

CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

CWB has a strong corporate governance culture that is founded on the principles of integrity and accountability. Corporate governance practices are designed to foster ethical conduct, promote responsible business practices, and ensure that CWB is managed with the objective of building shareholder value over the long term.

The Board continuously works to review, assess, and improve CWB's corporate governance practices.

CWB ensures that its governance policies meet or exceed the requirements of authorities that regulate CWB, including OSFI, the Canadian Securities

Administrators, and the TSX. In addition, CWB considers, and where appropriate will adopt, new corporate governance "best practices" put forward by governance institutions, academics, industry groups, and groups that represent the interests of CWB shareholders and other stakeholders.

CWB's corporate governance framework is supported by clearly defined roles for its Board and committees. The Governance Committee provides direction, reviews best governance practices, monitors compliance, and makes recommendations to the Board to enhance corporate governance and Board effectiveness.

GOVERNANCE AT CWB: A SNAPSHOT

The table below is a summary of the key elements of our governance practices and where you can find them in this Circular.

Key Elements	For more information see page
✓ Appropriate Board size (12 director nominees)	5, 22
✓ Separate Chair and CEO positions	22
✓ Annually elect directors	8, 22
✓ Elect directors individually (not by slate)	24
✓ Majority voting policy for directors	24
✓ Board independence (11 of 12 director nominees are independent)	24
✓ Board diversity policy	22, 28
✓ Share ownership requirements for directors	18
✓ Share ownership requirements for executives	39
✓ Formal position descriptions for the independent Chair of the Board, committee Chairs, and CEO	20
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THE BOARD OF DIRECTORS

Mandate and Accomplishments

The Board is responsible for stewardship of the CWB Financial Group. The Board has developed a mandate, which is reviewed annually, that sets out the Board's purpose, organization, duties, and responsibilities. A copy of the mandate is included as Schedule A to this Circular. In addition, a comprehensive list of directors' obligations under the *Bank Act*, OSFI Guidelines, and securities laws has been documented and cross-referenced against the mandate of the Board and each of its committees to ensure that the Board fulfils all of its obligations.

The Board fulfilled its mandate in 2018. Key (non-financial) highlights of the Board's activities and accomplishments in 2018 include the following:

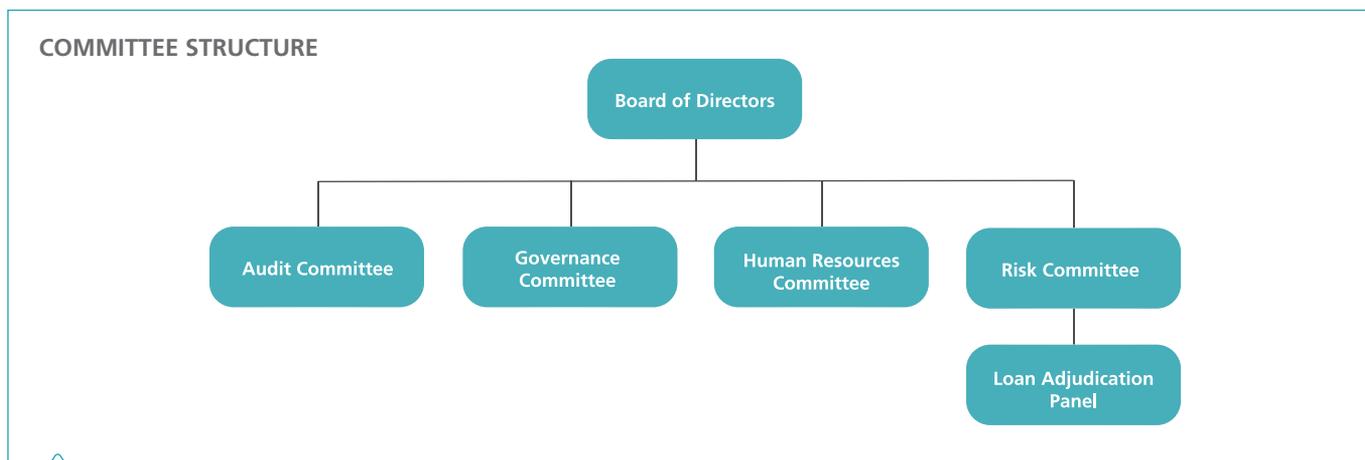
- Considered and approved management's annual strategic direction update, including continued support for CWB's Balanced Growth strategy and long-term objective "To be the best full-service bank for business owners in Canada" by being the best for clients, best for people, and best for investors;
- Engaged with management on key strategic and transformation plans being undertaken to provide an outstanding client experience and increase shareholder value;
- Reviewed succession and leadership development plans for key roles within CWB Financial Group, engaged with key employees through the presentation of regular Board agenda items, and participated in dinners with certain employees to enhance the Board's assessment of the depth of talent;
- Received and reviewed a report from an independent cyber security consultant firm assessing CWB's cyber security systems and framework;
- Participated in a full day Board Education Seminar on oversight of a model-enabled AIRB bank, cyber security, IFRS 9, and an Internal Audit framework for CWB's transition to AIRB and IFRS 9;
- Received presentations on blockchain technology, cyber security, and CWB's Enterprise Information Management Project; and
- Met with the Superintendent of Financial Institutions and other senior members of OSFI to discuss CWB's transition to AIRB and other items of relevance to CWB.

