



# CWB Financial Group Annual Meeting of Shareholders

## Fiscal 2018

Prepared remarks of the President and Chief Executive Officer

Chris Fowler  
President and CEO  
April 4, 2019





Thank you all for coming today.

It's an honour to be here with you. Every year I look forward to our AGM, to express my gratitude for the dedication of our CWB employees, our clients and to look ahead at CWB's promising future with our shareholders.

Our bank has its roots in Western Canada, starting in 1984 in Edmonton. In 2010 we added Winnipeg based CWB National Leasing and then really planted our flag in Ontario in 2016 with the addition of CWB Maxium in Richmond Hill and CWB Franchise Finance in Mississauga. The genesis of our business is to provide the right financial solutions to our clients. Those solutions are delivered by a financial institution built on high touch, personal service unmatched by the big banks.

A nimble, non-bureaucratic company which values decision-making delivered with speed, prudence, and common sense. Since 1984, CWB has grown to \$29B in assets, over \$26B in loans, and over \$23B in deposits. Our operations are across Canada with BC, Alberta, Saskatchewan, Manitoba, and Ontario as key geographies. We provide commercial and personal banking, equipment financing, real estate financing, trust services and wealth management. Our strategic focus is on business owners. Last year we drew a line in the sand and declared our aspiration: to be *the best full service bank for business owners in Canada*.

Our target clients, small and medium-sized businesses, create 90% of Canada's private sector jobs and contribute 40% of Canadian GDP. They are the engine of our economy, yet they remain underserved by the big banks. According to the Canadian Federation of Independent Businesses, business owners in Canada are far more satisfied with service from non-big bank providers than from the big banks themselves.<sup>1</sup> This is consistent with patterns in the US, where only 37% of small business owners feel their bank appreciates their business, and only 32% believe their bank understands them.<sup>2</sup>

We believe business owners deserve better. They deserve more choice. They deserve an alternative.

To be that alternative, we have transformed our organization in important ways, while maintaining the high-touch, personal service our founders envisioned. Transformation is table stakes in a rapidly changing world. Many if not most of us already live much of our lives through a device. We're increasingly comfortable sharing our personal data, and many of us do 100% of our banking online or through mobile, rarely, if ever stepping inside a bank branch. Mobility is transforming our lives. For banks, our business model will be irreversibly changed.

Yet customers still want a human connection with their bank. As JD Power found in their annual study, purely digital banking relationships are not stronger relationships. Overall customer satisfaction goes down when a customer loses the human connection in favor of a purely digital banking relationship.<sup>3</sup>

And this is especially true for business owners. To be Canada's alternative to the big banks, we believe a path that combines human and digital is the best, taking the virtues of each to create the best business banking experience found anywhere.

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(1) <https://www.cfib-fcei.ca/sites/default/files/article/documents/rr3415.pdf>

(2) <https://canada.jdpower.com/business/press-releases/2018-us-small-business-banking-satisfaction-study>

(3) <https://canada.jdpower.com/business/press-releases/id-power-2018-canadian-retail-banking-satisfaction-study>





## TURNING TO OUR FISCAL 2018 RESULTS

As you saw during Carolyn's presentation, fiscal 2018 was another excellent year for CWB Financial Group. We owe the results to our loyal clients, and the achievements of our people, who continue to deliver on our balanced growth strategy:

- Last year we maintained a strong focus on business owners while diversifying our funding and our loan portfolio across geographies and industries.
- A balanced mix of organic and acquisition-related growth has significantly increased our presence in Central and Eastern Canada, which now represents 27% of our overall portfolio, up from 23% in fiscal 2017 and just 5% ten years ago.
- We continue our strong penetration into the general commercial category, which is particularly important for diversification because it reflects the full scope of Canada's economy. General commercial now comprises 28% of CWB's total loans, up from 27% in fiscal 2017 and 21% 10 years ago.
- We continue to grow branch-based deposits in an increasingly competitive environment. This growth is due to tremendous contributions from our network of over 40 bank branches in Western Canada, as well as CWB Trust Services led by Scott Scobie.
- Stephen Murphy, EVP Banking guides our branch-based teams, led by Blaine Forer in British Columbia, Lester Shore in Northern Alberta and Jeff Bowling in the Prairies. Our branches continue to drive loan and deposit growth by focusing our teams on acquiring full-service client relationships.
- CWB Maxium, led by Daryl MacLellan, CWB Optimum Mortgage, led by Rejean Roberge, CWB National Leasing, led by Michael Dubowec, CWB Equipment Finance, led by Kirby Hill, CWB Real Estate & Specialized Lending, led by Mario Furlan and CWB Franchise Finance, led by Ed Khediguan, all continue to contribute to our success in growth and diversification. This year marks the successful conclusion of the earnout of CWB Maxium and the retirement of one of its founders, Paul McLean. We wish him all the best and greatly appreciate his contribution.

Thanks to the tremendous work of these leaders and their teams, we continue to surpass the goals of our Balanced Growth Strategy.

