

Canadian Western Bank Investor Presentation

Q3 2022



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 media releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about our 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 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 will 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 regulatory capital purposes, 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, supply chain disruptions, 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* sections of our 2021 annual Management's Discussion and Analysis (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. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the *Outlook* and *Allowance for Credit Losses* sections of our Q3 2022 MD&A and our 2021 annual MD&A, which are available on SEDAR at www.sedar.com.

CWB Financial Group

Our aspiration is to be the best full-service bank for business owners in Canada



CWB recognized as one of this year's 20 Best Workplaces in Canada™



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

TSX: CWB is included in the TSX composite index

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

Why invest in CWB?

Investments in our digital client experience position us for continued strong full-service client growth

We are capitalizing on a significant opportunity to grow in Ontario

Delivering a sustainable and scalable operating model

We are a disciplined lender that delivers strong, consistent growth with a history of low credit write-offs

A successful transition to the AIRB approach is expected to boost our capital ratios

Strategic execution focused on creating value

Building the best bank for business owners in Canada



CLIENTS

Deliver unrivaled client experience

By enhancing our **digital & payments** capabilities, strengthening our **full-service offering**, & enabling the right **client-focused behaviours** to bring *client experience* to life.



PEOPLE

Be a destination for top talent

By creating a workplace and **culture** that **engages** our teams and enables them to be as **effective as possible** in support of our clients and business goals.



INVESTORS

Optimize our business

By strengthening our **funding, capital, & diversification**, increasing our focus, speed, & execution to drive **profitable growth & attractive sustainable returns** for investors.

Delivering our brand promise



Obsessed with your Success™

Proactive

Anticipating our client needs before they do, following through with speed and finding ways to add more value beyond what they ask for.

Personalized

Taking the time to understand our clients' needs, tailoring solutions unique to them and making them feel like a valued partner versus a number.

Specialized

Offering our clients advice, tools and solutions that are unmatched in quality and relevance because of our deep industry expertise and knowledge.

United

Our teams show up as ONE CWB for our clients, to offer seamless, integrated, full-service products and advice.

High-touch personal service, customized for business owners

You'll love it here – [View our new commercial](#)

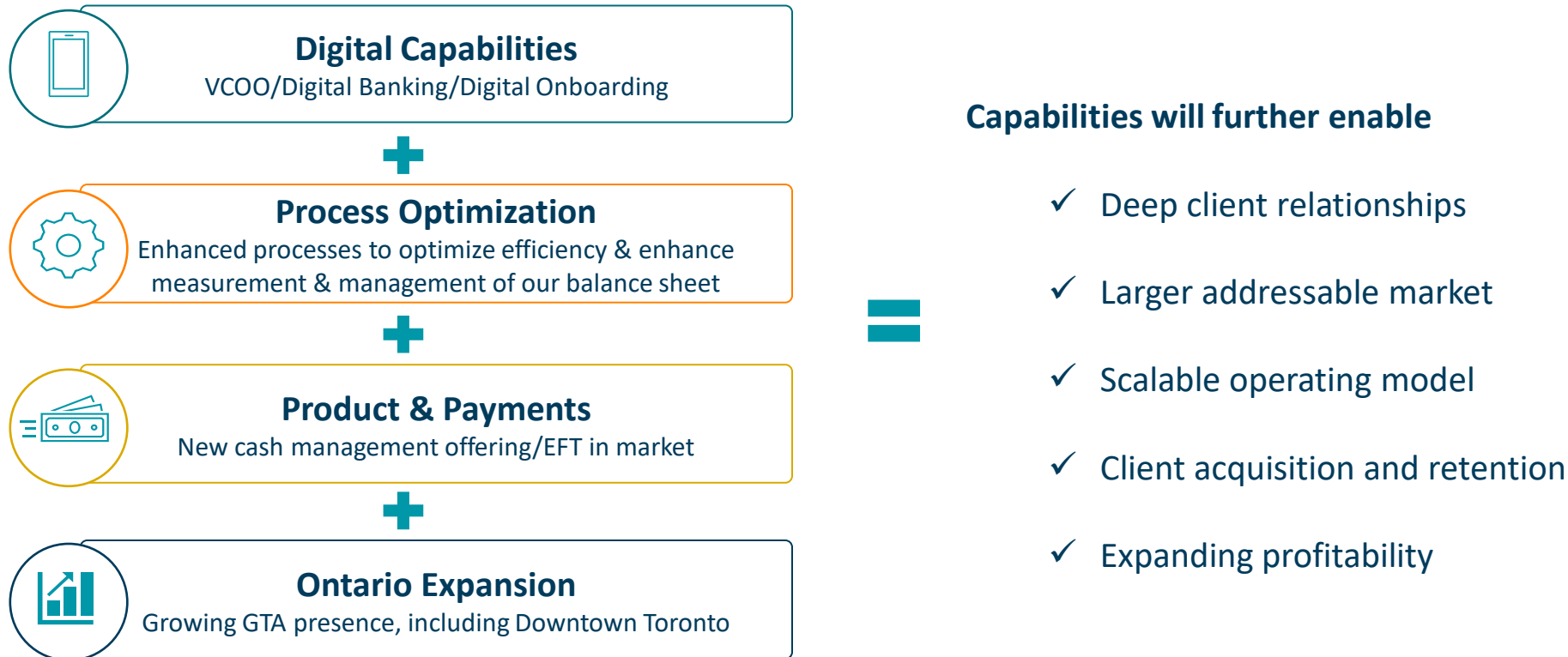


Business owners who use CWB as their Primary Bank

- **92%** say we make them feel like a valued client*
- **90%** say we take the time to understand their needs*
- **91%** would recommend their Relationship Manager*
- **90%** say their Relationship Manager is a trusted advisor*