In addition, the Chair of the Board and a member of the Governance Committee attended an information session regarding OSFI's revised Corporate Governance Guideline.

Structure and Committees

To help the Board fulfil its duties and responsibilities, the Board delegates certain powers, duties, and responsibilities to its committees. The current committee structure of the Board includes the Audit, Governance, Human Resources, and Risk Committees. Each Board committee has a mandate setting out its responsibilities as detailed in the following committee reports.

The Board believes that directors should have exposure to different committees to ensure they develop a broad perspective of CWB's operations. Accordingly, each director serves on two committees, and the Governance Committee regularly reviews and considers the composition of the committees and makes recommendations for changes. The Chair of the Board serves on all of the Board committees. The following diagram provides an overview of the current Board committees. Mr. Fowler, as a management director, does not serve on any committees, with the exception of the Risk Committee's LAP in which he may participate.



Key Responsibilities

Although significant work is carried out by the committees, the Board has ultimate responsibility to oversee the management of CWB's business, including oversight of both strategy and risk management, as these functions are cross-dimensional and embedded in all key decisions of the Board.

Strategic Direction

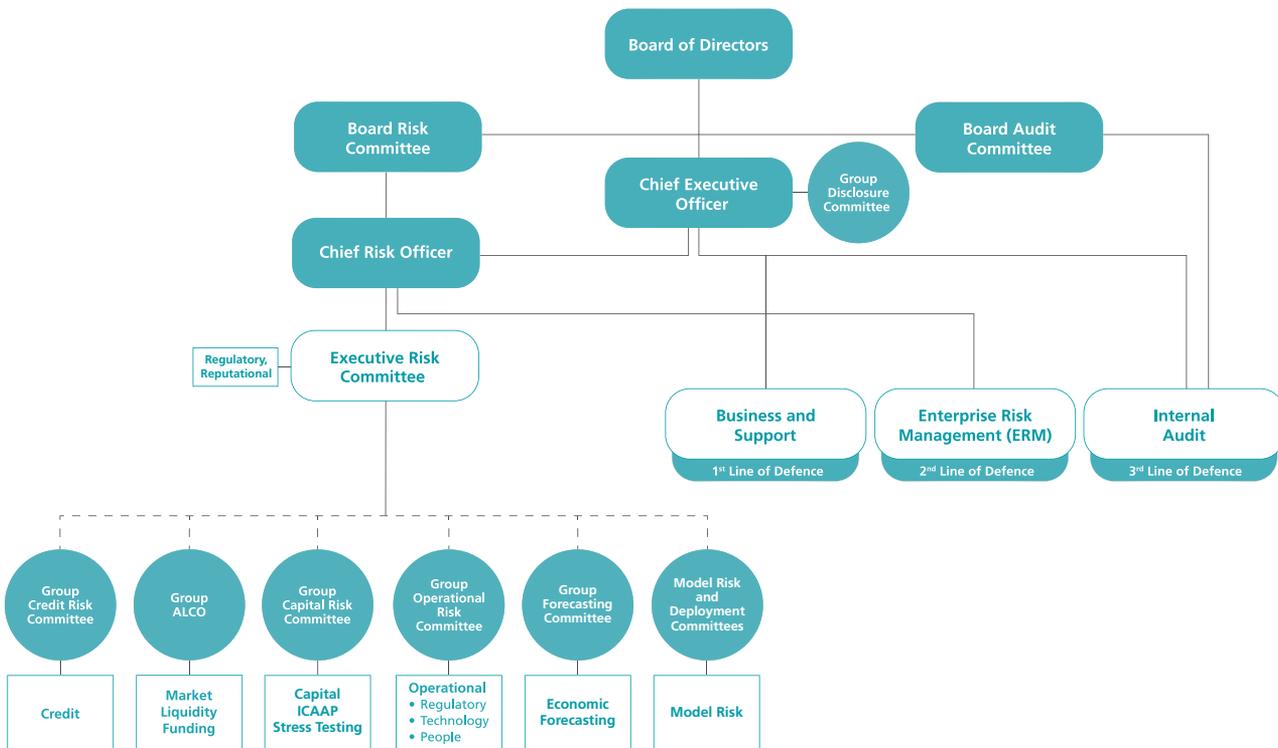
One of the Board's key mandates and priorities is to oversee the development of CWB's strategic direction and the execution by management of the strategic goals. In fiscal 2018, the Board dedicated one and one-half days to a comprehensive review of CWB's strategic direction. Quarterly, the Board receives strategy updates and considers refinements to CWB's strategic direction.

