



CWB Financial Group Annual Meeting of Shareholders

Fiscal 2017

Prepared remarks of the President and Chief Executive Officer

Chris Fowler
President and CEO
April 5, 2018





Thank you all for coming today.

It's an honour and a pleasure to speak to you. Every year I look forward to this opportunity to express my gratitude to all of the dedicated and caring CWB teams who drive our continued growth, and to look ahead at CWB's very promising future with our valued shareholders.

Carolyn has just furnished us with a review of our financial performance for 2017, and our medium-term performance targets. Clearly, fiscal 2017 was an excellent year for CWB Financial Group. Full credit for our collective success goes to the support of our valued clients, and the tremendous effort and achievement of our people. On behalf of our shareholders, I want to thank you all very much.

Excellent financial performance last year was a direct outcome of strong execution against our balanced growth strategy. Balanced growth has been at the heart of our strategy for a number of years, and we've been clear about what it means. In 2017, and as we move through fiscal 2018, we continue to hit our marks on all three of the strategic priorities Carolyn discussed. We have maintained our focus on business owners while delivering organic growth across a broader geographic footprint with increased industry diversification.

Our branch-based CWB teams, led by Blaine Forer in British Columbia, Lester Shore in Northern Alberta and Jeff Bowling in the Prairies, continue to deliver for our clients, with steady progress against our goal to develop more full-service relationships. Strong performance from CWB Maxium, led by Paul McLean and Daryl MacLellan, CWB Optimum Mortgage, led by Rejean Roberge, CWB National Leasing, led by Michael Dubowec, CWB Equipment Finance, led by Kirby Hill, and CWB Franchise Finance, led by Ed Khediguan, all continue to contribute to our success against our growth and diversification objectives.

Carolyn also mentioned that strategic acquisitions continue to contribute to our growth story. Together, the combination of organic and acquisition-related growth has significantly increased our presence in Central and Eastern Canada, and our momentum continues on this front. Including contributions from the asset purchase at the end of the first quarter, this region now represents more than 25% of our overall portfolio, up significantly from less than 20% in fiscal 2016 and 4% ten years ago.

For industry diversification, the general commercial category is particularly important to us because it reflects activity with business owners representing the full scope of Canada's economy. I'm happy to report that at the end of the first quarter it comprised 28% of CWB's total loans, up from 22% in fiscal 2016.

Execution of our balanced growth strategy on the funding side was also strong last year. Carolyn has discussed our 2017 highlights related to execution of our funding strategies, including the fact we maintained stable balances of branch-raised demand and notice deposits, with important contributions from Canadian Western Trust, led by Matt Colpitts.

Now I would like to take a moment to underline how the geographic and business diversification aspects of balanced growth tie into our third strategic objective: to optimize capital and risk management. A more diversified business is simply better suited to maximize the benefits of our planned transition to the advanced approach for calculating regulatory capital.

This important transformation will put us on more equal footing with our competition by equipping us to target business that generates the most attractive risk-adjusted returns and allocate resources accordingly. We are making steady progress toward our transition, and we look forward to providing you with further updates as our project moves forward under the leadership of EVP and Chief Risk Officer, Bogie Ozdemir.





Next I'd like to focus on our over-arching strategic objective that ties across our balanced growth priorities: our goal to become the best full-service bank for business owners in Canada. There is no doubt this is an ambitious goal, but one worth striving for. I know we can get there through continued disciplined execution of our plan.

Performing well against the growth and diversification objectives I've discussed means we are reaching more clients in more markets. It means we are strengthening our mid-market commercial banking franchise by increasing the breadth and depth of our client relationships, and growing the value of our brand by helping more entrepreneurs and business owners achieve their goals.

We've worked hard to expand the scope of what we can offer, and how we're able to step up and help our valued clients grow. With continued strong execution of our strategy, we are better-equipped to deliver personalized service that consistently meets our clients' sense of urgency. And we're making steady progress against our goal to develop broader and deeper client relationships that go beyond highly-valued lending solutions.

To create the best client experience, we are committed to using every tool at our disposal, and this includes using technology to make banking easier for business owners. One month from now, we will celebrate the second anniversary of our successful core banking system transformation. This system enabled us to launch the pilot phase of our virtual branch in the first quarter of fiscal 2018.

The virtual branch represents a unique approach to remote service delivery. It's a blend of high-tech and high-touch, where personal service from experienced commercial banking relationship managers complements convenient on-line banking options. Features include our recently deployed remote deposit capture technology, and options to house business and personal banking information on a common platform.

We expect the virtual branch to enable growth outside our traditional branch footprint. And what is just as important, it will also make business banking easier for our established clients in places like Westlock, Alberta, and Penticton, BC, who prefer to commute to our branch locations in Edmonton and Kelowna just a little less frequently.

Going forward, continued execution on focused technology investments will enhance the power and convenience of our comprehensive suite of business and personal banking tools. This will enable clients to do more of their business banking with us, anywhere, anytime, without having to visit a physical branch. And crucially, it will enable us to offer full-service banking relationships to clients across the country without the need to build an extensive brick and mortar infrastructure in Central and Eastern Canada.

Clearly, we have successfully extended our reach, and we continue to expand our offering. However, our focus remains unchanged. Our goal has never been to be all things to all people. We remain committed to doing things differently. We continue to occupy a sweet spot in the financial services industry – big enough to meet the complex needs of business clients, while maintaining the personal touch and responsiveness of a boutique firm.

Everything we do is aligned to show our clients that we care. We take the time to understand each business owner – across their business, personal banking and wealth management needs – so that we can offer the best solutions to support their success. We are proud to deploy our team's specialized knowledge of targeted industries to provide expert advice that goes beyond the checklist.

