CANADIAN WESTERN BANK

January 5, 2010

Dear Shareholder:

Please join us at our annual and special meeting of common shareholders at The Winspear Centre (The Studio Room) in Edmonton, Alberta, on Thursday, March 4, 2010 at 3:00 p.m. (Mountain Standard Time).

This notice of meeting and management proxy circular describes the business to be conducted at the meeting and provides information on executive compensation and corporate governance at the Bank. We hope that you will take the time to read this circular in advance of the meeting as it provides background information that will help you exercise your right to vote. If you are unable to attend the meeting in person, we encourage you to vote by following the instructions on the proxy form.

At the end of the formal portion of the meeting, there will be a presentation on our progress during the past year and a question and answer period.

We thank you for your participation as a shareholder of Canadian Western Bank.

Jack C. Donald
Chairman of the Board

Larry M. Pollock
President &
Chief Executive Officer

3000, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6 ● Telephone: (780) 423-8888 ● Fax: (780) 423-8897 ● Website: www.cwbankgroup.com

NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS

The Annual and Special Meeting of Shareholders of Canadian Western Bank will be held at the Winspear Centre (The Studio Room), 9720 – 102 Avenue NW, Edmonton, Alberta, T5J 4B2 on **Thursday, March 4, 2010** at 3:00 p.m. (Mountain Standard Time) for the purposes of:

1. receiving the financial statements for the year ended October 31, 2009, and the auditors' report on those statements;

2. appointing auditors;

3. electing directors;

4. considering and, if thought fit, approving an amendment to By-law 2 to increase the aggregate limit that may be paid to directors as remuneration; and

5. transacting such other business as may be properly brought before the meeting.

If you cannot attend the meeting in person, please complete and sign the enclosed proxy form and return it in the postage-prepaid envelope provided or fax it to (403) 233-2857. For your vote to be recorded, your proxy must be received by Canadian Western Bank's transfer agent, Valiant Trust Company, by facsimile or at Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, not later than 3:00 p.m. (Mountain Standard Time) on March 2, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

Gail L. Harding, Q.C.
Senior Vice President, General Counsel
and Corporate Secretary

Edmonton, Alberta
January 5, 2010

Management Proxy Circular
(All information is as of December 31, 2009 unless otherwise indicated.)

MANAGEMENT PROXY CIRCULAR

PART I – VOTING INFORMATION

What will I be voting on?

Common shareholders will be voting on:
- the appointment of KPMG LLP as the Bank's auditors;
- the election of directors of Canadian Western Bank; and
- an amendment to By-law 2 to increase the aggregate limit that may be paid to directors as remuneration.

Who can vote?

Shareholders as at the close of business on January 15, 2010 are entitled to vote. Each common share is entitled to one vote on the items detailed in this Management Proxy Circular (the Circular), except shares of Canadian Western Bank (CWB or the Bank) that are beneficially owned by the Government of Canada or a Province or any of their agencies; or the government of a foreign country or any political subdivision thereof or any of its agencies; or any person who has acquired more than 10% of any class of shares of the Bank without the approval of the Minister of Finance (Canada). No person, or entity controlled by any person, may cast votes in respect of any shares beneficially owned by the person or entity that represent, in the aggregate, more than 20% of the eligible votes that may be cast.

How do I vote if I am a registered shareholder?

There are two ways you can vote your shares if you are a registered shareholder. You may vote in person at the meeting, or you may appoint someone to represent you as proxyholder and have him or her vote your shares at the meeting. Should you choose to have someone represent you, you may choose the persons named in the enclosed form of proxy or some other person of your choice, who need not be a shareholder.

How do I vote if my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other)?

If your shares are not registered in your own name, they will be held in the name of a "nominee", which is usually a trust company, securities broker or other financial institution. If you are a non-registered shareholder, you should contact your nominee to determine what documentation is required in order for you or your nominee to be appointed proxyholder. Only after you or your nominee is appointed proxyholder can you or your nominee vote shares directly at the meeting. Your nominee is required to seek your instructions as to how to vote your shares. For this reason, you have received this Circular from your nominee, together with a voting instruction form. Each nominee has its own signing and return instructions, which you should follow carefully to ensure that your shares are voted. If you are a non-registered shareholder who has voted and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

How do I vote if I am unable to attend the meeting?

If you are unable to attend the meeting, you can vote by completing and signing the enclosed form of proxy to appoint someone who will be there as your proxyholder. You can either tell that person how you want to vote or let him or her choose for you. The form of proxy also gives your proxyholder authority to vote if amendments or other matters of which you were unaware are brought before the meeting.

Proxies must be received by Valiant Trust Company at Suite 310, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1, not later than 3:00 p.m. (Mountain Standard Time) on March 2, 2010.

Who is soliciting my proxy?

The enclosed form of proxy is being solicited by the management of Canadian Western Bank. It is expected that the solicitation will be primarily by mail. The costs associated with this solicitation will be borne by the Bank.

How will my shares be voted if I give my proxy?

The common shares represented by your proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your shares will be voted accordingly. In the event that you do not specify a choice, the shares represented by your proxy will be voted by the nominees designated in the proxy for the appointment of the auditors, for the election of directors and for the amendment to By-law 2.

What if amendments are made to these matters or if other matters are brought before the meeting?

No matter is expected to come before the meeting other than the matters referred to in the Notice of Meeting. However, if any such matters which are not now known to management (or amendments or variations to matters identified in the Notice of Meeting) properly come before the meeting, the proxies will be voted on such matters in accordance with the best judgment of the person or persons voting the proxies.

Can I appoint someone to vote my shares other than the nominees designated in the form of proxy?

You can choose anyone you want to be your proxyholder; it does not have to be the person named in the enclosed form of proxy or another shareholder. Just fill in the person's name in the blank space provided on the enclosed form of proxy. If you leave the space in the form of proxy blank, the persons designated in the form of proxy, who are directors of the Bank, are appointed to act as your proxyholder.

Is my vote confidential?

The transfer agent preserves the confidentiality of individual shareholder votes, except (a) where the shareholder clearly intends to communicate his or her individual position to management, and (b) as necessary to comply with legal requirements. All proxies are considered confidential and will be returned to the Bank's transfer agent, Valiant Trust Company. The transfer agent will also act as the meeting's scrutineer and will count the proxies and tabulate and verify the results. The transfer agent will refer a proxy to the Bank if it has a comment on it intended for the Bank's management, or in connection with applicable legal requirements.

What if I want to change my vote?

If you are a registered shareholder and want to revoke your proxy after you have delivered it, you can do so by signing a written statement to this effect and delivering it to Gail L. Harding, Q.C., Corporate Secretary, Suite 3000, Canadian Western Bank Place, 10303 Jasper Avenue, Edmonton, Alberta, T5J 3X6 on or before March 3, 2010 or by depositing it with the Chairman of the meeting prior to the meeting. If your shares are held in the name of a nominee, you will need to contact your nominee to discuss whether revocation is possible and, if so, the procedure to follow.

How many shares are entitled to vote?

As of January 5, 2010 there were 63,923,595 fully paid and non-assessable common shares outstanding in the capital of the Bank.

Subject to the *Bank Act* (Canada) (the Bank Act), each shareholder has one vote for each common share held by him or her at the close of business on January 15, 2010. To the knowledge of the directors and officers of the Bank, as of the date hereof, no person owns or exercises control or direction over common shares carrying more than 10% of the votes attached to the outstanding common shares of the Bank.

Who counts the votes and how will the votes be counted?

Proxies are counted by our transfer agent, Valiant Trust Company. The transfer agent will refer a proxy to the Bank if it has a comment on it intended for the Bank's management, or in connection with applicable legal requirements.

PART II – BUSINESS OF THE MEETING

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The financial statements of the Bank for the year ended October 31, 2009 and the auditors' report to the shareholders of the Bank will be presented at the meeting. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada as set forth in the CICA Handbook published by the Canadian Institute of Chartered Accountants.

APPOINTMENT OF AUDITORS

The directors and management of the Bank propose that the firm KPMG LLP (KPMG) be re-appointed auditors of the Bank to hold office until the next annual meeting of shareholders of the Bank. KPMG was first appointed as auditors of the Bank on December 17, 2007. In order to be passed, the appointment of the auditors must be approved by a majority of votes cast by the holders of common shares at the meeting.

Pre-Approval Policies and Procedures

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 audit fee as outlined in the auditors' scope memorandum. Receiver/manager services provided by the auditors to borrowers of the Bank 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 the 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

KPMG was appointed as the Bank's external auditors in December 2007. The following table lists the fees paid to KPMG, by category, during fiscal 2009 and 2008 and the fees paid to Deloitte & Touche LLP (D&T), by category, during fiscal 2008.

	Year Ended October 31, 2009 ($) KPMG LLP	**Year Ended October 31, 2008 ($) KPMG LLP**	**Year Ended October 31, 2008 ($) Deloitte & Touche LLP**
Audit fees(1)	502,767	402,523	457,278
Audit-related fees	242,553	97,634	124,415
Tax-related fees	62,249	24,345	97,667
All other fees	5,080	-	200,820
Total fees	812,649	524,502	880,180

1. Audit fees in fiscal 2008 were higher due primarily to billing differences between the Bank's former auditors and current auditors. Amounts paid to D&T in fiscal 2008 relate to the 2007 audit, while fees paid to KPMG in 2008 were paid throughout the year and relate to the 2008 audit. In addition, KPMG are the auditors of Canadian Direct Insurance Incorporated (CDI), and audit fees paid to KPMG related to CDI are included in the 2008 and 2009 totals.

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Bank's annual financial statements or services provided in connection with statutory and regulatory filings or engagements and the review of the Bank's interim financial statements.

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 2008, additional fees were incurred as a result of accounting services related to the filing of a base shelf prospectus and an issuance of subordinated debt thereunder. In 2009, additional fees were incurred as a result of accounting services related to a private placement and public offering of preferred units consisting of preferred shares and warrants.

Tax-Related Fees

Tax-related fees were paid for professional services relating to tax compliance, tax advice and tax planning. These services consisted of tax compliance, including the review of original and amended tax returns; preparation of senior management tax returns; tax planning and advisory services relating to common forms of taxation, including income tax, capital tax, goods and services tax, and property tax.

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. These services include corporate recovery services, where the auditor acts as the receiver or manager as part of the collection of outstanding loans.

ELECTION OF DIRECTORS

Director Nominees

In accordance with By-law 1 of the Bank, the directors have set the number of directors to be elected at the annual and special meeting at 11. Management of the Bank proposes to nominate the persons named below for election as directors of the Bank, to hold office until the close of the first annual meeting following their election. All of the nominated individuals were elected by the shareholders at the previous annual meeting for a term that expires at the close of the first annual meeting following their election. Directors of the Bank also serve as directors of the Bank's wholly owned subsidiaries, Canadian Western Trust Company (CWT) and Valiant Trust Company (Valiant).

Management recommends that shareholders vote FOR the nominees for director set out in this Circular. Mr. Donald, the Chairman of the Board, will not be seeking re-election as he has reached the maximum age for re-election permitted under the Bank's By-laws.

	**ALBRECHT W.A. BELLSTEDT, Q.C.** Canmore, Alberta, Canada Age 60 Director since March 9, 1995 Independent Director Member of: Conduct Review Committee (Chair) Corporate Governance & Human Resources Committee Loans Committee Common Shareholdings: 13,200	Mr. Bellstedt is President of A.W.A. Bellstedt Professional Corporation, a consulting services firm. He was previously Executive Vice President, Law and Corporate of TransCanada Corporation, a North American energy services company and, prior to that, a partner of the law firm Milner Fenerty, now known as Fraser Milner Casgrain LLP. Mr. Bellstedt received his Bachelor of Arts degree from Queen's University and his Juris Doctor degree from the University of Toronto. Mr. Bellstedt is also a director of Capital Power Corporation and The Forzani Group Ltd., and the Chairman of The Churchill Corporation. In addition, at various times during the period from 2005 to 2009, Mr. Bellstedt served as a director of Atlas Cold Storage Income Trust, TC PipeLines GP, Inc., the general partner of TC PipeLines, LP and Sun Media Group, Inc.
	**ALLAN W. JACKSON** Calgary, Alberta, Canada Age: 69 Director since March 22, 1984 Independent Director Member of: Loans Committee (Chair) Conduct Review Committee Corporate Governance & Human Resources Committee Common Shareholdings: 114,000 Preferred Shareholdings: 1,000 Warrants: 1,780	Mr. Jackson is President and Chief Executive Officer of ARCI Ltd., a real estate development company, and President and Chief Executive Officer of Jackson Enterprises, Inc., a holding and consulting company. Mr. Jackson was previously President and Chief Executive Officer of Knowlton Realty Ltd. Mr. Jackson received his Bachelor of Arts (Hons) in Business Administration from the University of Western Ontario. Mr. Jackson is a director of WestJet Airlines Ltd. During the period from 2005 to 2009, Mr. Jackson did not serve as a director of any other publicly traded company.

WENDY A. LEANEY

Toronto, Ontario, Canada

Age: 62

Director since March 8, 2001

Independent Director

Member of:
Audit Committee
Loans Committee

Common Shareholdings: 18,000
Preferred Shareholdings: 6,000

Ms. Leaney is President of Wyoming Associates Ltd., a general investment holding company. She was previously Managing Director, Co-Global Head of Communications Group, TD Securities Inc. and Vice President, TD Bank (Communications Group, Corporate & Investment Banking Group, Toronto). 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 director of Corus Entertainment Inc. During the period from 2005 to 2009, Ms. Leaney did not serve as a director of any other publicly traded company except Call Net Enterprises Ltd.