Risk Management Oversight

Oversight of risk management is embedded in CWB's Board and committee structures. The primary goal of risk management is to ensure that the outcomes of risk-taking are consistent with CWB's business activities, strategies, and risk appetite. The Board, with the assistance of its Risk Committee, oversees risk management to ensure a comprehensive

approach to risk. In fiscal 2018, the Board oversaw the continued development of CWB's Enterprise Risk Management function, and approved numerous risk management policies and updates in the areas of credit risk, capital risk, structural market risk, liquidity risk, regulatory compliance risk, and operational risk. As part of the risk management framework, CWB's management provides the Board with regular updates on key risks. The Board is also responsible for other risk areas, including strategic planning, promoting a culture of integrity, internal controls, evaluation of senior management and succession planning, public disclosure, and corporate governance. The Chief Internal Auditor reports to the Board (through the Audit Committee) on the effectiveness of risk governance controls.

The foundation of CWB's risk management structure is a governance framework that includes a robust committee structure and a comprehensive set of corporate policies and limits approved by the Board or its committees, as well as supporting corporate standards and operating guidelines. This framework is governed through a hierarchy of committees and individual responsibilities as outlined in the diagram below.



For more details regarding CWB's approach to risk management, including a report on the principal risks that CWB's operations are exposed to, please refer to the 2018 MD&A that has been filed on SEDAR at www.sedar.com. It is also available in the Investor Relations section of CWB's website at www.cwb.com/investor-relations under the heading "Annual Report and Annual Meeting".

Chair of the Board

The Chair of the Board is an independent director, responsible for ensuring that the Board functions effectively and independently of management and that it meets its obligations and responsibilities as set out in its mandate. The Mandate of the Chair of the Board is available in the Corporate Governance section of CWB's website at www.cwb.com/about-us/corporate-governance.

Position Descriptions

The Board has developed written position descriptions for the Chair of the Board and for the Chairs of CWB's Board committees. The Board has also developed written position descriptions for the CEO and members of executive management.

Nomination of Directors, Board Composition and Board Renewal

The Governance Committee acts as CWB's Nominating Committee and is responsible for identifying new candidates for Board nomination.

