Gallagher

VP, Strategy & Investor Relations

Tel: 780.969.8314

[patrick.gallagher@cwbank.com](mailto:patrick.gallagher@cwbank.com)

Chris Williams

AVP, Investor Relations

Tel: 780.508.8229

[Chris.Williams@cwbank.com](mailto:Chris.Williams@cwbank.com)

Toll-free: 1.800.836.1886

[InvestorRelations@cwbank.com](mailto:InvestorRelations@cwbank.com)

[cwbank.com/investor-relations](http://cwbank.com/investor-relations)

Canadian Western Bank Place

Suite 3000

10303 Jasper Ave

Edmonton, Alberta

T5J 3X6