ROBERT A. MANNING

Edmonton, Alberta, Canada

Age: 60

Director since January 31, 1986

Independent Director

Member of:
Audit Committee (Chair)
Corporate Governance &
Human Resources Committee

Common Shareholdings: 1,796,770[2]
Preferred Shareholdings: 114,000[3]
Warrants: 124,920[4]

Mr. Manning is President of Cathton Investments Ltd., a general investment holding company. He was previously Executive Vice President and a director of North West Trust Company and Corporate Banking Account Manager at Bank of Montreal. 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.

During the period from 2005 to 2009, Mr. Manning did not serve as a director of any other publicly traded company. Mr. Manning is also a director of Canadian Direct Insurance Incorporated, a 100% owned subsidiary of the Bank.

GERALD A.B. MCGAVIN,
C.M., O.B.C., FCA

Vancouver, British Columbia, Canada

Age: 72

Director since January 27, 1989

Independent Director

Member of:
Audit Committee
Loans Committee

Common shareholdings: 60,000

Mr. McGavin is President of McGavin Properties Ltd., a general investment holding company. He was previously President and Chief Operating Officer of BC Hydro and Power Authority and President and Chief Executive Officer of Yorkshire Trust Company. Mr. McGavin earned his Bachelor of Commerce from the University of British Columbia and his Masters in Business Administration from the University of California at Berkeley. Mr. McGavin is also a Fellow of the Institute of Chartered Accountants of British Columbia.

During the period from 2005 to 2009, Mr. McGavin served as a director of Industrial Alliance Pacific Life Insurance Company of Canada. Mr. McGavin is also a director of Canadian Direct Insurance Incorporated, a 100% owned subsidiary of the Bank.

HOWARD E. PECHET

Rancho Mirage, California, U.S.A.

Age: 61

Director since March 22, 1984

Independent Director

Member of:
Loans Committee
Corporate Governance &
Human Resources Committee

Common Shareholdings: 330,880
Preferred Shareholdings: 3,000
Warrants: 111,700

Mr. Pechet is President of Mayfield Consulting Inc., a general investment holding company. Mr. Pechet has been involved in the development and operation of numerous hotels, casinos and theatres. Mr. Pechet has served as a director of several charitable organizations and is presently Vice Chairman of The Sloane Gardens Club in London, England. Mr. Pechet received a Bachelor's degree (Hons) from the University of Alberta and a Master's degree from Washington State University.

During the period from 2005 to 2009, Mr. Pechet did not serve as a director of any other publicly traded company.

ROBERT L. PHILLIPS, Q.C.

Vancouver, British Columbia, Canada

Age: 58

Director since March 8, 2001

Independent Director

Member of:
Audit Committee
Corporate Governance &
Human Resources Committee
Loans Committee (Alternate)

Common Shareholdings: 17,000

Mr. Phillips is President of R.L. Phillips Investments Inc., a private investment firm. Mr. Phillips was previously President and Chief Executive Officer of BCR Group of Companies, Executive Vice President of MacMillan Bloedel Limited and President and Chief Executive Officer of Dreco Energy Services Ltd. and of PTI Group Inc. Mr. Phillips received his Bachelor of Laws (Gold Medalist) and Bachelor of Science, Chemical Engineering (Hons) from the University of Alberta.

Mr. Phillips is the Chairman of Precision Drilling Corporation and of MacDonald Dettwiler & Associates Ltd. and a director of Axia NetMedia Corporation, EPCOR Utilities Inc., Capital Power Corporation, TerraVest Income Fund and West Fraser Timber Co. Ltd. In addition, at various times during the period from 2005 to 2009, Mr. Phillips served as a director of the following publicly traded companies: Acquest Energy Ltd., Boston Pizza Royalties Income Fund, EPCOR Preferred Equity Inc. and Tree Island Wire Income Fund. Mr. Phillips is also the Chairman of the Board for Canadian Direct Insurance Incorporated, a 100% owned subsidiary of the Bank.

LAURENCE (LARRY) M. POLLOCK

Edmonton, Alberta, Canada

Age: 63

Director since January 26, 1990

Non-Independent Director

Member of:
Loans Committee

Common Shareholdings: 404,130
Options: 645,813
Preferred Shareholdings: 8,000

Mr. Pollock is President and Chief Executive Officer of the Bank. He was previously Regional Vice President, Lloyds Bank (Toronto and Calgary). Mr. Pollock graduated from the Saskatchewan Institute of Applied Arts and Sciences in Business Administration.

Mr. Pollock is a director of WestJet Airlines Ltd., EPCOR Utilities Inc. and Canadian Helicopters Income Fund. During the period from 2005 to 2009, Mr. Pollock did not serve as a director of any other publicly traded company. Mr. Pollock is also a director of Canadian Direct Insurance Incorporated, a 100% owned subsidiary of the Bank.

	**RAYMOND J. PROTTI, ICD.D** Victoria, British Columbia, Canada Age: 64 Director since March 5, 2009 Independent Director Member of: Corporate Governance & Human Resources Committee Loans Committee Common Shareholdings: 10,034	Mr. Protti is a consultant on national security and financial services issues. He was previously President and Chief Executive Officer of the Canadian Bankers Association from 1996 to 2007. Mr. Protti received his Bachelor of Arts (Hons, Gold Medalist) and Master of Arts, both in Economics, from the University of Alberta. Mr. Protti holds the ICD.D designation from the Institute of Corporate Directors. During the period from 2005 to 2009, Mr. Protti did not serve as a director of any other publicly traded company. Mr. Protti is also a director of Canadian Direct Insurance Incorporated, a 100% owned subsidiary of the Bank.
	**ALAN M. ROWE, C.A.** Toronto, Ontario, Canada Age: 53 Director since July 1, 1996 Independent Director Member of: Audit Committee Loans Committee Common Shareholdings: 22,000 Preferred Shareholdings: 6,000 Warrants: 10,680	Mr. Rowe is a Partner of Crown Realty Partners and Crown Capital Partners Inc., investment management companies. Prior to July 2007, he was Senior Vice President, Chief Financial Officer and Corporate Secretary of Crown Life Insurance Company, a life insurance company. Mr. Rowe is a Chartered Accountant. He holds a Bachelor of Commerce (Hons) from Memorial University of Newfoundland. Mr. Rowe is also the President of the Saskatchewan Government Growth Fund. During the period from 2005 to 2009, Mr. Rowe did not serve as a director of any other publicly traded company.
	**ARNOLD J. SHELL** Calgary, Alberta, Canada Age: 60 Director since December 9, 1997 Independent Director Member of: Conduct Review Committee Corporate Governance & Human Resources Committee Common Shareholdings: 16,000	Mr. Shell is President of Arnold J. Shell Consulting Inc., an insurance, retirement and estate planning consulting firm. Mr. Shell was previously Senior Vice President, Insurance Operations with Crown Life Insurance Co. Mr. Shell holds a Bachelor of Arts in Mathematics and Philosophy and a Master of Arts in Actuarial Mathematics, both from the University of Manitoba. He is a graduate of the Advanced Management Program (AMP) from the Harvard Business School. He is also a Fellow of the Canadian Institute of Actuaries and a Fellow of the Society of Actuaries. During the period from 2005 to 2009, Mr. Shell did not serve as a director of any other publicly traded company. Mr. Shell is a director of Canadian Direct Insurance Incorporated, a 100% owned subsidiary of the Bank.

1. All information provided above is as at January 5, 2010. Common shareholdings of the Bank, as listed for all nominees, are those beneficially owned or over which control or direction is exercised by such nominee as at such date and have been provided by the respective nominees.
2. Of the amount for Mr. Manning, 1,742,122 shares are owned by Cathton Investments Ltd. (Cathton). Mr. Manning is a director and the President of Cathton.
3. Of the amount for Mr. Manning, 110,000 preferred shares are owned by Cathton.
4. Of the amount for Mr. Manning, 117,800 warrants are owned by Cathton.

Attendance of Director Nominees at Board and Committee Meetings

The following table sets forth the number of directors' meetings and committee meetings during the 12-month period ended October 31, 2009 and the number of meetings attended by each director. In that period, the Board of Directors (Board) held five regularly scheduled meetings and two special meetings. Special meetings are called on shorter notice than regularly scheduled meetings, which are scheduled a year or more in advance.

	Board Meetings Attended 7 Meetings		Committee Meetings Attended							
			Conduct Review Committee 2 Meetings		Audit Committee 4 Meetings		Loans Committee 23 Meetings		Corporate Governance & Human Resources Committee 7 Meetings	
Director Name	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Charles R. Allard(1) Edmonton, Alberta	5	71.4	2	100	-	-	11	47.8	-	-
Albrecht W.A. Bellstedt Canmore, Alberta	7	100	2	100	-	-	15	65.2	6	85.7
Jack C. Donald Red Deer, Alberta	4	57.2	-	-	-	-	18	78.3	7	100
Allan W. Jackson Calgary, Alberta	7	100	2	100	-	-	20	87.0	7	100
Wendy A. Leaney Toronto, Ontario	6	85.7	-	-	4	100	18	78.3	-	-
Robert A. Manning Edmonton, Alberta	7	100	-	-	4	100	-	-	7	100
Gerald A.B. McGavin Vancouver, British Columbia	7	100	-	-	4	100	21	91.3	-	-
Howard E. Pechet Rancho Mirage, California	7	100	-	-	-	-	18	78.3	7	100
Robert L. Phillips(2) Vancouver, British Columbia	7	100	-	-	4	100	-	-	7	100
Laurence (Larry) M. Pollock Edmonton, Alberta	7	100	-	-	-	-	11	47.8	-	-
Raymond J. Protti(3) Victoria, British Columbia	3	42.9	-	-	-	-	12	52.2	4	57.2
Alan M. Rowe Toronto, Ontario	7	100	-	-	4	100	14	60.9	-	-
Arnold J. Shell(4) Calgary, Alberta	7	100	2	100	-	-	-	-	6	85.7

1. Mr. Allard resigned from the Board of Directors effective June 18, 2009.
2. Mr. Phillips is an alternate member of the Loans Committee and attends only if it is anticipated that there will not be a quorum for a Loans Committee meeting.
3. Mr. Protti was appointed to the Board of Directors, the Corporate Governance & Human Resources Committee and the Loans Committee on March 5, 2009. Since that date, he has attended 3 out of 3 Board meetings, 4 out of 4 Corporate Governance & Human Resources Committee meetings and 12 out of 16 Loans Committee meetings.
4. Mr. Shell was appointed to the Corporate Governance & Human Resources Committee on December 4, 2008. Since that date, he has attended 6 out of 6 Corporate Governance & Human Resources Committee meetings.

Interlocking Directorships

The following table lists the directors of the Bank who served together on the boards of other public entities as at October 31, 2009. The Board does not believe that interlocking board memberships of its directors impact the ability of these directors to act in the best interests of the Bank.

Entity	Director/Trustee	Committees
Capital Power Corporation	Albrecht W.A. Bellstedt	Corporate Governance, Compensation and Nominating Committee Environment, Health and Safety Committee
	Robert L. Phillips	Corporate Governance, Compensation and Nominating Committee Keephills 3 Oversight Committee
EPCOR Utilities Inc.	Robert L. Phillips	Human Resources and Compensation Committee
	Laurence (Larry) M. Pollock	Audit Committee Corporate Governance and Nominating Committee Human Resources and Compensation Committee
WestJet Airlines Ltd.	Allan W. Jackson	Compensation Committee (Chair) Corporate Governance and Nominating Committee
	Laurence (Larry) M. Pollock	Audit Committee Compensation Committee

Additional Disclosure Relating to Directors

No proposed director has, within the 10 years prior to the date of this Circular, 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, after the proposed director ceased to be a director or executive officer, to 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, that resulted from an event that occurred while that person was active in the capacity of director or executive officer, or (iii) during the tenure of the director or executive officer or 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 set forth below:

- Mr. Rowe is a director of Big Sky Farms Inc. which, on December 29, 2009, filed a plan of compromise and arrangement with 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.
- Mr. Bellstedt, who served as a trustee of Atlas Cold Storage Income Trust, was subject to an Ontario Securities Commission cease trade order that was issued in respect of all insiders of Atlas Cold Storage Income Trust on December 2, 2003 due to the late filing of financial statements required to reflect certain restatements. The cease trade order was rescinded in January 2004.

No proposed director has, within 10 years prior to the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Directors' Shareholding Requirements

To ensure that directors' interests are aligned with shareholders' interests, all non-management directors of the Bank are required to hold, either directly or indirectly, common shares of the Bank with value equivalent to five times the annual Board retainer paid to directors. Value is defined as the greater of market value and acquisition cost. Directors have three years from the date of initial appointment to comply, and compliance is assessed as at October 31 of each year. All directors met this requirement as at October 31, 2009, except Mr. Protti who was appointed as a director on March 5, 2009.

AMENDMENT TO BY-LAW 2

The Bank Act requires that the Bank's By-laws contain a provision fixing the aggregate amount that may be paid to all directors in respect of directors' remuneration during a fixed period of time. By-law 2 currently provides that the aggregate of all amounts that may be paid by the Bank to directors in respect of directors' remuneration is a sum not exceeding $900,000 during each financial year. This figure was approved by shareholders at the annual and special meeting in March 2006.