The Governance Committee annually reviews both the size and composition of the Board and Board committees. The Governance Committee uses an expertise and skills matrix to assist it in assessing the competencies of the current directors, identifying any gaps in Board skills that may exist, identifying desirable skill sets to look for in new director candidates, and considering whether the Board's skills and experience need to be strengthened in any areas. As part of the Board's renewal process, the Governance Committee annually analyzes these factors when considering whether an appropriate number of directors sit on the Board and when recommending potential nominees for consideration. CWB's objective is for its Board to have a sufficient range of skills, expertise, and experience to ensure that it can carry out its responsibilities effectively.

The Governance Committee does not maintain a standing list of skills, expertise, and experience expected from new directors since the skills, expertise, and experience sought from director candidates will vary as the composition of the Board and its committees evolves over time. Also for this reason, the Governance Committee does not maintain an "evergreen" list of suitable director candidates.

Once it is determined that adding a director to the Board is desirable, the Governance Committee then seeks out suitable candidates and assesses each potential candidate's skills, expertise, and experience against the needs of the Board and each of the Board committees. The Governance Committee will also take into account such matters as a candidate's integrity, independence, residency, gender, ethnic and geographic background. Background checks are completed on all new director nominees.

Through this process, the Governance Committee recommended Ms. Mitchell as a director nominee for appointment to the Board effective January 31, 2019. Ms. Mitchell has an extensive background in the financial services industry, including experience with executive oversight of strategic business development and wealth management at a large Canadian bank.

The Governance Committee also considers the number of women currently on the Board, in accordance with CWB's Diversity Policy, as discussed on [page 28](#) under the heading "Policies Regarding Representation of Women on the Board". Ms. Mitchell's appointment to the Board, along with the retirement of Mr. Bellstedt, will result in 33% of the Board (4 of 12 directors) being comprised of women, surpassing its goal of 25%.

A board of directors is most effective when it can draw from a variety of diverse skills, backgrounds, and experiences. The following table outlines the diversity of experience and expertise of the director nominees, based on a self-assessment completed by each nominee.⁽¹⁾

	Andrew J. Bibby	Christopher H. Fowler	Linda M.O. Hohol	Robert A. Manning	E. Gay Mitchell	Sarah A. Morgan-Silvester	Margaret J. Mulligan	Robert L. Phillips	Raymond J. Protti	Ian M. Reid	H. Sanford Riley	Alan M. Rowe
Strategic Planning - Experience in the development and implementation of strategic direction of a large organization.	2	2	2	2	2	2	2	2	2	2	2	2
Executive Leadership - Experience as a senior executive of a publicly listed company or an organization of at least a similar size as CWB Financial Group (employees, revenue, etc.).	2	2	2	2	2	2	2	2	2	2	2	2
Other Board Experience - Served as a board member of a public, private or non-profit entity of at least a similar size as CWB Financial Group.	0	0	2	2	2	2	2	2	2	2	2	1
Accounting and Finance - Knowledge of and experience with financial accounting and reporting, familiarity with internal financial/accounting controls, and/or International Financial Reporting Standards.	1	2	2	2	2	2	2	1	1	2	1	2
Financial - Accounting designation.	0	0	0	0	0	0	2	0	0	0	0	2
Investment Banking/Mergers and Acquisitions - Experience with investment banking or mergers and acquisitions.	0	2	1	1	1	1	2	2	0	2	2	2
Risk Management/Risk Governance - Experience in managing or overseeing risk, particularly at a financial institution or at an organization where the management of risk is an important part of the role responsibilities.	1	2	2	1	2	2	2	1	2	2	2	2
Human Resources/Compensation - An understanding of the principles and practices relating to human resources and/or actual experience in managing or overseeing human resources, including experience in: compensation plan design and administration; leadership development/talent management; succession planning; and compensation decision-making, including risk-related aspects of compensation.	2	2	2	1	2	2	2	2	1	2	2	2
Business Transformation - Understanding and experience in implementing significant organizational changes.	1	2	1	1	2	2	2	1	2	2	2	2
Corporate Responsibility/Sustainability - Understanding and experience with corporate responsibility practices and the constituents involved in sustainable development practices.	1	2	1	1	1	2	1	1	2	2	1	1
Legal/Regulatory - Experience as a commercial and corporate lawyer either in private practice or in-house with a publicly listed company or major organization, or experience in compliance for complex regulatory regimes.	0	2	1	0	1	1	1	2	2	0	2	2
Information Technology and Security - Experience as a senior executive relating to information technology and security needs of a major organization, including Fintech and cyber security.	0	2	1	0	1	1	2	1	0	1	1	1
Public Policy - Experience in the workings of government and public policy.	0	0	1	0	1	1	2	1	2	0	1	1
Relevant Sectoral Experience - Oversight, advisory or operational experience other than serving as a director of a board in one or more of the following industries or sectors relevant to CWB Financial Group: financial services industry; real estate industry; equipment industry; retail industry, including creation or distribution of retail products, customer research or brand development and positioning.	2	2	2	2	2	2	2	0	2	2	2	2