*CWB client research of business owner clients (2021)

Substantial upside to unlock a higher gear of growth



Optimize our business through digital transformation

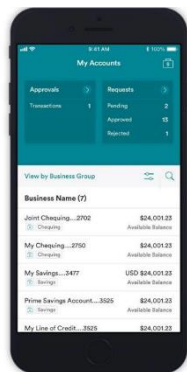
Digital and Payments Transformation

Target Outcomes

Augment our client experience with enhanced capabilities, increasing our ability to grow **full-service client relationships**.

Expand our reach with new channels for client acquisition & growth in loans, lower cost deposits & fee income.

Use our digital tools and infrastructure to **increase speed, productivity, and efficiency**

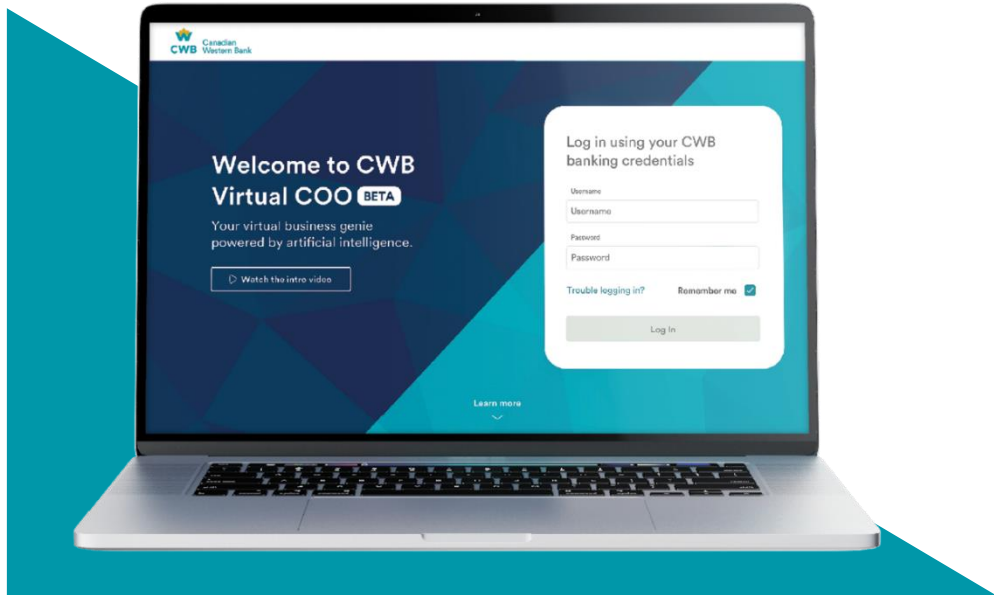


Current Status

- In Q3 2022, we launched our:
 - Updated personal banking and new small business (SB) platforms.
 - Incremental features will be integrated into the SB platform as part of the full Virtual COO launch later this year
- Enhanced payments offering will be rolled out in Fiscal 2023

CWB's Virtual COO is an innovative tool for small business owners

Powered by advanced data analytics and explainable-artificial intelligence, this first-in-Canada tool provides small business owners access to vital information to strengthen and grow their business



Virtual COO (VCOO) provides clients with:

- Real-time access to cash flow information and their Business Health Score.
- Better cash flow analytics with simulations.
- Customizable and actionable, data-driven insights.

Current status

- Full VCOO launch will occur later this year
- Integration with the small business platform is underway

Delivering a sustainable and scalable operating model



AIRB transition project

Target Outcomes

Achieve **AIRB approval** from OSFI.

Maximize use of AIRB tools to streamline credit processes, target attractive risk-adjusted returns, & enhance ROE.

Deploy capital towards attractive growth opportunities, **increasing CWB's addressable market.**

Current status

- Delivered significant progress on the development of revised AIRB tools incorporating targeted enhancements and Final 2023 CAR guidelines.
- Completion of a material portion of revised AIRB tools targeted around the end of fiscal 2022.
- We will implement and operate our revised AIRB tools across the business for a sufficient period to support a successful resubmission of our application to OSFI.

Sustainability priorities

Our approach will deliver sustainable value for all our stakeholders

Environmental

- Measure our consolidated Scope 1, 2, and 3 greenhouse gas (GHG) emissions, including financed emissions.
- Consider GHG decarbonization approach and targets to support Canada's transition to net-zero emissions.
- Develop an approach to support our clients through Canada's transition to net-zero emissions.
- Develop our capabilities to perform climate scenario analysis.
- Phased adoption of TCFD and SASB disclosures.

Social

- Support continued inclusion and diversity in our teams, now comprised of 60% women, 30% Black, Indigenous or racialized persons, and 5% persons with disabilities.
- Enhance our workplace practices with a focus on team member mental health and wellness, and flexible work options.
- Invest in our communities with a focus on *Enabling Business* and *Promoting Inclusivity*.
- Continue to support small business owners in Canada with our enhanced digital offering.