### Transformation/Digital

To fully support our clients and deliver growth and scale nationally, we continue to charge ahead with our ambitious transformation agenda:

- Thanks to the work of our Chief Risk Officer, Bogie Ozdemir, his team and the wholesale participation of many other teams, we have made significant progress toward our transition to the advanced approach for calculating regulatory capital.
- This is a critical transformation for us as it supports our growth and diversification by leveling the competitive playing field with the big banks, and will further enable us to surgically target more business owners. This transformation has been a significant undertaking, and we're proud to say that we're well on our way to submitting our final application in 2019.
- Under the leadership of Stephen Murphy, and Glen Eastwood, EVP Business Transformation, we're streamlining the front and back ends of our business to create a more seamless and tailored experience for clients.





- On the frontend, we're creating focused job descriptions and incentives, enhancing team collaboration and referrals, and investing in business development.
- On the backend, we're streamlining branch support and credit processes to consistently empower our teams to deliver the best client experience around, quickly and at scale.
- This ongoing work is integrated with and supported by our investment in technology. During his time as our Chief Information Officer, Darrell Jones has re-shaped our technology strategy, and positioned us well for the future. We are committed to using every tool at our disposal, which means leveraging the right technology to deliver easily accessed financial solutions for our clients.
- Following the successful replacement of our core banking system three years ago, we are very well-positioned to innovate into the future.
- Continued investment in technology will enhance the power and convenience of our suite of business, trust, wealth management and personal banking solutions. Our clients will be able to do more and more of their banking where and when they want. This will further enable us to develop full-service banking relationships with clients across the country, while limiting our need to make significant investments in bricks and mortar.
- As we execute on our ambitious transformation agenda, we won't lose sight of the impact that change has on our most valuable asset and competitive advantage: our people. Our EVP of Human Resources, Kelly Blackett is at the forefront of our effort to manage the impacts of change effectively, and to support our people as we pursue exciting growth opportunities while maintaining our culture of great service.

### High Touch Human

As we move our transformation journey forward, we will continue to maintain the culture that has always set us apart. Our people and the relationships they have with clients are what set CWB apart from the big banks. We take the time to understand each business owner – to deliver their business, trust, wealth management and personal banking solutions – the right solutions to help them succeed. We are proud to deploy our team's specialized knowledge of targeted industries to provide expert advice that goes beyond the checklist.

I'll give you just a couple of examples to show our unique strengths in action. Let me start with the relationship our CWB Franchise Finance team has built with Browns Restaurant Group.

Bruce Fox, Browns' Executive Vice President, tells us that he values the practical experience and dedicated resources that our team provides. In his words, our people are "specialists." We have dedicated teams focused on specific areas, and the unique value we provide to Bruce comes from our deep and thorough understanding of the hospitality, restaurant and franchise markets across Canada.

Bruce tells us he appreciates that our people are willing to look at a lot of different ways to get something done. He describes our people as "down to earth, practical solution finders" and appreciates our core belief that growth opportunities don't have to conform to a one-size-fits-all box.

Our work with Pacific Coastal Airlines is another great story. Daryl Smith founded Pacific Coastal Airlines more than fifty years ago to provide a commuting option between remote forestry camps in British Columbia. Today, the business is led by Daryl's son, Quentin Smith, and Pacific Coastal Airlines has grown to the sixth largest airline operating out of Vancouver International Airport. Our hands-on approach, high level of service and shared entrepreneurial values were key drivers as the Smiths chose CWB to be their main bank over twenty years ago.





We've been there for Daryl and Quentin every step of the way as the business has grown and thrived. Our full-service relationship now includes lending, cash management and deposit products. I credit the effort of CWB's tremendous teams for Quentin's assertion that, "CWB has become part of the DNA of our company." We really could not hope for a better endorsement.

CWB's success is built on the care we demonstrate for clients like Daryl, Quentin and Bruce. Our dedicated teams step up for clients like this 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 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. It's at the heart of our balanced growth strategy and at the core of our long-term aspiration to become the best full-service bank for business owners in Canada.

As we look ahead, our clear path to continued growth and value creation is to maintain our competitive advantage – nimble, specialized, high touch personal service – while scaling delivery through human and digital channels. 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.

At the same time, we are committed to deliver strong financial results for our shareholders and great career opportunities for our people. 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 both our clients achieve their financial goals and CWB Financial Group to 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.

I would also like to thank our executive committee who lead your Bank - Carolyn Graham, Kelly Blackett, Stephen Murphy, Bogie Ozdemir, Glen Eastwood, and Darrell Jones, please stand.

We have an incredible opportunity to create exceptional experiences for CWB clients across the country. We compete within one of the most concentrated banking industries in the world, and our goal is to disrupt the small number of large incumbent banks by continuing to bring something special to the table.

We sit today at the front end of a significant technology-driven shift in the way people interact with providers of financial services. And this shift represents a growth opportunity for disruptive players – like CWB – unlike any we've seen in the last several decades.

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 business, nurture our culture, and take care of our clients and each other.

Thank you for joining us today. I look forward to connecting with you at the conclusion of the meeting.