(1) Each director completed the self-assessment applying a scale of 2 - extensive experience, 1 - some experience and 0 - little to no experience.

Majority Voting Policy

The Board believes that each of its members should carry the confidence and support of CWB's shareholders. To this end, the form of proxy used for voting at the shareholder meeting enables shareholders to vote separately, in favour of or to withhold from voting, 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 their 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 CWB's majority voting policy, the nominee shall be considered to not have received the support of the shareholders, even though the nominee will have been duly elected as a matter of corporate law.

A director who is elected but does not receive a majority of votes for is expected to immediately submit their resignation to the Board. The Governance 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 Governance Committee will consider the potential cause of the withheld votes, the skills and attributes of the director, the overall composition of the Board, and whether accepting the resignation would cause CWB to fail to meet a regulatory requirement. Any director who tenders their 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 that it has accepted the director's resignation or explaining its reasons for not accepting 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 one or more director nominees will be presented to shareholders to fill the vacant position or positions.

This majority voting policy does not apply to a contested election where the number of nominees exceeds the number of directors to be elected. Each nominee for election to the Board must agree to the policy before their name is recommended for election to shareholders. In the event any director fails to tender their resignation in accordance with the policy, the Board will not re-nominate the director.

In Camera Meetings

In order to facilitate an open and candid discussion among independent directors, a portion of every Board and Committee meeting is reserved for independent directors to meet *in camera* without the presence of management and the non-independent director.

DIRECTOR EXPECTATIONS AND REQUIREMENTS

Ethical Business Conduct

CWB has a strong ethical culture based upon CWB's core values of integrity, accountability, respect, common-sense thinking, and caring. This is reflected in the Code, which sets standards of legal, ethical, and responsible behaviour. The Governance Committee annually reviews the Code to ensure that it is current and consistent with best practices. All directors, officers, and employees are required to comply with the Code and must acknowledge on an annual basis their commitment to abide by it. The Code is available on the Corporate Governance section of CWB's website under the heading "Select Documents" at www.cwb.com/about-us/corporate-governance.

The Governance Committee oversees CWB Financial Group's Ethics Program, which is managed by an internal Ethics Committee comprised of senior leadership and chaired by the Chief Ethics Officer. The objective of the Ethics Program is to strengthen and reinforce CWB's ethical culture. The Ethics Program's priorities include the promotion, awareness, and training of CWB's standards of conduct and core values, identifying failures to act in accordance with these expectations, and promptly, fairly, and decisively addressing these failures when they occur. Employees are encouraged to raise issues or report ethical concerns through one of CWB's communication channels, including an anonymous, third-party provided Ethics Hotline.

CWB's promotion of ethical conduct and honest dealings with the public is embedded in other internal policies and procedures, including a policy for 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 Governance Committee include establishing procedures to ensure disclosure and review of related party transactions in accordance with the requirements of the *Bank Act*.

CWB is also committed to responding to and addressing the concerns of its clients. CWB has engaged an independent Ombudsman to receive complaints from banking clients who are unable to obtain satisfaction from the internal complaint-handling process.