Governance

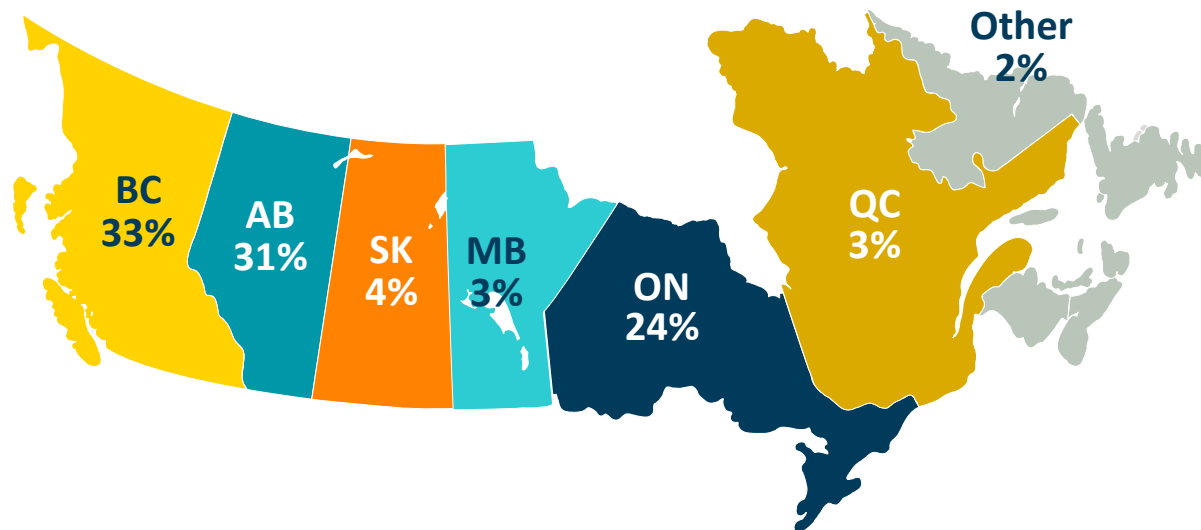
- Maintain strong diversity of our Board, now comprised of 55% women, including our Chair of the Board, and 18% Black, Indigenous or racialized persons.
- Continue to strengthen Board and Management oversight of sustainability.
- Advance risk management frameworks to support identification, management, and reporting of environmental and social risks.
- As our approach to climate change evolves, explore how best to align our compensation programs for key senior leaders.

To learn more about our approach, see our 2021 Sustainability Report at: www.cwb.com/corporate-social-responsibility

Excellent opportunities for growth across target markets

Our growth trajectory in Ontario supports our diversification strategy

Total Loans, ⁽¹⁾ by Geography (\$ billions)	Q3 2022	Y/Y change
British Columbia	\$11.7	▲ 11%
Alberta	\$10.8	▲ 7%
Ontario	\$8.4	▲ 13%
Saskatchewan	\$1.6	▲ 1%
Quebec	\$1.1	▲ 14%
Manitoba	\$0.9	▼ 1%
Other	\$0.7	▲ 2%
Total	\$35.2	▲ 9%

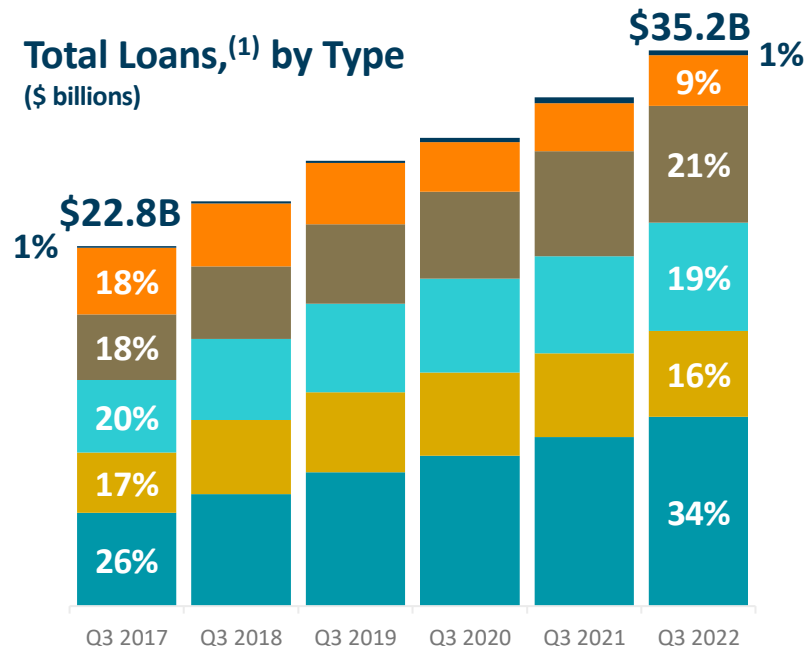


- Our new Markham banking centre opened in Q3 and our downtown Toronto location is expected to open in 2023.