The duties and responsibilities of directors continue to expand and evolve within a regulatory environment of unprecedented change. Given the growth and complexity of the Bank's business, the enhanced focus on responsibilities and expectations of directors, and the important role of committees of the Board, directors are spending an increasing amount of time on Bank affairs. Management is also concerned that should any event occur which requires additional meetings of the Board and its Committees, the amount payable to the directors would exceed the current approved aggregate amount. It is therefore considered appropriate to increase the aggregate amount which may be paid to directors for their services.

Shareholders will be asked to approve a special resolution confirming a change to By-law 2, whereby the aggregate remuneration which may be paid by the Bank to directors for their services during any financial year will be increased from $900,000 to $2,000,000. To be effective, this must be passed by a majority of not less than two-thirds of the votes cast at the meeting by or on behalf of shareholders.

Management recommends that shareholders vote FOR the following resolution:

RESOLVED as a special resolution that By-law 2 of Canadian Western Bank be amended by deleting the amount "$900,000" and substituting therefore the amount of "$2,000,000", so that By-law 2 shall read as follows:

"For each financial year of the Bank the aggregate of all amounts that may be paid to all directors as remuneration as directors shall not exceed $2,000,000."

PART III – COMPENSATION AND RELATED INFORMATION

COMPENSATION DISCUSSION AND ANALYSIS

This section of the Circular explains how the executive compensation program is designed with respect to the President and CEO, the Executive Vice President and Chief Financial Officer and the next three most highly compensated executive officers of the Bank whose total compensation, excluding pension, received (or to be received) in respect of the fiscal year ended October 31, 2009 was greater than $150,000 (collectively the Named Executive Officers). The material elements of compensation and the reasons supporting each element are also provided. For a complete understanding of the executive compensation program, this Compensation Discussion and Analysis should be read in conjunction with the Summary Compensation Table and other executive compensation related disclosure included in this Circular.

Corporate Governance & Human Resources Committee

The Corporate Governance & Human Resources Committee (the CGHR Committee) is comprised of eight independent directors: Jack C. Donald, who serves as Chair, Albrecht W.A. Bellstedt, Allan W. Jackson, Robert A. Manning, Howard E. Pechet, Robert L. Phillips, Raymond J. Protti and Arnold J. Shell. No member of the CGHR Committee has ever been an officer or employee of the Bank or any of its affiliates and no member is an active CEO with a publicly traded entity.

Three members have experience in public company executive compensation by virtue of their experience as former executive officers of public companies and five members have experience in compensation matters as current or former CEOs or executive officers of non-public entities. Three members also currently sit on compensation committees for other publicly traded companies. The Board believes that the CGHR Committee collectively has the knowledge, experience and background in executive compensation and human resources matters required to fulfil its mandate, which can be found on the Bank's website at www.cwbankgroup.com. The CGHR Committee held four regularly scheduled and three special meetings during fiscal 2009. The President and CEO and the Senior Vice President, Human Resources also attend meetings of the CGHR Committee but do not have the right to vote on any matter.

The CGHR Committee has instituted good governance practices that enhance the CGHR Committee's ability to effectively carry out its responsibilities. These practices include:

- Holding in-camera sessions without management present following every regular and special CGHR Committee meeting;
- Utilizing a work plan which sets out the timetable of all regularly occurring matters for which the CGHR Committee has responsibility; and
- Hiring external advisors no less than once every three years and requiring their attendance when their reports are discussed.

During fiscal 2009, Hugessen Consulting Inc. (Hugessen) was retained by the CGHR Committee to advise on the restructuring of the Bank's long-term incentive plan. The fee paid to Hugessen for these services was $134,346. No fees were paid to Hugessen or to any other external compensation advisor during fiscal 2009 for any other compensation related advice for CWB.

Executive Compensation Philosophy

The compensation program for the Bank's executives is designed to:

1. attract and retain competent motivated individuals at all levels; and
2. align the compensation of executives with shareholder interests.

In determining compensation levels and the compensation structure for executive positions, the CGHR Committee strives to ensure a competitive level of total compensation relative to comparative positions in the marketplace. The executive compensation philosophy is to provide a reasonable level of annual compensation commensurate with the responsibilities of the executive, with all other compensation elements based on pay for performance. Performance in the context of the short-term incentive is based on the achievement of annual corporate and individual objectives. Performance in the context of the long-term incentive is based on value creation for shareholders and is designed to encourage executives to remain with the Bank over the long term. This compensation philosophy results in a significant portion of each executive's compensation being "at risk" in order to motivate executives and align their interests with the creation of long term shareholder value. As a result of this focus on shareholder value, total compensation can exceed the median total compensation level of the selected executive compensation surveys in times of strong share price appreciation and corporate performance. While the objective is to ensure that total compensation will always be competitive, it is also designed to ensure that superior performance will result in superior compensation.

Although the compensation program is designed to align the interests of the executives with the long-term success of the Bank and its shareholders, it must also retain experienced management. Historically the long-term incentive plan (LTIP) of the Bank consisted solely of stock options. During fiscal 2008, it became apparent that an LTIP based solely on share appreciation had limited retention value during periods of market disruption. Accordingly, at the beginning of fiscal 2009, the CGHR Committee retained Hugessen to advise on the restructuring of the Bank's LTIP. In addition to the advice received from Hugessen, members of the CGHR Committee met with management, and management held "town hall" meetings with employees who participate in the LTIP. In order to support the restructuring, management voluntarily surrendered 1,283,062 out-of–the-money options in March 2009. After consideration of all the information and advice, the CGHR Committee recommended to the Board that the LTIP be revised to include both stock options and restricted share units (RSUs), both of which are described in further detail beginning on page 15. The CGHR Committee also recommended that the higher the individual's position the higher the percentage options should represent in the individual's LTIP, with the objective that more senior executives should have a larger portion of their long-term incentive at risk.

Components of each executive's overall compensation vary with the position and that particular position's ability to impact the Bank's success. Generally, the more senior the position, the greater is the "at risk" component of total compensation. The following table illustrates, as a percentage for each element, the executive's target total compensation mix for fiscal 2009. Subsequent to fiscal 2009 year end, the CGHR Committee amended the element mix for the President and CEO to include RSUs. See "2009 Compensation Decision Process" on page 18.

Fiscal 2009 Compensation Mix Targets

Title	Base Salary	Annual Cash Bonus	Long-Term Incentives - RSUs	Long-Term Incentives - Options	Percentage of Total Compensation at Risk
President & CEO	25%	25%	-	50%	75%
Executive Vice President	35%	20%	10%	35%	65%
Senior Vice President	45%	25%	15%	15%	55%
Vice President	55%	20%	15%	10%	45%

Compensation Decision-Making Process

The CGHR Committee recommends to the Board the compensation structure, including the various elements of the compensation program as well as the compensation of each Named Executive Officer. The Senior Vice President, Human Resources provides the CGHR Committee with relevant market data and other information as requested in order to support the CGHR Committee's deliberations. The President and CEO also makes recommendations to the CGHR Committee regarding the level and form of compensation awards for the executive officers, including the other Named Executive Officers. The CGHR Committee has full discretion to adopt or alter management recommendations and to consult its own advisors.

It is difficult for the Bank to identify a sufficient number of comparators to establish a reasonable permanent comparator group of companies as there are few financial institutions of a similar size with a similar asset mix and geographic focus as the Bank for which data is available. As a result, the CGHR Committee reviews broad-based executive compensation surveys to determine base salary and total compensation for its executive officers. In addition, it retains an independent compensation expert at least once every three years to provide a custom survey to the CGHR Committee. In setting base salary and total compensation for fiscal 2009, the Committee reviewed 2008-2009 executive compensation surveys that it had purchased from Mercer Human Resources Consulting, Watson Wyatt & Company and Morneau Sobeco (the Comparator Market Data). This Comparator Market Data provides comparators based on asset size, total employees, geographic location and industry.

At the end of each year, the CGHR Committee reviews the Bank's financial results and discusses variations between targets and performance with the President and CEO. In addition, the CGHR Committee reviews with the President and CEO the achievement of his short-term incentive objectives and the general performance of each of his direct reports. Achievement of the Bank's annual financial targets is a major consideration in determining the amount of the annual performance incentive. However, the CGHR Committee is of the view that strict adherence to formulas for determining the annual performance incentive may lead to unintended consequences and may be counterproductive to creating shareholder value, particularity in a rapidly changing environment. Accordingly, the CGHR Committee may exercise judgment and discretion in assessing an executive's performance.

In determining the potential value of long-term incentive grants, the CGHR Committee is provided with a valuation of the RSUs based on the current share price (average of the weighted average trading price of the common shares on the Toronto Stock Exchange (TSX) for each of the four business days preceding the date of the grant plus the date of the grant), the fair value of the options using a binomial option pricing model and the value of the options using an estimated target price assuming an average 10% annual increase in share price over three years (the Estimated Target Value), which for fiscal 2009 was $10.00 per option. The CGHR Committee is also provided with charts illustrating the value of the proposed RSU and option grants under various share price assumptions.

Elements of Total Compensation

Element	Form	Performance Period	Purpose
Base salary	Cash	1 year	Provides a fixed level of compensation for performing day-to-day responsibilities and is used to provide income certainty and for attraction and retention.
Short-term incentive	Annual cash incentive	1 year	Provides a cash-based award based on achievement of corporate targets, department results and individual performance, and is used for attraction and retention.
Long-term incentive	Restricted share units	1 – 3 years(1)	Aligns medium-term compensation with shareholder value creation and facilitates attraction and retention.
Long-term incentive	Stock options	3 – 5 years(2)	Aligns long-term compensation with shareholder value creation and facilitates attraction and retention.

1. Vest and pay out 1/3 each year for 3 years.
2. Vest on third anniversary and expire on fifth anniversary.

Base Salary

Base salary is designed by the CGHR Committee to be positioned at the median of the Comparator Market Data. Variances from the median may be determined by the CGHR Committee based on such factors as individual performance, relevant experience, tenure or internal equity considerations. The CGHR Committee also considers the retentive potential of its base salary decisions. Retention of the Named Executive Officers is considered critical to business continuity and succession planning.

Short-Term Incentive

The Bank has a cash bonus program for the CEO and for other senior management. The short-term incentive is designed by the CGHR Committee to be positioned at the median of the Comparator Market Data.

The short-term incentive program for the CEO is based on three major areas with approximate weightings as follows: Shareholder Value 40%, Operational Results 30% and Leadership 30%. Each of these areas involves general targets, which are reviewed on an annual basis. It is expected that a bonus, equivalent to 100% of salary, will be paid if all targets are met. After reviewing the financial results, the CGHR Committee also considers extraordinary circumstances, which may have contributed to the results subsequent to the setting of the targets and to ensure long-term strategic decisions are not compromised to attain better short-term results. An additional 25% of annual salary is possible if performance exceeds one or more of the specified targets. The maximum payment under this program is 125% of annual base salary.

The short-term incentive program for Named Executive Officers, other than the CEO, takes into account the Bank's annual success relative to its financial targets, the achievements of the divisions or departments for which the executive is responsible and the leadership demonstrated by the executive. For the 2009 fiscal year, the maximum potential bonus was 85% of annual base salary for the Executive Vice President and Chief Financial Officer and 75% for the other Executive Vice Presidents. These maximum bonus percentages are consistent with the percentages in the Comparator Market Data and support the Bank's 2009 target compensation mix.

Long-Term Incentive

The LTIP is designed to motivate and reward officers and employees for creating mid- and long-term shareholder value. Approximately 260 employees at the mid-management level and above were eligible to participate in the LTIP as of December 31, 2009. During fiscal 2009, the Bank's LTIP was amended to consist of both RSUs and stock options, with the proportion of RSUs to options decreasing as the classification level of the employee increases, reflecting the CGHR Committee's compensation philosophy that the more senior the position, the higher the percentage of compensation that should be at risk and that options represent a greater risk than RSUs.

In implementing the revised LTIP in fiscal 2009, the CGHR Committee reviewed the aggregate value of the RSU and stock option grants under the LTIP and was satisfied that the aggregate value was within the target compensation range. Commencing in fiscal 2010, the aggregate value of the grants under the LTIP will be determined by the CGHR Committee each December, upon review of the previous year's financial results, with grants anticipated to occur in December for options and June for RSUs and options. Although the aggregate value of the annual LTIP grants is determined in reference to the previous year's financial performance, the LTIP grants are considered to be part of the executive's compensation for the upcoming year. The value of a RSU is determined by the weighted average price of a CWB common share on the grant date and the four trading days immediately prior to the grant date. The value of a share option is valued at the fair value at the time of grant using the binomial option pricing method. The value attributed to a RSU or option is therefore an estimated compensation value with the actual value realized by the executive dependent on the Bank's share price performance. Grants of RSUs and stock options are not influenced by the number of previous grants made to an executive. The value of the LTIP for each executive is established based on the executive's salary and is adjusted for individual performance.

The following provides details of the Bank's LTIP.