Independence

The Governance Committee has reviewed the status of each of the directors to determine whether such director is "independent" as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and "affiliated" as defined by the affiliation regulations set forth in the *Bank Act*. Each director completes a self-assessment questionnaire and the responses are reviewed by the Governance Committee. As a result of this review, and after consideration of all business, charitable, and family relationships among the directors and CWB, the Governance Committee has determined that each of the director nominees, except for Mr. Fowler, (or 92% of the Board) are both independent and not affiliated with CWB. Mr. Fowler is not independent and is affiliated with CWB as a result of his position as CEO of CWB. It is a requirement under the *Bank Act* that the CEO serve as a director of CWB. The Chair of the Board is an independent director. Separating the roles of CEO and Chair of the Board allows the Board to more effectively oversee management, enhances accountability, and helps avoid potential conflicts of interest.

In order to ensure directors remain independent from CWB, CWB policies restrict CWB from granting credit to a director or any person, firm or corporation related to a director, unless such credit facility is fully secured by bank deposit instruments, Government of Canada bonds or treasury bills, or securities issued or guaranteed by a provincial government.

Attendance

Four regularly scheduled quarterly Board meetings and one special Board meeting were held during the 2018 fiscal year. Each Board committee met at least four times in 2018. Directors are expected to attend CWB's annual meeting of shareholders as well as all Board meetings and meetings of committees on which they serve.

The Risk Committee oversees the LAP, chaired by Mr. Reid. The LAP was convened 19 times in 2018. LAP meetings are held throughout the year and are generally convened with less than one week's notice for the purpose of adjudicating credit applications that exceed management

authority. The LAP is typically comprised of three Board members selected by the Chair of the LAP in consultation with the SVP, Credit Risk Management.

The following table sets forth the number of Board meetings and committee meetings held during fiscal 2018 and the number of meetings attended by each director. This table includes the attendance of Mr. Bellstedt, who is not standing for re-election as a director at the 2019 annual and special meeting of shareholders.

Director Name	Board (5 meetings)		Audit Committee (7 meetings ⁽¹⁾)		Governance Committee (4 meetings)		HR Committee (5 meetings)		Risk Committee (7 meetings ⁽¹⁾)		LAP (19 meetings)
	#	%	#	%	#	%	#	%	#	%	#
Albrecht W. A. Bellstedt	5	100	-	-	4	100	-	-	7	100	9
Andrew J. Bibby	5	100	-	-	-	-	5	100	7	100	6
Christopher H. Fowler	5	100	-	-	-	-	-	-	-	-	12
Linda M. O. Hohol ⁽²⁾	5	100	4/4	100	-	-	2/2	100	7	100	7
Robert A. Manning	5	100	7	100	-	-	5	100	-	-	1
Sarah A. Morgan-Silvester	5	100	-	-	-	-	5	100	7	100	6
Margaret J. Mulligan ⁽²⁾	5	100	7	100	2/2	100	-	-	3/3	100	4
Robert L. Phillips	5	100	7	100	4	100	5	100	7	100	3
Raymond J. Protti	5	100	7	100	4	100	-	-	-	-	4
Ian M. Reid	5	100	-	-	4	100	-	-	7	100	19
H. Sanford Riley	5	100	7	100	-	-	5	100	-	-	1
Alan M. Rowe	5	100	7	100	-	-	5	100	-	-	3
Average Percentage	60/60	100	46/46	100	18/18	100	32/32	100	45/45	100	N/A

(1) The Audit and Risk Committees each held four regularly scheduled meetings and met three times jointly.

(2) Effective May 1, 2018, Ms. Mulligan joined the Risk Committee and ceased to be a member of the Governance Committee, and Ms. Hohol joined the HR Committee and ceased to be a member of the Audit Committee.

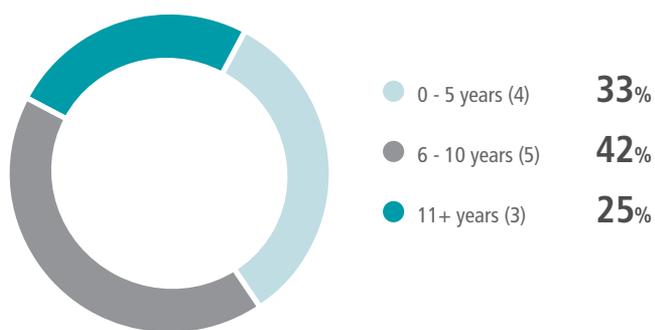
Board or Board Committee	Number of Meetings	Average Attendance Record (%)
Board of Directors	5 Meetings	100%
Audit Committee ⁽¹⁾	7 Meetings	100%
Governance Committee	4 Meetings	100%
HR Committee	5 Meetings	100%
Risk Committee ⁽¹⁾	7 Meetings	100%
LAP	19 Meetings	N/A

(1) The Audit and Risk Committees each held four regularly scheduled meetings and met three times jointly.