Strong loan growth – Increasingly diversified

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

Total Loans, ⁽¹⁾ by Type (\$ billions)		Q3 2022	Y/Y change
■	General commercial loans	\$12.0	▲ 12%
■	Commercial mortgages	\$7.4	▲ 11%
■	Personal loans and mortgages	\$6.9	▲ 11%
■	Equipment financing and leasing	\$5.4	▲ 3%
■	Real estate project loans	\$3.2	▲ 6%
■	Oil and gas production loans	\$0.3	▼ 14%
Total		\$35.2	▲ 9%

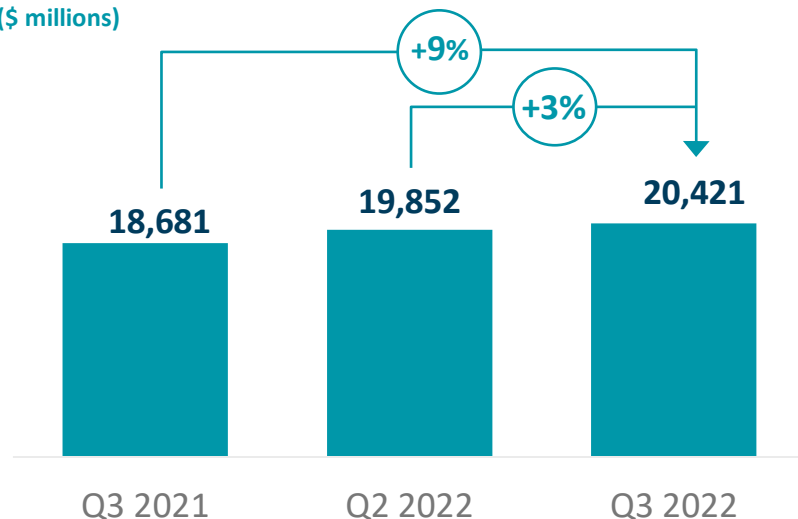


(1) Excludes the allowance for credit losses.

Our deep and liquid funding sources

Total Branch-Raised Deposits

(\$ millions)



Total Funding, by Type

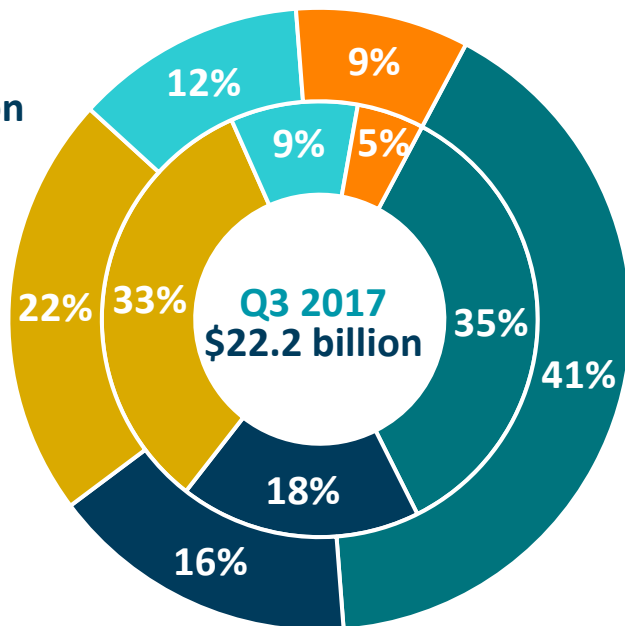
(\$ billions)

% of
total funding

	Q3 22	Q3 22	Q3 21
Total branch-raised deposits	\$20.4	57%	57%
Branch demand & notice	\$14.7	41%	43%
Branch term deposits	\$5.7	16%	14%
Broker term deposits	\$7.9	22%	20%
Capital markets deposits & sub debt	\$4.5	12%	15%
Securitization	\$3.0	9%	8%

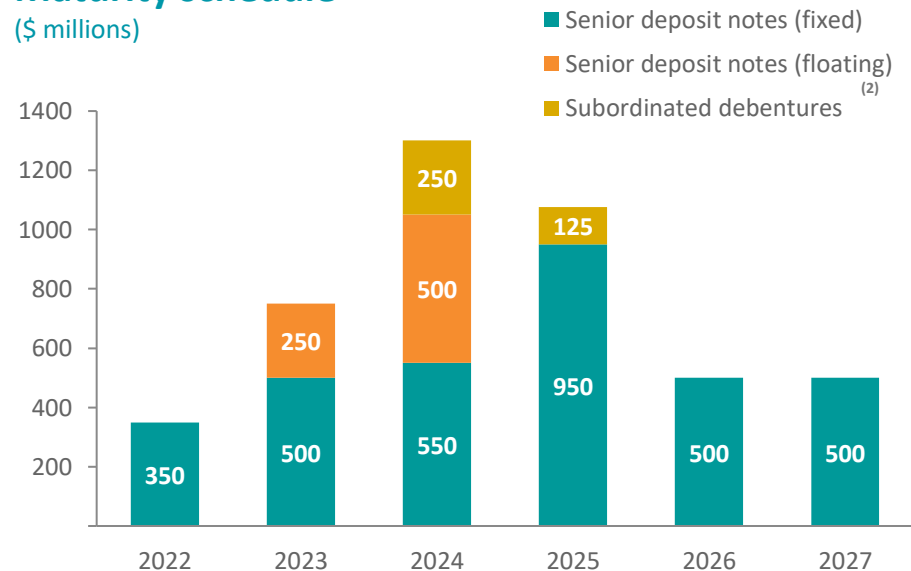
Balanced growth that strengthens our franchise

Q3 2022
\$35.8 billion



- Branch demand & notice deposits
- Branch term deposits
- Broker term deposits
- Capital market deposits & sub debt
- Securitization

Maturity schedule⁽¹⁾ (\$ millions)



(1) CWB is not subject to bail-in requirements.