<u>Share Incentive Plan</u>

The Share Incentive Plan (the Plan) allows stock options to be granted to employees at the mid-management level and above. The Plan provides that the exercise price of an option cannot be less than the weighted average trading price of the Bank's common shares on the TSX for the four consecutive trading days preceding the day on which the option is granted plus the day of the grant. The Plan permits options to be granted with a term of up to eight years; however, all outstanding options, other than certain options granted to Mr. Pollock in fiscal 2006, have a term of five years. The term of options is also subject to early termination in the event of termination of employment. Options vest according to dates established by the CGHR Committee but are normally set to vest three years after the grant date. The CGHR Committee may, in its sole discretion, accelerate the time at which any options may be exercised in whole or in part. In the event 90% or more of the outstanding common shares of the Bank are acquired by any entity, all outstanding options immediately vest. Options are not transferable except in limited circumstances. The Plan does not contain a specified limit on the number of options that may be granted to insiders, as a group, or to any one person under the Plan. As at January 1, 2010, 2,021,538 shares representing 34.65% of the shares available under the Plan have been reserved for issuance under options granted to insiders of the Bank. No financial assistance is provided to any option holder to facilitate the exercise of outstanding options.

The Plan provides an option holder with a cashless settlement alternative, whereby the value of the options at the time of exercise may be settled by the surrendering of the options for "Substituted Rights" and the immediate conversion of those rights into common shares. The Bank may also require the option holder to elect the cashless settlement alternative. One of the benefits of the cashless settlement is that the rate of dilution is reduced.

As opposed to issuing the number of shares equivalent to the number of options that have been exercised, the number of shares to be issued is determined by the following formula:

$$\text{Number of Common Shares} = \text{Number of Substituted Rights} \times \frac{(\text{Current Price} - \text{Exercise Price})}{\text{Current Price}}$$

Where:

(a) "Current Price" means the closing price of the common shares on the TSX on the date the notice of exchange is delivered to the Bank; and

(b) "Exercise Price" means the exercise price of the options.

Restricted Share Unit Plan

The Restricted Share Unit Plan (RSU Plan) allows RSUs to be granted to employees in the mid-management level and above. RSUs are bookkeeping entries credited to an account created for each participant. Each RSU represents a unit with an underlying value equivalent to the value of a common share of the Bank. Notional dividends are assumed to accrue to the holder of the RSU and are included in the amount paid to the holder upon vesting. Under the RSU Plan, each RSU must vest before December 31 of the third year after the grant.

It is the intention of the CGHR Committee to have one-third of each grant of RSUs vest on each of the first, second and third anniversary of the date of grant. The value of a RSU on the vesting date will be based on the average of the weighted average trading price of the common shares on the TSX for each of the four business days preceding the vesting date plus the vesting date of the RSU. All RSUs are paid to participants no later than 60 days after vesting.

RSUs are non-transferable, with the exception that they may pass to a participant's estate upon death. Subject to Board discretion, if a participant's employment ceases for any reason other than death or retirement, then all of the participant's right and interest in unvested RSUs are cancelled with no compensation paid for any RSUs so cancelled.

Retirement, benefit and perquisite programs

In addition to salary, short-term incentives and long-term incentives, each Named Executive Officer participates in the Bank's retirement, benefit and perquisite programs. These programs are designed to facilitate attraction and retention.

Officers, other than those for whom the Bank has arranged a pension plan, are eligible to participate in the Bank's Group RRSP. The Bank contributes an amount equal to 3% of base salary and matches the employee's contribution up to an additional 4.5%. If the maximum contribution exceeds the RRSP contribution limit for that year, the individual's contribution is reduced. The Bank's contributions vest immediately.

Mr. Pollock has an individual pension plan and a pension funding arrangement, the details of which are set out on page 25. Mr. Young and certain executives of CDI have individual pension plans funded by that subsidiary, which were established to provide such officers with pension benefits equivalent to that which they would have received if CDI had not been purchased by the Bank. Details of Mr. Young's pension are set out on page 26.

The Named Executive Officers participate in group health benefit plans. Other perquisites provided to the Named Executive Officers are paid parking, a home security system, tax preparation services, retirement planning services and a medical exam once every two years.

Shareholding Requirements for Executive Officers

The CGHR Committee strongly supports equity ownership and encourages employees to participate in ownership of the Bank through the Share Incentive Plan and the Employee Share Purchase Plan. In addition, the Board believes that executives should have a considerable investment in the common shares of the Bank and has instituted share ownership guidelines for the President and CEO as well as the other four Named Executive Officers. The Board has adopted a policy which requires the five Named Executive Officers to maintain ownership levels equal to a multiple of annual salary.

Prior to November 1, 2009, each Named Executive Officer was required to achieve the minimum shareholdings set out below within three years of the executive's appointment. Compliance was assessed annually on October 31 based on the higher of market value and acquisition cost. As set out below, each Named Executive Officer met the minimum shareholding requirement as at October 31, 2009.

Named Executive Officer	Ownership Requirement Multiple	Ownership Requirement ($)	Shareholdings as of October 31, 2009[1] ($)	Shareholdings as a Multiple of Salary
L. (Larry) M. Pollock President and CEO	4 times annual salary	2,200,000	8,683,059	15.8
Tracey C. Ball Executive Vice President and Chief Financial Officer	1 times annual salary	292,875	905,251	3.1
William J. Addington Executive Vice President	1 times annual salary	255,517	650,743	2.6
Randell W. Garvey Executive Vice President	1 times annual salary	254,292	257,629	1.0
Brian J. Young Executive Vice President, CWB and President and CEO, CDI	1 times annual salary	247,400	703,979	2.9

1. Based on the Named Executive Officer's shareholdings and common share closing price of $21.38 on October 30, 2009.

Subsequent to year end, the minimum shareholdings requirement was increased to five times annual salary for the President and CEO and two times annual salary for an Executive Vice President. The level of ownership may be achieved through the holding of common shares and outstanding RSUs. Compliance will be assessed annually on October 31 based on the higher of market value and acquisition cost. Each executive officer must achieve the minimum shareholdings within three years of receiving his or her promotion or within five years of commencing employment with CWB.

All employees are prohibited from directly or indirectly entering into short sales in respect of any of the Bank's securities. In addition, employees are prohibited from directly or indirectly buying or selling a call or put in respect of the Bank's securities.

2009 Compensation Decision Process

Compensation of the President and CEO for 2009

In December 2008, the CGHR Committee reviewed the 2008-2009 Comparator Market Data and determined that Mr. Pollock's base salary had fallen below the targeted base salary range. The CGHR Committee therefore increased Mr. Pollock's base salary by 10% to $550,000 for the fiscal year ended October 31, 2009.

In 2006, the Bank amended Mr. Pollock's employment agreement. The agreement provided for a retiring allowance equal to 18 months salary payable at the earlier of Mr. Pollock's retirement and the date he attains the age of 65. During 2009, the CGHR Committee approved a payment to Mr. Pollock in the amount of $922,970 to extinguish this obligation of the Bank. The employment agreement also provided for certain payments to Mr. Pollock in the event his employment was terminated without cause or there was a change in control. See "Termination and Change of Control Benefits" for further details.

Mr. Pollock's employment agreement provided for the issuance in each year of that number of options with an exercise price, based on the five-day trading average as at November 1 of the prior year, equal to three times Mr. Pollock's base salary as at November 1 of the prior year. In accordance with the employment agreement, and based on the exercise price established on November 1, 2008, Mr. Pollock was granted 98,175 options for the 2009 fiscal year. When assessing the target compensation mix, the CGHR Committee values these options utilizing the Estimated Target Value, which was $10.00 for fiscal 2009. The difference between Mr. Pollock's fiscal 2009 target compensation mix and his compensation mix for fiscal 2009 set out in the Summary Compensation Table on page 22 of the Circular is attributable to the difference between the fair value grant date methodology utilized in the Summary Compensation Table and the Estimated Target Value utilized by the CGHR Committee in assessing Mr. Pollock's target compensation mix.

Mr. Pollock's employment agreement was amended effective November 1, 2009. This amended employment agreement provides for a base salary of $650,000 and increases the potential annual short term incentive from 100% to 125% of base salary. An additional 50% of annual salary is possible if performance exceeds one or more specified targets. The maximum potential payment is therefore equal to 175% of annual base salary. The amended contract also provides for an annual LTIP grant equal to 150% of salary, with 70% of the value in the form of options and 30% in the form of RSUs. Any outstanding options which have not vested on the agreed upon retirement date will vest immediately upon his retirement and be exercisable for a period of 18 months. All RSUs will vest and be paid in accordance with the RSU Plan.

The amended agreement also provides that, for a period of two years after he ceases to be an officer of the Bank, Mr. Pollock will become a consultant to the Chairman of the Board and will be precluded from being involved in Ontario or any of the western provinces as an employee, strategic investor, consultant or director of an entity that would normally be considered a direct competitor of CWB or any of its subsidiaries. Upon execution of the amended employment agreement, Mr. Pollock received a signing bonus of $131,500.

In December 2009, the CGHR Committee reviewed the performance objectives for the President and CEO for fiscal 2009 and the results obtained, the highlights of which are provided in the table below.

2009 Performance Target Ranges	Met Target	2009 Results
Shareholder Value		
• Net income growth of 2-5%	✓	• Net income growth of 4%
• Return on common shareholders' equity of 14-16%[(1)]	✗	• Return on common shareholders' equity of 13.2%
• Return on assets of 0.90-1.05%[(2)]	✗	• Return on assets of 0.86%
Operational Results		
• Loan growth of 10%	✗	• Loan growth of 7%
• Provision for credit losses as a percentage of average loans of 0.15-0.18%	✓	• Provision for credit losses as a percentage of average loans of 0.15%
• Efficiency ratio (teb) of 46-49%[(3)]	✓	• Efficiency ratio of 48.2%
Leadership		
• Development and execution of strategic vision	✓	• Demonstrated leadership in a difficult financial environment • Completed a concurrent private placement and public offering of preferred units in order to strengthen the Bank's Tier I capital ratio during a time of market volatility • Initiated measures to improve net interest margin • Reduced liquidity risk by launching Canadian Direct Financial as a new deposit gathering channel and obtaining federal approval for Valiant Trust Company to be a deposit taking institution • Completed the acquisition of a 72.5% interest in Adroit Investment Management Ltd. to further diversify the Bank's income • Continued expansion through the opening of two additional Bank branches and the Toronto office of Canadian Western Trust Company
• Communication	✓	• Had a significant role in enhancing the Bank's profile • Demonstrated leadership in communication with the investor community to explain the strengths in CWB's business model • Introduced additional communication channels with employees

2009 Performance Target Ranges	Met Target	2009 Results
• Leadership development and succession planning	✓	• Recognized for the third consecutive year as one of the "50 Best Employers in Canada" as reported by the *Globe and Mail Report on Business* • Continued to improve career development opportunities through new training options and a career development website • No turnover, except for retirements, in senior management in fiscal 2009 • Employee turnover rate decreased from a three year average of 13.9% to 6.8% in fiscal 2009

1. Return on common shareholders' equity is calculated as annualized net income after preferred share dividends divided by average common shareholders' equity.
2. Return on assets is calculated as annualized net income after preferred share dividends divided by average total assets.
3. Efficiency ratio is calculated as non-interest expenses divided by total revenues (teb).

The CGHR Committee noted that Mr. Pollock had performed well in 2009 despite very challenging market conditions and a recessionary environment that was much more pronounced than anticipated when his targets were established. Net income growth, the efficiency ratio (teb) and provisions for credit losses as a percentage of average loans were all within the respective target ranges. While the return on equity and return on assets ratio were both below the respective targets, the CGHR Committee noted the net impact on these ratios from the preferred unit offerings completed in March 2009 that had not been considered when these ranges were established. Loan growth of 7% was 3% ($497 million) below target as the volume of new lending slowed during the year due to economic factors. Mr. Pollock demonstrated strong leadership in fiscal 2009 by focusing the executive team and employees on the Bank's strategic priorities in a time of economic uncertainty. Despite challenges in the economy and continuing uncertainty in domestic and global markets, the Bank achieved record net income and total revenues during fiscal 2009. Based on the above factors, the CGHR Committee awarded Mr. Pollock an annual incentive payment of 125% of base salary.

Compensation of the Executive Vice Presidents

In December 2008, the CGHR Committee reviewed the 2008-2009 Comparator Market Data and determined that the base salary of each of the other Named Executive Officers had fallen below the targeted base salary range. Accordingly, base salaries were increased between 8% and 17% effective January 1, 2009. The CGHR Committee also determined that the potential annual short-term incentive as a percentage of base salary was below the median of the Comparator Market Data and increased the potential annual short-term incentive from 65% of base salary to 85% of base salary for the Executive Vice President and Chief Financial Officer and from 65% of base salary to 75% of base salary for all other Executive Vice Presidents.

The achievement of the published annual financial performance targets of the Bank is a significant factor in determining the short-term incentive of the Named Executive Officers, other than the President and CEO. The following table highlights the Bank's performance against the fiscal 2009 target ranges.

2009 Performance Target Ranges	Met Target	2009 Results
• Net income growth of 2-5%	✓	Net income growth of 4%
• Total revenue (teb) growth of 5-8%(1)	✓	Total revenue (teb) growth of 10%
• Loan growth of 10%	✗	Loan growth of 7%

2009 Performance Target Ranges	Met Target	2009 Results
• Provision for credit losses as a percentage of average loans of 0.15-0.18%	✓	Provision for credit losses as a percentage of average loans of 0.15%
• Efficiency ratio (teb) of 46-49%(1)(2)	✓	Efficiency ratio of 48.2%
• Return on common shareholders' equity of 14-16%(3)	✗	Return on common equity of 13.2%
• Return on assets of 0.90-1.05%(4)	✗	Return on assets of 0.86%

1. Taxable equivalent basis ("teb") is used by most banks to permit uniform measurement and comparison of net interest income. An adjustment to taxable equivalent basis increases interest income and the provision for income taxes to what they would have been had tax-exempt securities been taxed at the statutory rate. The taxable equivalent basis does not have a standardized meaning prescribed by generally accepted accounting principles and, therefore, may not be comparable to similar measures presented by other banks.
2. Efficiency ratio is calculated as non-interest expenses divided by total revenues (teb).
3. Return on common shareholders' equity is calculated as annualized net income after preferred share dividends divided by average common shareholders' equity.
4. Return on assets is calculated as annualized net income after preferred share dividends divided by average total assets.