I'd like to take a few moments to demonstrate the impact of our unique approach in practice. Recently our Calgary Chinook branch, led by Rick Vandergraaf, stepped up for a successful supplier of tubing and casing products used in some of Western Canada's largest drilling programs.





The client's prior bank was looking to move the account out of their local Calgary market. Harold Fast and Jen Zazuliak, were quick to jump in with a premium, team-based approach to service. They met with the principals multiple times at their place of business, to create the smoothest possible on-boarding experience.

Our hands-on approach and high level of service were key drivers of this business owner's choice of CWB as their main Bank. Our full-service relationship now includes a high value business lending arrangement, cash management, funds transfer services and business savings accounts. The principals have also met with CWB Wealth Management, led by David Schaffner, to discuss how ownership of the business integrates within the full scope of their wealth management needs.

Wendy Coleman, Chris Voogt and the team at Winnipeg Kenaston recently met with the owners of a US-based manufacturing company with Manitoba operations and an emerging need for construction financing. Our competitors couldn't see a way to deliver for the client due to its US head office, despite the company's financial strength and significant local presence.

Through focused effort and collaboration across CWB, including regional business leadership, credit risk management, treasury, and legal services, we are moving forward. The client has told us they recognize that CWB went above and beyond to see the opportunity differently than our competitors. We now have a full-service relationship with this growing business, including cash management products and deposit services, with the opportunity to participate in the company's planned expansion to Alberta.

Finally, our franchise finance team stepped up for a very strong operator of both chain and non-chain restaurant locations with a long history in the downtown Vancouver market. With their prior bank, the client was challenged to integrate piecemeal financing structures, often provided on a store by store basis.

Our team saw the business in a different light. We recognized significant scale in the overall business and promising scope for future growth opportunities.

In short, we saw just the kind of quality management, prudent oversight and sharp market awareness we look for in business owners. We proposed a financing solution that would both simplify the capital structure and provide growth capital for new projects, including entry into the Toronto market for the first time.

We have many of these stories to share, and I can assure you that our dedicated teams step up like this for clients every day, all across our business. But before I move on, I'll underline the competitive advantage that ties these stories together. Each of these new CWB clients chose us for the specialized, proactive, and boutique experience we provide. It's this experience that we are determined to prove is best-in-class for business owners, and it's at the heart of our strategy to be the best full-service bank for business owners in Canada.

It's fair to wonder how we plan to sustain this competitive advantage – our nimble, responsive, knowledge-based approach – as we continue to grow and not allow size to be the enemy of personal service and customized solutions.

This is where our focus on business transformation and technology investment is crucial to our future success. Led by Stephen Murphy, EVP Banking, and Glen Eastwood, EVP Business Transformation, we are working to transform CWB's operating model to support the best client experience for business owners. In order to deliver on this goal, we are working toward end-to-end alignment of processes, structure and business focus, with a goal to deliver consistently on four components of the client experience: Consistency, Intentionality, Differentiation and Value.





- Consistency is making sure the same question is always met with the same answer, delivered correctly the first time. This includes standardizing processes to cement relationships because of the reliable way we do things at CWB.
- Intentionality means being efficient, delivering the desired outcome at the lowest possible cost and risk.
- Differentiation means that the way we respond is unique and appealing, and always communicates CWB's secret sauce.
- Value means that we provide better solutions. This can mean a fully competitive offering delivered more promptly, as Paul McLean of CWB Maxium likes to say—at the speed of business. Other times it can be a solution that includes a more appealing structure to fit the requirement.

To meet our objectives we are assessing everything from role-specific workloads, support structures, and opportunities to increase collaboration and sales effectiveness. Our collective goal is to ensure our people have the right tools to deliver highly responsive client service in a scalable manner. In all cases, it's about delivering an experience that can't be found anywhere else.

This ongoing work is closely integrated with, and enabled by, our technology investment. We are determined to use our investment in technology to improve how we build client relationships and manage our business. During his time as our Chief Information Officer, EVP Darrell Jones has led the fundamental re-shaping of our technology strategy, positioning us well for future growth. Among many other contributions, Darrell's teams are currently working to provide key support for delivery of the Virtual Branch.

Kelly Blackett is our EVP of Human Resources and Corporate Communications and is well aware of how change transformation can impact our people. Kelly is at the forefront of our focused effort to manage the impacts of change effectively, and to support all of our people as we pursue a host of exciting growth opportunities and adapt together to the changing world around us.

Along with me, Carolyn Graham, EVP and CFO, who you met earlier, and Bogie Ozdemir, who I also mentioned, these seven folks comprise your executive committee.

We are working hard to ensure CWB is well-positioned to deliver our differentiated approach to more clients in more markets, and to help our clients grow for many years to come. Your management team and board of directors remain firmly committed to building an inclusive organization, where our people reflect the diversity of the communities where we live and work.

Now, a few remarks to conclude.

One last time, I want to thank our clients and my fellow shareholders for your continued trust in us, and I want to thank our people for your passion and commitment to help CWB Financial Group achieve our strategic goals. To our team members in the room today and listening via webcast, I would like to say that I am proud of you. You are our greatest competitive advantage.

Your strength is an essential part of our success. It is thanks to your commitment and dedication that we continue to deliver for our clients and investors. Wherever you work across the CWB Financial Group, I am proud of your tremendous effort. On behalf of our entire leadership team and the Board of Directors, I thank you for it.





Today, we have an incredible opportunity to create exceptional experiences for CWB clients across the country. There is no doubt in my mind that our future looks more exciting than ever before. And I am very confident in our ability to achieve our full potential. I know that our CWB teams will continue to work together to grow our businesses, nurture our culture, and take care of our clients and each other.

Thank you for joining us today to hear about your CWB Financial Group. I look forward to connecting with you at the conclusion of the meeting.