(2) Earliest redemption date.

Capital ratios using the <i>Standardized</i> approach for credit risk ⁽¹⁾	Q3 2022	Q3 2021	Regulatory Minimum ⁽²⁾
CET1 capital	8.9%	8.8%	7.0%
Tier 1 capital	10.7%	10.8%	8.5%
Total capital	12.2%	12.4%	10.5%
Basel III leverage ratio	8.2%	8.6%	3.0%

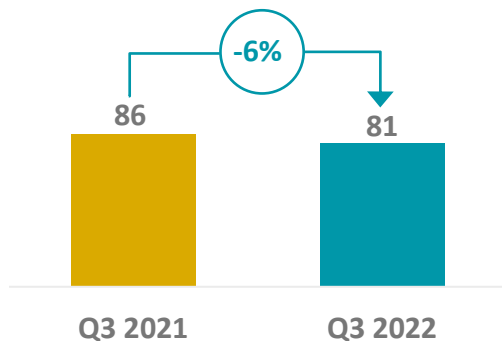
- Our CET1 capital ratio has been stable over the last year.
- Despite recent common share prices, net earnings contributed from incremental loan growth, supported by ATM issuances, more than offsets the dilutive impact of incremental shares issued this quarter, driving an ongoing increase in EPS and ROE.
- From our preliminary assessment, we expect the overall impact of the finalized Capital Adequacy Requirements (CAR 2023) will be moderately positive when they become effective in Q2 2023.

(1) Regulatory ratios are calculated in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada.

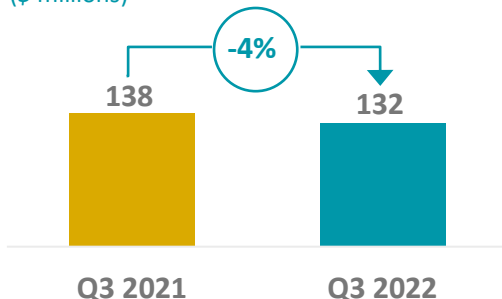
(2) CWB is not subject to the Domestic Systemically Important Banks' 100-bp add-on nor the Domestic Stability Buffer.

Q3 2022 results compared to Q3 2021

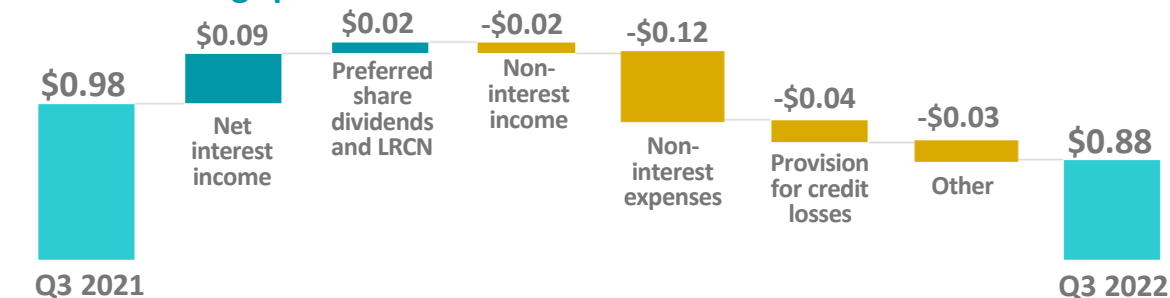
Common Shareholders' Net Income (\$ millions)



Pre-tax, Pre-provision Income⁽¹⁾ (\$ millions)



Diluted Earnings per Share



Adjusting Items after Tax (\$ per share)



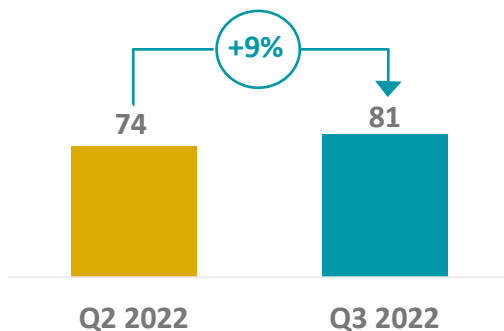
Adjusted Earnings per Share⁽¹⁾



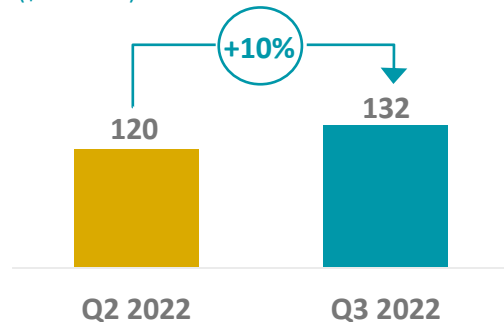
(1) Non-GAAP measure – refer to definitions and detail provided on page 2 of our Q3 2022 MD&A which is available on SEDAR at www.sedar.com.