In determining the short-term incentive for each of the other Named Executive Officers, the CGHR Committee considered each executive's contribution towards the Bank's fiscal 2009 performance targets as set out above, the achievements of the business divisions or departments for which the executive was responsible as well as the overall leadership demonstrated by the executive. The following outlines the factors considered by the CGHR Committee in determining to award the maximum annual short-term incentive to each of the other Named Executive Officers for fiscal 2009.

Tracey C. Ball, Executive Vice President and Chief Financial Officer

During the ongoing market turmoil in fiscal 2009, Ms. Ball played a leadership role with respect to both the Bank's strategy as well as shareholder and analyst communication. She was instrumental in structuring and implementing the Bank's concurrent private placement and public offerings of preferred units, which closed near the height of market uncertainty in March 2009. Ms. Ball also oversaw the selection and implementation of a new general ledger system for the Bank, which was implemented, on time and on budget, on November 1, 2009. Ms. Ball also assumed oversight of regulatory compliance during fiscal 2009 and oversaw the implementation of the Bank's dividend reinvestment plan.

William J. Addington, Executive Vice President

During fiscal 2009, Mr. Addington oversaw the successful acquisition of a 72.5% interest in, and the subsequent integration of, Adroit Investment Management Ltd., which supported the Bank's strategic goal of increasing fee-based income. He also evaluated numerous strategic opportunities against the Bank's strategic focus and priorities, and reviewed several leasing and mortgage portfolio acquisitions. Under Mr. Addington's leadership, the Bank's corporate loan portfolio increased in both size and profitability during the year.

Randell W. Garvey, Executive Vice President

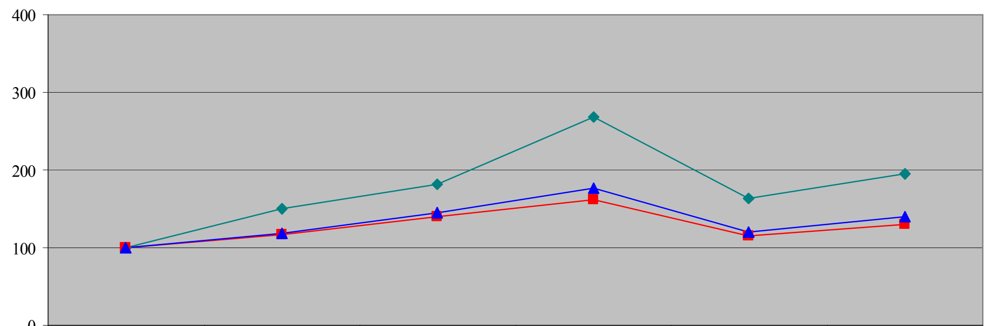
Under Mr. Garvey's leadership, the Treasury department positioned the Bank's investment portfolio to generate realized gains while maintaining portfolio yield. He also oversaw initiatives to reduce liquidity risk, including adding broker deposits, reducing the Bank's reliance on wholesale deposits and launching Canadian Direct Financial as a new deposit-gathering channel. During fiscal 2009, Mr. Garvey focused on reducing operational risk by enhancing and testing the Bank's ability to respond to a business continuity or pandemic event. Investments were also made in the Bank's information technology infrastructure, including the commencement of a loan origination system.

Brian J. Young, Executive Vice President, CWB and President and CEO, CDI

During fiscal 2009, under difficult market conditions, Mr. Young was instrumental in leading CDI to record performance, achieving 9% growth in written premium and net income while maintaining a 98% claims customer satisfaction ratio. Under Mr. Young's leadership, CDI continued the development and successful rollout of both CDI's internet and broker strategies as well as the successful implementation of CDI's claims imaging system. Mr. Young oversaw the expansion in Toronto of the trust services businesses of both CWT and Valiant and helped guide CWT's growth as it surpassed $5 billion in assets under administration during 2009.

STOCK PERFORMANCE GRAPH

Five-Year Total Shareholder Return on $100 Investment
(assuming reinvestment of dividends)



	2004	2005	2006	2007	2008	2009
CWB	100	150	182	268	164	196
S&P/TSX Financials Index (Total Return)	100	116	140	161	115	131
S&P/TSX Composite Index (Total Return)	100	119	145	176	121	140

The above graph shows the cumulative return over five years of $100 invested in common shares of CWB as at October 31, 2004 compared to the cumulative return of $100 invested in the S&P/TSX Composite Index and in the S&P/TSX Financials Index over the same period.

As previously noted, the CGHR Committee considers a number of factors and performance elements when determining compensation for its senior executives. Although total shareholder return is reviewed, it is not the only factor considered by the CGHR Committee. As a result, the Bank does not anticipate a direct correlation between total shareholder return and executive compensation levels.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes the aggregate compensation paid or payable by the Bank to the President and Chief Executive Officer (CEO), the Executive Vice President and Chief Financial Officer (CFO) and to the next three most highly compensated executive officers of the Bank whose total compensation, excluding pension, received (or to be received) in respect of the fiscal year ended October 31, 2009 was greater than $150,000.

Name and Principal Position	Year	Salary(1) ($)	Share-Based Awards(2) ($)	Option-Based Awards(3) ($)	Non-Equity Incentive Plan Compensation Annual Incentive Plans ($)	Pension Value ($)	All Other Compensation(4) ($)	Total Compensation ($)
L. (Larry) M. Pollock President and CEO	2009	550,000	-	199,291	687,500	-	1,024,856(5)	2,461,647
Tracey C. Ball, FCA Executive Vice President and Chief Financial Officer	2009	292,875	96,003	106,398	255,000	-	36,610(6)	786,886
William J. Addington, FCMA Executive Vice President	2009	255,517	83,198	101,208	195,000	-	33,028(7)	667,951
Randell W. Garvey, CFA, FCMA Executive Vice President	2009	254,292	83,198	101,208	195,000	-	32,870(6)	666,568
Brian J. Young Executive Vice President, CWB and President and CEO, CDI	2009	247,400	80,005	98,612	187,500	85,000	13,401(8)	711,918

1. Salary increases for executive management (other than the President and CEO) were effective January 1, 2009.
2. Share-based awards are comprised of RSUs. The grant price of each RSU is the weighted average price of a Bank common share on the four trading days preceding the date on which the RSU was granted plus the day of the grant. RSUs, each valued at $16.893, were awarded to the Named Executive Officers, other than the CEO, on June 15, 2009.
3. On December 12, 2008, the Bank granted the Named Executive Officers 154,375 options valued at $1.9027 per option. On June 15, 2009, the Bank granted the Named Executive Officers a further 60,300 options valued at $5.1905 per option. All options are valued using the binomial option pricing method. The inputs used to calculate the value of the options granted December 12, 2008 and June 15, 2009 were as follows:

	December 12, 2008	June 15, 2009
Exercise Price	$11.758	$16.893
Expected Life	4 Years	4 Years
Stock Price Volatility	34.9%	43.2%
Dividend Yield	4.0%	2.5%
Risk-Free Interest Rate	2.1%	2.5%

   The four-year estimated expected life is based on the historical exercise pattern of options granted in the past. The risk-free rate is the zero coupon Government of Canada Yield Curve on the option grant date.
4. Does not include perquisites or other personal benefits as they do not exceed the lesser of $50,000 or 10% of the total salary for any of the Named Executive Officers.
5. "All Other Compensation" includes a payment to Mr. Pollock in the amount of $922,970 to extinguish the Bank's future obligation to pay a retiring allowance, the payment of 15% of salary in lieu of a contribution to Mr. Pollock's pension plan and the Bank's contribution to the Employee Share Purchase Plan (ESPP).
6. "All Other Compensation" includes the Bank's contribution to the ESPP and Group RRSP, and dividends earned on granted RSUs.
7. "All Other Compensation" includes the Bank's contribution to the ESPP and Group RRSP, dividends earned on granted RSUs, and the taxable benefit on an employee mortgage loan.
8. "All Other Compensation" includes the Bank's contribution to the ESPP and dividends earned on granted RSUs.

Incentive Plan Awards

The following table shows all option-based and share-based awards held by Named Executive Officers that were outstanding as of October 31, 2009.

Name	Option-Based Awards				Share-Based Awards	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options(1) ($)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested(2) ($)
L. (Larry) M. Pollock President and CEO	28,000	13.779	May 31, 2010	212,828	-	-
	60,000	16.380	August 30, 2010	300,000		
	40,000	21.459	April 30, 2011	-		
	24,000	21.459	May 30, 2011	-		
	40,000	21.459	April 30, 2012	-		
	60,000	21.459	April 30, 2013	-		
	80,000	21.459	July 1, 2013	-		
	100,000	21.459	July 1, 2013	-		
	20,290	21.445	September 11, 2013	-		
	94,375	11.758	December 11, 2013	908,076		
	3,800	16.893	June 14, 2014	17,051		
Tracey C. Ball Executive Vice President and Chief Financial Officer	18,000	13.779	May 31, 2010	136,818	5,683	122,753
	20,000	16.380	August 30, 2010	100,000		
	16,000	21.459	May 30, 2011	-		
	15,000	11.758	December 11, 2013	144,330		
	15,000	16.893	June 14, 2014	67,305		
William J. Addington Executive Vice President	18,000	13.779	May 31, 2010	136,818	4,925	106,380
	20,000	16.380	August 30, 2010	100,000		
	16,000	21.459	May 30, 2011	-		
	15,000	11.758	December 11, 2013	144,330		
	14,000	16.893	June 14, 2014	62,818		
Randell W. Garvey Executive Vice President	16,000	17.583	October 31, 2010	60,752	4,925	106,380
	14,000	21.459	May 30, 2011	-		
	15,000	11.758	December 11, 2013	144,330		
	14,000	16.893	June 14, 2014	62,818		
Brian J. Young Executive Vice President, CWB and President and CEO, CDI	18,000	13.779	May 31, 2010	136,818	4,736	102,298
	18,000	16.380	August 30, 2010	90,000		
	14,000	21.459	May 30, 2011	-		
	15,000	11.758	December 11, 2013	144,330		
	13,500	16.893	June 14, 2014	60,575		

1. The market value of unexercised in-the-money options is calculated based on the difference between $21.38, the closing price of a Bank common share on October 30, 2009, and the exercise price of the option.
2. The market value of share-based awards that have not vested is calculated by multiplying the number of RSUs granted to the Named Executive Officers by the October 30, 2009 common share closing price of $21.38. RSUs also pay dividends as if they were common shares. Holders of RSUs are entitled to receive this dividend entitlement when RSUs vest. Accordingly, the final figures in the table include dividends earned up to October 31, 2009 on granted RSUs. No assumption is made for future dividends.

Incentive Plan Awards – Value Vested or Earned during the Year

The following table shows the value of equity-based awards that vested and non-equity incentive plan compensation earned by Named Executive Officers for the year ending October 31, 2009.

Name	Option-Based Awards Value Vested During the Year ($)[(1)]	Share-Based Awards Value Vested During the Year ($)[(2)]	Non-Equity Incentive Plan Compensation Value Earned During the Year ($)
L. (Larry) M. Pollock President and CEO	-	-	687,500
Tracey C. Ball Executive Vice President and Chief Financial Officer	-	-	255,000
William J. Addington Executive Vice President	-	-	195,000
Randell W. Garvey Executive Vice President	13,712	-	195,000
Brian J. Young Executive Vice President, CWB and President and CEO, CDI	-	-	187,500

1. These amounts represent the pre-tax value the Named Executive Officers would have received had they exercised options that vested during fiscal 2009 on the date the options vested. The value of a vested option is calculated as the difference between the closing price on the vesting date and the grant price of that option. Options that vested on dates where the closing price of a common share of the Bank was less than the option exercise price have been assigned a value of zero.
2. The Bank's share-based awards consist of RSUs. No RSUs vested in fiscal 2009.

PENSION PLAN BENEFITS

The following sets out the estimated annual pension for Mr. Pollock and Mr. Young. The other Named Executive Officers do not participate in a defined benefit or defined contribution pension arrangement.

Pension Plan for President and CEO, Canadian Western Bank

The Bank has established an individual pension plan for Mr. Pollock, the President and CEO of the Bank. The plan provides benefits on a defined benefit basis for service prior to January 1, 1996 and on a defined contribution basis for service after December 31, 1995. Mr. Pollock is not required to contribute to the pension plan. The defined benefit plan provides a benefit of 2% of the three-year final average base salary for each year of credited service, subject to the *Income Tax Act* (Canada) maximum of $2,444 for each year of credited service. This maximum is scheduled to increase each year with Canadian wage inflation. The benefit is payable for Mr. Pollock's lifetime with 66.67% continuation to his spouse following his death. The normal retirement age is age 65. Retirement prior to age 65 is subject to a reduction in pension on an actuarial equivalent basis.

The funded ratio of the defined benefit plan was 150% as of December 31, 2007, the date of the last actuarial valuation report.