Q3 2022 results compared to Q2 2022

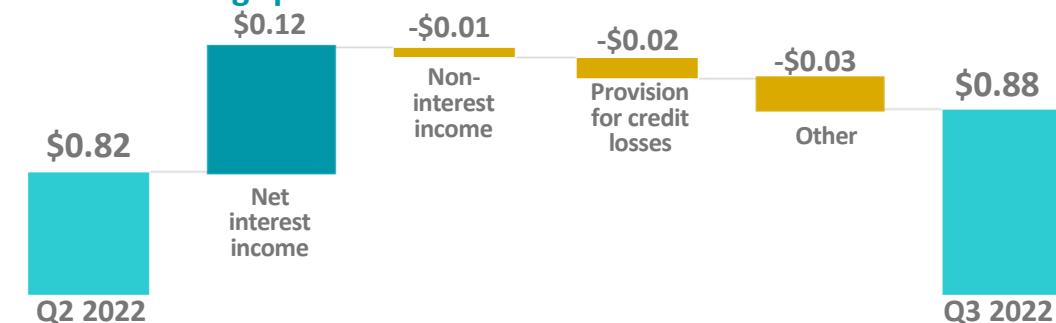
Common Shareholders' Net Income (\$ millions)



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



Diluted Earnings per Share



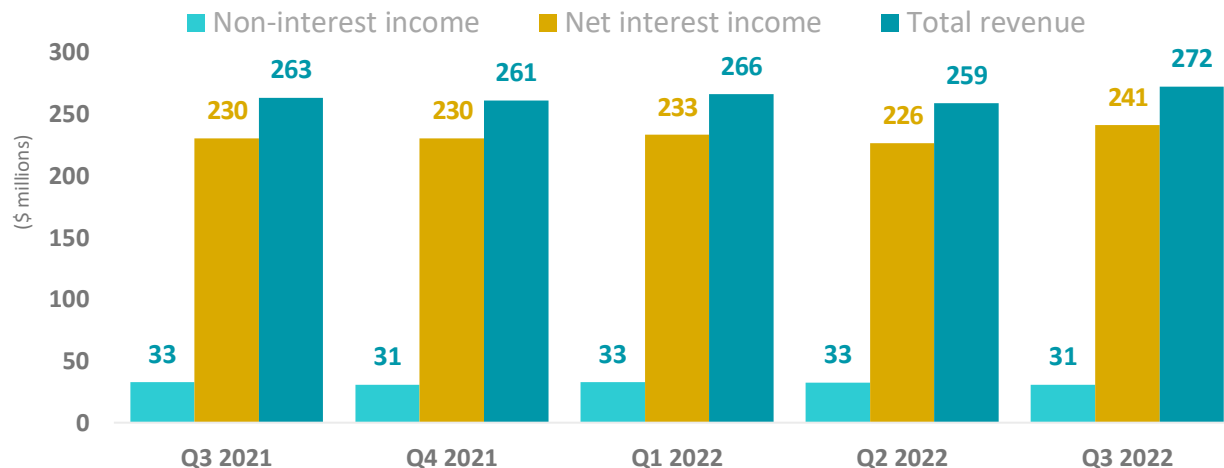
Adjusting Items after Tax (\$ per share)



Adjusted Earnings per Share



Revenue



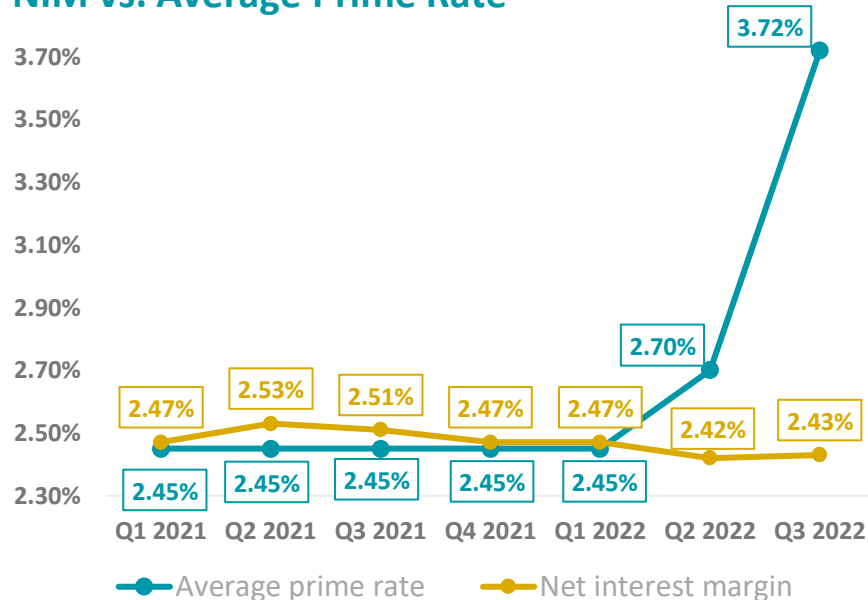
- Net interest income increased 6% from the prior quarter, driven by:
 - 4% sequential loan growth,
 - three additional interest-earning days,
 - a 1 bp increase in net interest margin⁽¹⁾.
- Non-interest income decreased 5% from the prior quarter due to lower foreign exchange revenue and lower wealth management fees.

(1) Non-GAAP measure – refer to definitions and detail provided on page 2 of our Q3 2022 MD&A which is available on SEDAR at www.sedar.com.

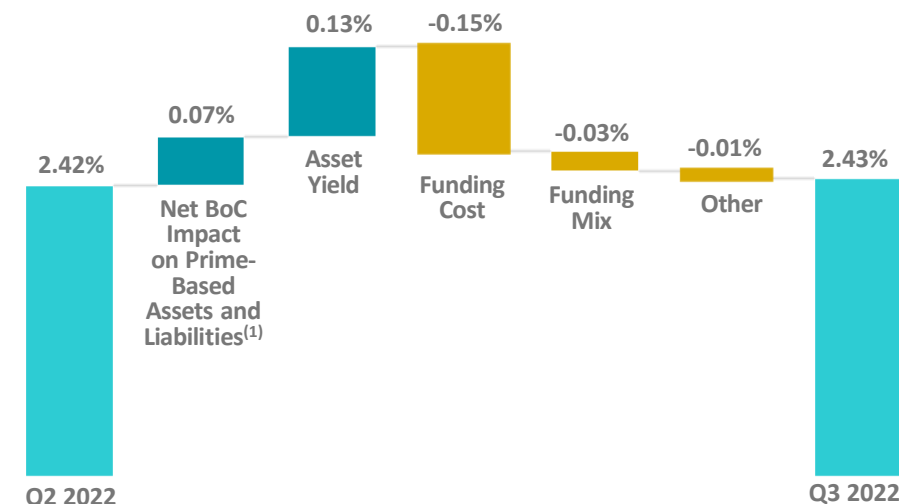
Net Interest Margin (NIM)

We expect NIM expansion to be supported by sustained stability in funding costs and continued strong growth of branch-raised deposits

NIM vs. Average Prime Rate⁽¹⁾



Sequential Change in NIM

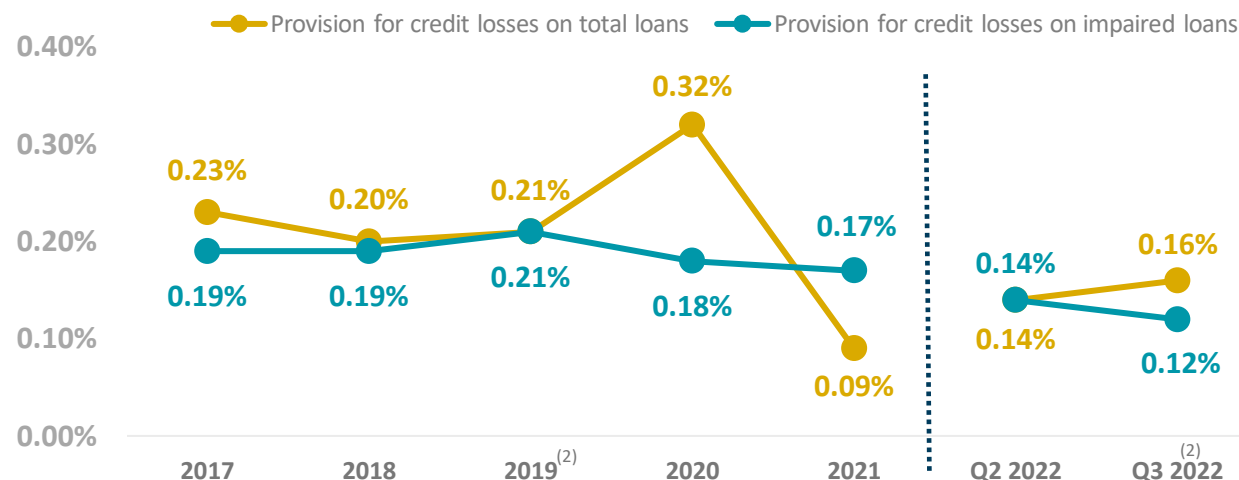


(1) Excludes the impact associated with market-based loans, which benefit from an increased prime over time as rate resets occur. Includes branch-raised deposits where pricing is linked to or floats with prime.

Provision for credit losses reflects secured and prudent lending model

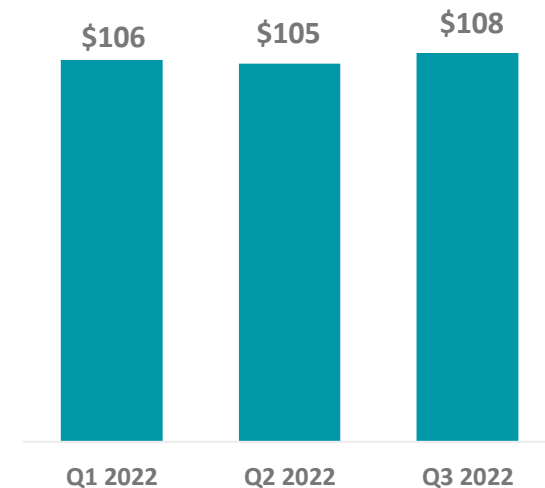
Provision for Credit Losses⁽¹⁾

(as a % of average loans)



Performing Loan Allowance

(Stage 1 & 2, in \$ millions)