The Bank is required to contribute each year to the defined contribution plan an amount equal to one-half of the *Income Tax Act* (Canada) maximum defined benefit limit described above. However, as required by the Canada Revenue Agency, the Bank is using the surplus under the defined benefit provision to fund the defined contribution requirement. Further, as Mr. Pollock is entitled to all plan assets under the individual pension plan, any surplus will accrue to him. Accordingly, the entire plan is deemed to be a defined contribution plan and the value of the individual pension plan obligation is equal to the value of plan assets. At October 31, 2009, the value of the plan assets was $1,445,000.

Defined Contribution Plan Table

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Non-Compensatory ($)	Accumulated Value at Year End ($)
L. (Larry) M. Pollock President and CEO	1,320,000	-	125,000	1,445,000

Pension Plan for President and CEO, Canadian Direct Insurance Incorporated

CDI has established a defined benefit pension program for Mr. Young, the President and CEO of CDI, who is also an Executive Vice President of the Bank. The pension program consists of a registered pension plan, which provides benefits up to the *Income Tax Act* (Canada) maximums, and a non-registered unfunded supplemental arrangement, which provides benefits in excess of the *Income Tax Act* (Canada) maximums. The pension formula for the combined plans provides a benefit of 1.8% of the three-year final average Year's Maximum Pensionable Earnings (YMPE) and 2.5% of the three-year final average base salary in excess of the three-year final average YMPE for each year of credited service. The pension program represents a continuation of Mr. Young's pension arrangement in place prior to the acquisition of CDI. The combination of the pension from the CDI plan and the fixed pension earned prior to the acquisition will be equivalent to the pension payable had the acquisition not taken place. The pension is payable for Mr. Young's lifetime with a guarantee of 120 monthly payments. The normal retirement age is age 60. Mr. Young is required to contribute 3% of base salary to the pension plan each year. Retirement prior to age 60 is subject to a 3% per year reduction for each year the actual retirement age precedes age 60.

The following table sets out information for Mr. Young regarding his annual pension benefit.

Defined Benefit Plan Table

Name	Number of Years Credited Service (#)	Annual Benefits Payable(1) ($)		Accrued Obligation at Start of Year(2) ($)	Compensatory Change(3) ($)	Non-Compensatory Change(4) ($)	Accrued Obligation at Year End(2) ($)
		At Year End	At Age 65				
Brian J. Young Executive Vice President, CWB and President and CEO, CDI	5.5	46,439	84,257	396,000	85,000	117,000	598,000

1. Based on three-year final average base salary and three-year final average YMPE at October 31, 2009.
2. The accrued obligation is the value of the projected pension benefit earned for service earned to that date. It is determined in accordance with generally accepted accounting principles and is dependent on the actuarial assumptions used for the year. The significant actuarial assumptions used to determine the accrued obligation as of October 31, 2009 include a discount rate of 5.75% (7.25% as of October 31, 2008), salary increases of 4.0% and retirement at age 60. The actuarial method is the projected unit credit method pro-rata on service. The assumptions and method are not identical to those used by other companies and, as a result, may not be directly comparable across companies. These amounts may change over time due to factors such as changes in assumptions and salary levels.
3. Includes current year service cost net of employee contributions and changes due to actual salary differing from assumed levels.
4. Includes actual employee contributions, interest on the beginning of year accrued obligation, and impact of any changes in actuarial assumptions.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The following table summarizes the estimated incremental payments that would be received by each Named Executive Officer in each circumstance where the Named Executive Officer ceases to be employed by CWB. The amounts shown in the table below are calculated based on positions as at October 31, 2009 and therefore do not include compensation changes or options or RSUs granted subsequent to the 2009 year end. The assumptions underlying the calculations in the following tables include:

- For the calculation of the cash severance benefit, the base salary level of the executive as at October 31, 2008 and 2009 was used, as well as the annual incentive amounts earned for the 2008 and 2009 fiscal years.
- Amounts received upon acceleration of the option and RSU awards vesting dates are based on the October 30, 2009 closing price of $21.38 per common share. For options, the value is calculated based on the difference between $21.38 and the exercise price of the option multiplied by the number of qualifying options. For RSUs, the value is calculated by multiplying the number of RSUs by $21.38.

For the specifics under the cash severance benefit for Mr. Pollock and Mr. Young, refer to the employment contracts and change of control arrangements narrative that follows the table.

The actual amount that the Named Executive Officers could receive in the future as a result of a termination of employment could differ materially from the amounts set forth below as a result of, among other things, changes in the Bank's share price, changes in their base salaries, the timing of the termination event, changes in the bonus amounts, and the vesting and grants of additional equity awards.

Name	Termination for Cause ($)	Termination other than for Cause ($)	Change of Control ($)	Retirement ($)	Resignation ($)	Death ($)
L. (Larry) M. Pollock President and CEO						
Cash Severance	-	2,572,090	2,572,090	-	-	-
Accelerated RSU Vesting	-	-	-	-	-	-
Accelerated Option Vesting[1]	-	-	925,127	-	-	925,127
Continuation of Employee Benefits[2]	-	5,883	5,883	14,708	-	-
Total	-	2,577,973	3,503,100	14,708	-	925,127
Tracey C. Ball Executive Vice President and Chief Financial Officer						
Cash Severance	-	-	-	-	-	-
Accelerated RSU Vesting[3]	-	-	-	122,753	-	122,753
Accelerated Option Vesting[1]	-	-	211,635	-	-	211,635
Continuation of Employee Benefits	-	-	-	-	-	-
Total	-	-	211,635	122,753	-	334,388
William J. Addington Executive Vice President						
Cash Severance	-	-	-	-	-	-
Accelerated RSU Vesting[3]	-	-	-	106,380	-	106,380
Accelerated Option Vesting[1]	-	-	207,148	-	-	207,148
Continuation of Employee Benefits	-	-	-	-	-	-
Total	-	-	207,148	106,380	-	313,528

Name	Termination for Cause ($)	Termination other than for Cause ($)	Change of Control ($)	Retirement ($)	Resignation ($)	Death ($)
Randell W. Garvey Executive Vice President						
Cash Severance	-	-	-	-	-	-
Accelerated RSU Vesting[3]	-	-	-	-	-	106,380
Accelerated Option Vesting[1]	-	-	207,148	-	-	207,148
Continuation of Employee Benefits	-	-	-	-	-	-
Total	-	-	207,148	-	-	313,528
Brian J. Young Executive Vice President, CWB and President and CEO, CDI						
Cash Severance	-	835,979	835,979	-	-	-
Accelerated RSU Vesting[3]	-	-	-	102,298	-	102,298
Accelerated Option Vesting[1]	-	204,905	204,905	-	-	204,905
Continuation of Employee Benefits	-	-	-	-	-	-
Total	-	1,040,884	1,040,884	102,298	-	307,203

1. Each employee is entitled to exercise options which have vested as of the employee's date of termination (with or without cause) or date of resignation. All outstanding options vest in the event of the employee's death or upon a change of control of the Bank and, if the employee is eligible to retire, the employee is entitled to exercise all options which have vested or which will vest within two years of the date of retirement. The amount represents the incremental value of options that would vest on the happening of the triggering event (but does not include the value of options that were vested as of October 31, 2009). This amount is calculated as the number of options that immediately vest on the triggering event pursuant to the terms of the Share Incentive Plan times the difference between the closing price of a common share of the Bank on October 30, 2009 and the applicable grant exercise price. As of October 31, 2009, Mr. Garvey did not qualify for retirement under the terms of the Share Incentive Plan.
2. Mr. Pollock's employment agreement prior to November 1, 2009 provided that the Bank would continue to pay for health benefits and life insurance in an amount of $100,000 for five years if he retires and two years in the event of termination without cause.
3. Early vesting of RSUs in the event of a change in control is in the discretion of the Corporate Governance & Human Resources Committee. If an officer ceases to be an employee before the RSU's vesting date by reason of death or retirement, if the employee is eligible to retire, the RSUs shall vest as if such person was an employee on the vesting date. Accordingly, it is assumed that the value of one common share on each vesting date is equal to $21.38, the closing price of one common share on October 30, 2009. No assumptions are made for future dividends which may accrue to RSUs until vesting. As of October 31, 2009, Mr. Garvey did not qualify for retirement under the terms of the RSU Plan.

President and CEO of Canadian Western Bank

During fiscal 2009, the President and CEO of the Bank had an employment agreement with the Bank, which provided that, if the CEO's employment was terminated without cause, or if the Bank was sold, merged or liquidated, or if its normal operations were changed in such a manner as to eliminate the CEO or the position, then the Bank would pay the CEO a termination and compensation settlement equal to twice the product obtained by averaging the two most recent full years of total compensation immediately prior to termination while employed with the Bank, unless he accepted a position with another employer prior to payment of the settlement. Total compensation included all bonuses and benefits, but excluded any options granted to the CEO.

Mr. Pollock's employment agreement was amended effective November 1, 2009. The amended agreement provides that, if Mr. Pollock's employment is terminated, without cause or notice, or if the Bank's normal operations are changed as a result of a sale, merger or liquidation, in such a manner as to eliminate substantively the position of CEO, then the Bank will pay the CEO a settlement amount equal to the lesser of two times the average of the two most recent full year's base salary and bonus immediately prior to termination and the value of the employment contract to the end of its term.

President and CEO of Canadian Direct Insurance Incorporated

The President and CEO of CDI has an employment agreement with CDI that provides that, if his employment is terminated without cause, CDI is sold, merged or liquidated or CDI's normal operations are changed in such a manner as to eliminate substantively his position, then CDI will pay the President and CEO a termination and compensation settlement, unless he decides to remain with CDI or he accepts a senior position with any company prior to payment of the settlement. The dollar value of such settlement shall be determined by averaging the two most recent full years of total compensation and multiplying that average by 22/12. Total compensation includes bonuses and all benefits, but excludes any options granted to Mr. Young.

DIRECTOR COMPENSATION

Directors are compensated for their services as directors through a combination of annual retainers and meeting attendance fees. Twelve directors of the Bank, who also served as directors of CWT and Valiant, were elected by the shareholders in March 2009. Mr. Pollock, who is an executive officer of the Bank, does not receive any fees for serving as a director of the Bank, CWT and Valiant. There were nine directors of CDI during the 2009 fiscal year, of which seven are also directors of the Bank. Neither Mr. Pollock nor Mr. Young, who are executive officers of the Bank, receive fees for serving as a director of CDI. Directors are reimbursed for travel and other expenses when they attend meetings or conduct business on behalf of the Bank or its subsidiaries.

Annual retainers and meeting attendance fees were paid to the non-management directors on the following basis during the year ended October 31, 2009.

Retainers and Fees	CWB (excluding CDI)[1] ($)	CDI ($)
Chairman of the Board Retainer (per year)	40,000	10,000
Annual Retainer (per year)	40,000	20,000
Audit Committee Chair Retainer (per year)	15,000	7,500
Committee Chair Retainer (other than Audit) (per year)	7,500	N/A
Board Attendance Fee (per meeting)	1,500	1,500
Committee Attendance Fee (other than Audit) (per meeting)	1,500	N/A
Audit Committee Attendance Fee (per meeting)	3,000	N/A
Audit Committee Member Retainer (per year)	8,000	N/A
Committee Member Retainer (other than Audit) (per year)	4,000	N/A

1. CWB, CWT and Valiant meetings are held concurrently and the retainers and attendance fees are allocated between these entities.

If the amendment to By-law 2 to increase the aggregate limit that may be paid to directors as remuneration is passed at the shareholders meeting, the annual retainer for a director will be increased to $80,000, one half of which will be paid in deferred share units and one half of which will be paid in cash or deferred share units in such proportion as each director may elect. The $40,000 Non-executive Chairman Retainer would also be paid in cash or deferred share units in such proportion as the Chairman may elect.

The following table shows the amounts, before withholdings, earned by the non-management directors who served as directors of CWB, CWT, and Valiant during the year ended October 31, 2009.

Name	Fees Earned[1]						Total Director Compensation ($)
	Board Retainer ($)	Non-Executive Chairman Retainer ($)	Committee Chair Retainer ($)	Committee Member Retainer ($)	Board Attendance Fees ($)	Committee Attendance Fees ($)	
Charles R. Allard[2]	40,000	-	-	8,000	7,500	19,500	75,000
Albrecht W.A. Bellstedt	40,000	-	7,500	8,000	10,500	34,500	100,500
Jack C. Donald	40,000	40,000	7,500	4,000	6,000	37,500	135,000
Allan W. Jackson	40,000	-	7,500	8,000	10,500	43,500	109,500
Wendy A. Leaney	40,000	-	-	12,000	9,000	39,000	100,000
Robert A. Manning	40,000	-	15,000	4,000	10,500	22,500	92,000
Gerald A.B. McGavin	40,000	-	-	12,000	10,500	43,500	106,000
Howard E. Pechet	40,000	-	-	8,000	10,500	37,500	96,000
Robert L. Phillips	40,000	-	-	12,000	10,500	22,500	85,000
Raymond J. Protti[3]	40,000	-	-	8,000	4,500	24,000	76,500
Alan M. Rowe	40,000	-	-	12,000	10,500	33,000	95,500
Arnold J. Shell	40,000	-	-	8,000	10,500	12,000	70,500

1. Fees are the only form of compensation paid to directors.
2. Mr. Allard resigned from the Board of Directors effective June 18, 2009.
3. Mr. Protti was appointed to the Board of Directors, the Corporate Governance & Human Resources Committee and the Loans Committee on March 5, 2009.

The aggregate amount that may be paid by the Bank each financial year to its directors is $900,000. The aggregate amount that may be paid by CWT, Valiant and CDI each financial year to their directors is $400,000, $200,000 and $250,000, respectively. In the fiscal year ended October 31, 2009, the non-management directors earned a total of $764,916 from the Bank, $321,780 from CWT and $54,804 from Valiant for total fees and retainers of $1,141,500. Non-management directors of CDI earned a total of $203,250. Non-management directors of CWB who also serve as directors of CDI earned the following amounts: Mr. Donald ($26,000), Mr. Manning ($26,000), Mr. McGavin ($33,500), Mr. Phillips ($36,000), Mr. Protti ($28,500) and Mr. Shell ($26,000).

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table lists the number of securities to be issued upon the exercise of outstanding options, the weighted average exercise price of the outstanding options and the number of securities remaining for future issuance under equity compensation plans as at October 31, 2009.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options ($)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by shareholders	4,394,605	18.654	1,453,865
Equity compensation plans not approved by shareholders	-	-	-
Total	4,394,605	18.654	1,453,865

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors are or were during the course of the financial year indebted to the Bank for any purpose. No executive officers are, or have been during the course of the financial year, indebted to the Bank with respect to indebtedness entered into in connection with a purchase of securities of the Bank or any of its subsidiaries. There is no indebtedness to any subsidiaries of the Bank, and neither the Bank nor any of its subsidiaries has issued any guarantees, support agreements, letters of credit or other similar arrangements to another entity in connection with indebtedness to that entity by any officer, director or employee or former officer, director or employee of the Bank or any of its subsidiaries.

The table below shows the aggregate indebtedness to the Bank of all executive officers, directors, employees and former executive officers, directors and employees of the Bank and its subsidiaries as at December 31, 2009. This amount excludes routine indebtedness as defined under Canadian securities laws, except for indebtedness in the form of residential mortgages to officers, directors and employees, which is included.

Aggregate Indebtedness

AGGREGATE INDEBTEDNESS ($)		
Purpose	To the Bank or its Subsidiaries as at December 31, 2009	To Another Entity as at December 31, 2009
Share purchases	-	-
Other	96,865,902[1]	-

1. $58,306,624 of which represents indebtedness in the form of residential mortgages.

Non-Routine Indebtedness of Directors and Executive Officers[1][2]

The table below shows the aggregate non-routine indebtedness of directors and executive officers of the Bank and their associates.

Name and Principal Position	Involvement of Bank or Subsidiary	Largest Amount Outstanding During 2009 Financial Year ($)	Amount Outstanding as at December 31, 2009 ($)
Tracey Ball Executive Vice President and Chief Financial Officer	Lender	652,500	697,965 [3]
Dennis Crough Vice President, Credit Risk Management	Lender	186,732	178,911[4]
Randell Garvey Executive Vice President	Lender	447,861	409,358[3]
Richard Gilpin Senior Vice President, Credit Risk Management	Lender	310,440	327,824[3]
Ricki Golick Senior Vice President and Treasurer	Lender	227,263	210,240[3]
Carolyn Graham Vice President and Chief Accountant	Lender	196,204	184,218[4]
Darrell Jones Senior Vice President and Chief Information Officer	Lender	372,265	374,855[3]
Greg Sprung Senior Vice President and Regional General Manager	Lender	166,435	73,770[5]

1. Routine indebtedness is defined to include (i) loans of $50,000 or less to directors, or executive officers, that are made on terms no more favourable than the terms on which loans are made to employees generally; (ii) loans to directors and executive officers who are full-time employees, if these loans are fully secured by their residence and do not exceed their annual salary; and (iii) loans to directors or proposed nominees for election as a director if made on the same terms as available to other customers and involve no more than usual risks.
2. "Executive Officer" means: 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.
3. Represents a Western Choice Home Equity Plan (WCHEP) securing a fixed term mortgage and/or a personal line of credit (LOC) on an interest only basis. Such loans are granted according to the standards applicable to customers, except for the interest rate, which is at the rate posted for the Bank's customers less 3%, to a minimum of 3% on the mortgage, and at the government prescribed rate (GPR) to a minimum of 2% for the LOC. The employee borrowing rate was 3% from November 1, 2008 to December 31, 2008, and 2% from January 1, 2009 to October 31, 2009.
4. Represents a mortgage on the borrower's main residence. Such loan is granted according to the standards applicable to customers, except for the interest rate, which is at the rate posted for the Bank's customers less 3%, to a minimum of 3%.
5. Represents a LOC or demand loan at the GPR.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Bank has purchased, at its expense, group liability insurance in the amount of $80 million for its protection and for the protection of its directors and officers. The Bank paid a total premium of $408,115 relating to the policy covering the year ended October 31, 2009. There is a deductible of $50,000 for each Bank loss but no deductible applicable to a loss relating to only one officer or director or to the aggregate of all officers and directors.

PART IV – CORPORATE GOVERNANCE

INTRODUCTION

Sound and effective corporate governance has always been a priority for the Bank. The Board of Directors and management of the Bank are committed to govern and maintain the Bank's operations effectively and efficiently within its regulatory environment. Corporate governance policies are reviewed regularly for improvement and are designed to strengthen the ability of the Board to effectively supervise management and enhance long-term shareholder value. The Corporate Governance & Human Resources Committee provides direction, monitors compliance and makes recommendations to the Board to enhance corporate performance and promote ongoing improvement in Board effectiveness.

The Board believes that it is important for shareholders to be able to discuss with the Board governance issues of importance to them. Shareholders who wish to express their views on any governance matter may send their comments to chairman@cwbank.com.

THE BOARD OF DIRECTORS

Independence

The Board has reviewed the status of each of its directors to determine whether such director is "independent" as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI58-101) and "affiliated" as defined by the affiliation regulations set forth in the Bank Act. The review included the completion of self-assessment questionnaires by each of the directors and a review of the responses by the Conduct Review Committee. As a result of this review and after consideration of all business, charitable and family relationships among the directors and the Bank, the Board has determined that all of the directors, except Mr. Pollock, (or 92% of the Board) are both independent and not affiliated with the Bank. Mr. Pollock is not independent and is affiliated with the Bank as a result of his position as President and CEO of the Bank. It is a requirement under the Bank Act that the CEO be a director of the Bank.

Other Directorships

The names of all other reporting issuers on which each director of the Bank serves as a director is set out in this Circular under the heading "Election of Directors" on page 5.

Board Meetings

The Board held five regular meetings and two special meetings during fiscal 2009. One of the regular meetings in fiscal 2009 was dedicated to strategy. At every Board meeting, a session was held without any management, including the CEO, present.

Chairman

Mr. Jack Donald is the Chairman of the Board. Mr. Donald is an independent director as defined in NI58-101. As Chairman of the Board, his responsibilities include ensuring that the Board functions effectively and independently of management and that it meets its obligations and responsibilities as set out in its mandate. Mr. Donald will not be seeking re-election as he has reached the maximum age for re-election as a director.

If elected as a director at the annual and special meeting of shareholders on March 4, 2010, Mr. Allan Jackson will become the Chairman of the Board. Mr. Jackson is an independent director as defined in NI58-101.

Attendance Record

Directors are expected to attend the annual meeting as well as Board meetings and meetings of committees on which they serve. During the period from November 1, 2008 to October 31, 2009, the Board of Directors held seven meetings, the Conduct Review Committee held two meetings, the Audit Committee held four meetings, the Corporate Governance & Human Resources Committee held seven meetings and the Loans Committee held 23 meetings. In all, there were seven Board meetings and 36 committee meetings.

A summary of the record of attendance of directors at each meeting of directors and at each committee meeting held during the year ended October 31, 2009 is set out in this Circular under the heading "Election of Directors" on page 5.

BOARD MANDATE

The Board's Mandate sets out the Board's purpose, organization, duties and responsibilities. A copy of the Mandate is attached hereto as Schedule A.

POSITION DESCRIPTIONS

The Board has developed written position descriptions for the Chairman of the Board and for the Chair of Board Committees. The Board has also developed a written position description for the CEO.

ORIENTATION AND CONTINUING EDUCATION

The Bank provides a two and a half day orientation for new Board members where the director has the opportunity to meet with senior management. All directors are also provided with a Directors' Manual, which includes a copy of all Board and committee mandates and policies, the Bank's By-laws and other reference material.

Directors are kept informed as to matters impacting, or which may impact, the Bank's operations through reports and presentations at the quarterly Board meetings. Special presentations on specific business operations are also provided to the Board. In 2009, presentations were made to the Board on International Financial Reporting Standards and the Bank's information technology strategy.

ETHICAL BUSINESS CONDUCT

Code of Conduct

The Bank has a written code of conduct for its directors and a written code of conduct for its officers and employees. A copy of both these codes may be found on the Bank's website at www.cwbankgroup.com. The Board monitors compliance with the codes by requiring each director, officer and employee to annually sign a certificate confirming his/her compliance with the applicable code. To the knowledge of the Board, there have been no departures from the code during fiscal 2009 that would have required the filing of a material change report.

Related Party Transactions

In the event a director or executive officer has a material interest in any transaction or agreement considered by the Board, or any committee of the Board, such interest must be declared and recorded in the minutes of the meeting, and the director or executive officer must vacate the meeting while the transaction or agreement is being discussed. The responsibilities of the Conduct Review Committee include establishing procedures to ensure disclosure and review of related party transactions in accordance with the requirements under the Bank Act. These procedures include obtaining an annual certificate from each director and officer of the Bank, which certificate discloses all related parties of the director or officer and any related party transactions with the Bank.

Culture of Ethical Business Conduct

The Board believes that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and the executive officers. The codes of conduct address many areas of business conduct. A whistleblower procedure for the Bank has been established through which complaints or concerns regarding questionable audit or accounting matters may be made.

The Bank has adopted a corporate disclosure policy which is reviewed annually. Quarterly and annual financial documents are reviewed by an internal Disclosure Committee prior to being recommended for Board approval and CEO/CFO certification of annual and interim filings. Inquiries and requests for information from shareholders and potential investors receive prompt attention from an appropriate officer. The Bank's quarterly earnings conference calls with analysts and institutional investors are broadcast live, via the Internet, and archived on the Bank's website for 60 days. The calls are also accessible on a live and recorded basis via telephone to interested retail investors, the media and members of the public. The Bank also includes all significant disclosure documents on its website at www.cwbankgroup.com.

The Bank has engaged an independent Ombudsman to receive complaints from banking clients who are unable to obtain satisfaction from the internal complaint handling process.

NOMINATION OF DIRECTORS

Nominating Committee

The Corporate Governance & Human Resources Committee has responsibility for identifying new candidates for Board nomination. As of the date of this Circular, this committee is comprised of eight directors, all of whom are independent. The mandate of this committee in respect of nomination and Board assessment matters specifically sets out the following duties and responsibilities:

- identify and recommend to the Board qualified candidates to be considered for Board membership;
- review, monitor, and make recommendations regarding new director orientation and the ongoing development of existing Board members;

- evaluate at least once every two years, on alternate years, Board effectiveness and individual director effectiveness, as well as membership, selection criteria, composition and size and make recommendations to the Board for changes;
- review at least annually the fees and other benefits paid to directors and make recommendations to the Board for changes; and
- make recommendations to the Board regarding revisions to the Board of Directors' Manual.

New Candidates

The Corporate Governance & Human Resources Committee annually reviews both the size and composition of the Board in accordance with the Bank's policy. In fiscal 2009, the Board was comprised of 13 directors until June 18, 2009 and 12 directors thereafter. The Board size was considered large enough to permit a diversity of views and to staff the committees, without being so large as to detract from its efficiency and effectiveness. In considering new nominees for the Board, the Committee assesses the skills, expertise and experience of the incumbent directors in order to determine the skills, expertise and experience it should seek in new Board members to add value to the Board. The Committee has developed a written matrix to assist in its analysis. As each director is expected to participate on one or more of the Board's four committees, expertise and experience related to a particular committee may be considered by the Committee. The Committee also considers such matters as a candidate's integrity, independence and residency. The Committee then assesses each potential nominee against the criteria developed by the Committee.

Director Election

The Board of the Bank believes that each of its members should carry the confidence and support of its shareholders. To this end, the form of proxy for the vote at the shareholders' meeting enables shareholders to vote in favour of, or to withhold from voting, separately for each nominee. At the meeting, the chair will call for a vote by ballot and the scrutineers will record with respect to each nominee the number of shares in his or her favour and the number of shares withheld from voting. If, with respect to any particular nominee, the number of shares withheld exceeds the number of shares voted in favour of the nominee, then for purposes of the Bank's policy, the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law.

A person elected as a director who is considered under this test not to have the confidence of shareholders is expected to immediately submit to the Board his or her resignation. The Corporate Governance & Human Resources Committee will promptly consider the director's offer to resign and make a recommendation to the Board whether to accept it. In making its recommendation, the Committee will consider the cause of the withheld votes, the skills and attributes of the director and the overall composition of the Board and whether accepting the resignation would cause the Bank to fail to meet a regulatory requirement. Any director who tenders his or her resignation will not participate in the deliberations unless the remaining directors do not constitute a quorum, in which case all directors may participate in the deliberations. Within 90 days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation. If the resignation is accepted, subject to any corporate law restrictions, the Board may leave the resultant vacancy unfilled until the next annual general meeting, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or it may call a special meeting of shareholders at which there will be presented one or more director nominees to fill the vacant position or positions.