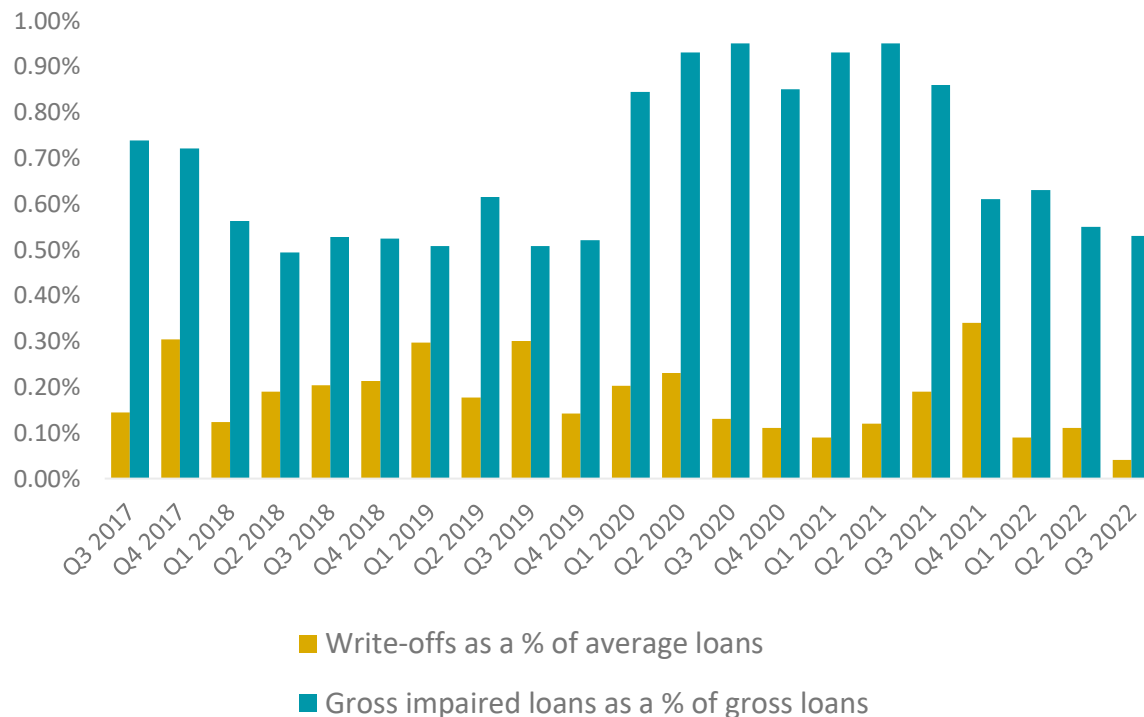


- The sequential performing loan allowance increase was primarily driven by a slight deterioration in macroeconomic factors and strong loan growth.

(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.

(2) Non-GAAP measure – refer to definitions and detail provided on page 2 of our Q3 2022 MD&A which is available on SEDAR at www.sedar.com.

Gross impaired loans and write-offs⁽¹⁾



5-year Average:

- 0.18% - write-offs as a % of average loans
- 0.68% - gross impaired loans as a % of gross loans

(1) As of the Q1 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.

History of low write-offs through economic cycles

Global Financial Crisis⁽¹⁾

0.14%

1.19%

2016 Oil Price Crash⁽²⁾

0.37%

0.68%

COVID-19⁽³⁾

0.18%

0.95%

- Since the GFC, we have further strengthened our risk profile due to:
 - Improved our geographic diversification by significantly expanding presence in Ontario.
 - Improved industry diversification.
 - Significant investment in our risk management processes to support our AIRB journey.
- Elevated level of impairments from small oil exploration and production companies. Persistent low oil prices created impairments which were written off as regulatory change prevented companies from selling producing assets, eliminating their ability to restructure their balance sheets or banks to realize on the underlying security.
- We subsequently completely exited this lending channel and have no current exposure to this category of borrower.
- Our teams proactively supported clients to access government support through our **#CWBhasyourback** program.
- We successfully worked with clients from provision of temporary payment deferrals in fiscal 2020 to resumption of normal payments. We have no adverse trends in the credit performance of these loans compared to the remainder of our portfolio.

Peak 12-month write-offs during economic cycle

Highest gross impaired loans as a % of gross loans percentage reported during economic cycle

Data reflects the following periods: (1) from November 2007 through July 2009 (2) from November 2014 through January 2017 (3) from November 2019 through July 2022.

F2022 Outlook

Our teams remain focused on full-service client growth opportunities within our strict underwriting and pricing criteria

Metric	Fiscal 2022 Expectations – Annual % growth
Total loan growth, where prudent	High single-digit
Branch-raised deposits growth	Double-digit
Pre-tax, pre-provision income growth	Low single-digits
Adjusted earnings per share	Mid-single digits reduction

- Quarterly NIM is expected to expand sequentially in Q4 by two to four basis points.
- We expect a total provision for credit losses on average loans of approximately 20 basis points in Q4
- We anticipate recognition of ~\$13 to \$15 million of incremental non-interest expenses in Q4 related to the non-recurring accelerated depreciation of previous AIRB assets.
 - Excluding this accelerated depreciation, annual growth of non-interest expenses will be in the low double-digits with an annual efficiency ratio of around 51%.

CWB listing information

(as of July 31, 2022)

TSX symbol: CWB

Market Cap: ~\$2.4 billion

- Shares outstanding: 93.0 million

S&P/TSX index inclusions:

- Composite,
- Capped financial,
- Completion (mid-cap).

Credit Ratings – Stable Trend (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

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