This policy does not apply to a contested election where the number of nominees exceeds the number of directors to be elected. Nominees for election to the Board must agree to the policy before their names are put forward. In the event any director fails to tender his or her resignation in accordance with the policy, the Board will not re-nominate the director.

COMPENSATION

Compensation Committee

The Corporate Governance & Human Resources Committee has responsibility for determining the compensation of the Bank's directors and executive officers. As of the date of this Circular, this committee is comprised of eight directors, all of whom are independent. The mandate of this committee in respect of compensation matters specifically sets out the following duties and responsibilities:

- review and recommend to the Board the employment and appointment of the executive officers of the Bank;
- review the position descriptions for the executive officers of the Bank and approve changes;
- establish (a) an executive compensation structure for the CEO; and (b) in conjunction with the CEO of the Bank, an executive compensation structure for all other executive officers of the Bank and CDI;
- ensure an annual performance appraisal is completed for the President and CEO and that it is reviewed with him by the Chairman of the Board;
- act as the Corporate Governance & Human Resources Committee for all subsidiaries of the Bank;
- review and approve any employment-related contract entered into between the Bank, or one of its subsidiaries, and an executive level officer (equivalent to Executive Vice President within the Bank, or higher);
- review the succession plans for the Bank and its subsidiaries, which will include all critical positions as well as all executive officers in each of the companies;
- establish, amend, monitor and, where appropriate, terminate all compensation plans and arrangements for executive officers, officers and employees of the Bank and its affiliates, including:
  - Pension and retirement programs;
  - Cash-based incentive compensation plans and other bonus arrangements; and
  - Share incentive plans and other equity-based arrangements;
- award grants of options under any share incentive plan, subject to applicable regulator and shareholder approval and award grants of RSUs; and
- review the compensation discussion and analysis and recommend approval by the Board.

Determination of Compensation

The remuneration paid to the Bank's directors and executive officers is reviewed each year by the Corporate Governance & Human Resources Committee. The level of remuneration is designed to provide a competitive level of remuneration relative to comparable positions in the marketplace. Consultants are retained no less than once every three years to assist the Board. The aggregate annual remuneration payable to all directors is set out in the Bank's By-laws. Any increase to this total amount requires shareholder approval.

Compensation Consultants

The Corporate Governance & Human Resources Committee has the responsibility and authority to retain consultants, including compensation consultants or advisors, as the Committee may determine necessary or advisable to carry out its responsibilities. In fiscal 2009, the Committee retained Hugessen to analyze the Bank's long-term incentive plan and make recommendations to the Committee. See "Compensation Discussion and Analysis" on page 11.

BOARD COMMITTEES

The Board has four standing committees: the Audit Committee, the Conduct Review Committee, the Corporate Governance & Human Resources Committee and the Loans Committee. The Audit Committee and Conduct Review Committee are required committees under the Bank Act. All directors currently participate in at least one standing committee.

Audit Committee

This committee is comprised of five financially literate and independent directors. A complete copy of the Audit Committee Mandate is attached as Schedule A to the Bank's Annual Information Form dated December 7, 2009, which has been filed on SEDAR at www.sedar.com.

Conduct Review Committee

This committee is comprised of three independent directors. Its written mandate is summarized as follows:

- establish procedures in order to ensure disclosure of potential transactions with specified related parties of the Bank and review those procedures and their effectiveness in ensuring that the Bank is complying with the Bank Act;
- review any such potential transactions to ensure compliance with the Bank Act, either approving or declining the transaction, as required;
- review and approve internal policies, and any amendments thereto, for credit arrangements and financial services available to employees of the Bank under the regulations concerning executive officers and associated parties;
- monitor aggregate transactions of the Bank with directors and executive officers and their interests to ensure continued compliance with the Bank Act and that excesses are brought to the Board for consideration;
- review the Bank's Conduct Policy and any other specialized standards on an annual basis to ensure relevance and completeness in regard to legislative requirements;
- monitor procedures for conflicts of interest, confidential information, disclosure of information and handling of customer complaints, and be satisfied that the procedures are being adhered to;
- ensure every employee, officer and Board member agrees to comply, in writing, with the Bank's Conduct Policy and, further, that these documents, and compliance, are acknowledged annually; and
- review the practices of the Bank to ensure that any transactions with related parties of the Bank that may have a material effect on the stability or solvency of the Bank are identified.

Corporate Governance & Human Resources Committee

This committee is comprised of eight independent directors. This committee is responsible for the identification of new directors (as described under "Nomination of Directors" above) and the determination of the compensation of the Bank's directors and executive officers (as described under "Compensation" above). In addition, this committee's written mandate includes the following:

- review corporate governance trends and best practices applicable to the Bank and make recommendations to the Board to adopt new governance policies and practices or to amend existing policies and practices; and
- review and monitor compliance with corporate governance polices and practices and report any instances of non-compliance to the Board.

Loans Committee

This committee is comprised of nine directors, eight of whom are independent. Mr. Phillips serves as an alternate member and, in such capacity, attends meetings only when required to ensure a quorum. The Chief Executive Officer, who is not independent, is a member of this committee. This committee's written mandate is summarized as follows:

- establish and approve lending limits for the Bank and the President and CEO within the limits established by the Board and review such limits at least annually;
- deal with credit applications which are in excess of the lending limit for the President and CEO but within the Committee's lending limit and which have been recommended by management of the Bank;
- deal with loans to a foreign country or which are guaranteed by a foreign country;
- make recommendations to the Board for loan proposals in excess of the lending limits established for the Committee;
- confirm at least annually that management has reviewed the Bank's Lending Policies and Guidelines to ensure that they are sound, prudent and compliant with regulatory standards, and review and approve, if acceptable, new policies and guidelines or amendments to existing policies and guidelines, as recommended by management;
- review management's proposals for allowances and loan write-offs and make recommendations for the consideration of the Audit Committee of the Board;
- review proposed changes to the policy on Director Related Loans and make recommendations to the Board;
- determine the content and frequency of management reports to the Committee and notify management of the requirement; and
- review at least quarterly the Bank's Credit Risk Management program and make recommendations to the Board for changes to the program.

ASSESSMENTS

In response to the Board's commitment of effective corporate governance, a two-pronged evaluation process has been initiated. In "even" years, the Board members assess their effectiveness as a Board. In "odd" years, a peer evaluation of each member is scheduled.

During the Board assessment, members are asked to rate items such as structure and size of the Board, the knowledge and diversity of the membership, as well as the timeliness and completeness of information received for discussion and the overall effectiveness of the decision-making process. The peer evaluation involves questions such as effectiveness in discussions and decision-making, attendance and whether the director's non-Bank activities enhance or detract from shareholder value.

Both evaluation processes are conducted in-house and require all members to complete questionnaires that are forwarded to the Chairman of the Corporate Governance & Human Resources Committee. The Chairman then compiles the results and prepares a single document that includes any comments that may have been forwarded. Anonymity of the particular submitter is maintained, with the aggregate results presented to the Corporate Governance & Human Resources Committee for discussion and recommendations as required.

PART V – OTHER INFORMATION

SHAREHOLDER PROPOSALS

There were no shareholder proposals submitted for consideration at this meeting. The final date for submitting shareholder proposals for inclusion in the Circular in connection with next year's annual meeting is October 7, 2010.

ADDITIONAL INFORMATION

Additional information relating to the Bank may be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Bank's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended October 31, 2009, which are both available on SEDAR at www.sedar.com and in the Bank's 2009 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 the Bank's website at www.cwbankgroup.com.

DIRECTORS' APPROVAL

The Board of Directors has approved the content and sending of this Management Proxy Circular.

Gail L. Harding, Q.C.
Senior Vice President, General Counsel
and Corporate Secretary
January 5, 2010

SCHEDULE A
MANDATE OF THE BOARD OF DIRECTORS

Introduction

The Board's primary responsibility is to oversee the management of the business and to pursue the best interests of the Bank. The Board has plenary power and exercises overall responsibility for the management and supervision of the affairs of the Bank.

Board Size and Criteria

The Board shall consist of at least seven and not more than 25 directors, a majority of whom must be resident Canadians at the time of election or appointment and no more than 15 percent may be employees of the Bank or a subsidiary of the Bank. A majority of the directors of the Board shall be independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. If a person will have reached the age of 75 years at the time of the election of the Board, he is not eligible to be nominated as a director.

Board Meetings

In order for the Board to transact business, a majority of the directors must be present and a majority of those present must be resident Canadians. The Board 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. The Board shall have an *in camera* session at each Board meeting with only independent directors present.

Reports from Committees/Subsidiaries

Unless waived by the Board, the Chair of each of the Audit Committee, the Corporate Governance & Human Resources Committee and the Conduct Review Committee shall provide a report to the Board on material matters considered by such committee at the first Board meeting after the committee's meeting. Each board of a material subsidiary that does not have the same directors as the Board shall provide a report to the Board on material matters considered by the subsidiary board at the first Board meeting after the subsidiary's meeting.

Chairman

The Board shall appoint a Chairman of the Board who shall have responsibility to ensure that the Board discharges its duties and responsibilities. The Chairman of the Board shall be an independent director.

Outside Advisors

The Board shall have the authority to retain, at the Bank's expense, independent advisors and consultants to advise the Board as it determines necessary to carry out its duties and to fix the remuneration of such advisors and consultants. The Board 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 Board or to meet with any directors of, or consultants to, the Board.

Governance

The Board of Directors has responsibility for developing the Bank's approach to governance issues although the Corporate Governance & Human Resources Committee plays a key role by recommending and reporting on governance issues, including ethical conduct, to the Board. The Board may delegate specific governance issues to other committees of the Board. The Board is responsible for establishing the appropriate procedures to ensure that the Board, Board committees and individual directors can function independently of management.

General Duties

It is the duty of the directors of the Bank to manage, or supervise the management of, the business and affairs of the Bank. In exercising his or her duties every director shall act honestly and in good faith with a view to the best interests of the Bank and exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Each director shall also comply with the provisions of the Bank Act, the regulations under the Bank Act and the by-laws of the Bank. The Board may establish from time to time various committees of the Board to perform certain functions on behalf of the Board.

Statutory Responsibilities Contained in the *Bank Act*

The Board shall comply with the requirements under the *Bank Act* including, but not limited to, the following:

- establish an Audit Committee and a Conduct Review Committee to perform the duties of such committees as set out in the *Bank Act*;

- establish procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information, and designate a committee of the Board to monitor such procedures;

- establish procedures to provide disclosure of information to customers of the Bank that is required to be disclosed by the *Bank Act* and for dealing with complaints as required by the *Bank Act*, and designate a committee of the Board to monitor such procedures and satisfy itself that they are being adhered to by the Bank;

- establish investment and lending policies, standards and procedures in accordance with the *Bank Act*;

- approve the Bank's annual statement and specific returns prior to submission to the Superintendent of Financial Institutions; and

- approve, when required, related party transactions, in accordance with Part XI of the *Bank Act*; and establish policies and procedures and oversee reporting with respect to related party transactions.

Stewardship Duties and Responsibilities

The Board has responsibility for stewardship of the Bank, including the responsibility to:

- to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer (the "CEO") and other executive officers (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) and that the CEO and other executive officers create a culture of integrity throughout the organization;

- adopt a strategic planning process and approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;

- identify the principal risks of the Bank's business, and ensure the implementation of appropriate systems to manage these risks;

- oversee succession planning (including appointing, training and monitoring senior management);

- adopt a communication and disclosure policy for the Bank;

- oversee the Bank’s internal control and management information systems;

- develop the Bank’s approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Bank; and

- review and disclose, no less than annually, measures for receiving feedback from stakeholders.

Other Duties and Responsibilities

The Board shall:

- with the assistance of the Corporate Governance & Human Resources Committee, review and ratify the employment, appointment, grade levels and compensation of the top five executive employees of the Bank and approve all senior officer appointments (Vice-President and higher);

- with the assistance of the Corporate Governance & Human Resources Committee, develop a position description for the Chief Executive Officer, which together with other board approved policies and practices, should provide for a definition of the limits to management’s responsibilities, and approve the objectives of the Bank to be met by the Chief Executive Officer;

- with the assistance of the Corporate Governance & Human Resources Committee, ensure the performance of the Chief Executive Officer is evaluated at least annually;

- with the assistance of the Corporate Governance & Human Resources Committee, develop a process to evaluate the effectiveness of each director and the Board as a whole on no less than a biennial basis;

- review and approve the strategic plan, the annual business plan and accompanying capital plan and financial operation budget, including capital expenditures;

- approve material divestures, acquisitions and financial commitments;

- with the assistance of the Audit Committee, approve the annual audited financial statements, Management’s Discussion and Analysis (“MD&A”), annual information form, management information circular and other annual public documents of the Bank;

- with the assistance of the Audit Committee, approve the quarterly reports to the shareholders, including the unaudited interim quarterly statements and the quarterly MD&A;

- determine the content and frequency of management reports;

- review any recommendations from regulators or the external auditors respecting their assessment of the effectiveness of the internal controls that come to their attention in the conduct of their work;

- ensure an independent audit/inspection function is in place to monitor the effectiveness of organizational and procedural controls; and

- with the assistance of the Audit Committee and Loans Committee, approve loan write-offs.

This mandate was last approved on June 4, 2009.