Director Tenure

The average tenure of nominated directors is 11 years. The Board has not adopted a term limit for directors, but has a mandated retirement age of 75. The notional objective of term limits is to encourage board turnover, introduce new perspectives, and retain independence. However, the Board does not believe that term limits are in the best interest of CWB. The imposition of director term limits on a board implicitly discounts the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially valuable board members as a result of an arbitrary determination. The Board prefers its rigorous director assessment procedures for evaluating Board members as a method to ensure renewal as opposed to fixed term limits.

The Board has struck the right balance between experience, continuity, and fresh perspectives without mandated term limits. The effectiveness of this approach is demonstrated by the fact that 75% of director nominees have served for 10 years or less. The chart below shows the tenure of director nominees standing for election at the 2019 meeting.



Other Public Company Directorships and Interlocking Directorships

CWB recognizes that Board membership requires a significant dedication of time. The Board has considered whether to limit the number of public company directorships its directors can hold. However, the Board has decided not to implement such a policy at this time. The Board believes that its director assessment program described in detail below is the best method for ensuring that each Board members remains accountable and continues to effectively discharge their duties as a director of CWB.

The Governance Committee has noted that no director sits on more than four public company boards. The Governance Committee monitors the outside boards on which CWB's directors serve to determine if there are circumstances which may impact the director's ability to devote the time and attention to CWB or to discharge their duties and act effectively and in the best interest of CWB. This determination is based on their understanding of CWB's business and their contribution and attendance record at Board and committee meetings.

The Board has not implemented a policy on interlocking public board memberships. The Board reviews any interlocking public board memberships on a case-by-case basis to determine if these will impact the ability of these directors to act in CWB's best interest. The current interlocking public board membership (detailed in the table below) will end upon Mr. Bellstedt's retirement from the Board of CWB on April 4, 2019.

Entity	Director	Committees
	Albrecht W.A. Bellstedt	Chair of the Board
Stuart Olson Inc.	Ian M. Reid	Corporate Governance and Nominating Committee Health, Safety and Environment Committee (Chair) Human Resources and Compensation Committee

DIRECTOR DEVELOPMENT AND ASSESSMENT

New Director Orientation

CWB provides each new director with a two-day orientation, during which time the director has the opportunity to meet with senior management. During these meetings, management provides the new director with an overview of CWB's businesses, operations, and initiatives. New directors receive an orientation package, which includes all Board and Committee mandates as well as key CWB policies and other reference material about CWB and the banking industry. Each new director is also encouraged to attend at least one meeting of each Board Committee during their first year as a director of CWB.

Ongoing Director Education

The purpose of CWB's continuing education program is to assist directors to maintain and enhance their knowledge, skills, and abilities. Directors are kept informed through reports and presentations at the quarterly Board meetings as to matters that impact or may impact CWB's operations, and that are specific to the oversight responsibilities of the Board and its Committees, including economic and regulatory updates. The table below lists the presentations provided to the Board during the 2018 fiscal year.

Date	Provided to	Topic	Presented by
December 2017	Board	Enterprise Information Management Project	EVP, Business Transformation EVP and Chief Information Officer
March 2018	Board	Project Management Office Overview	EVP, Business Transformation Senior AVP, Project Management Office
		Blockchain and Crypto-currencies	Blockchain Director Lead, PricewaterhouseCoopers LLP
April 2018	Board	Strategy Mid-Cycle Review	Executive Management
		AIRB Update and Implications	EVP and Chief Risk Officer
		Real Estate Market	EVP, Banking
		Full Service Banking	EVP, Banking
		CWB Maxium	CEO, CWB Maxium
		Securitization Overview	SVP and Treasurer AVP, Securitization
June 2018	Board	Board Oversight of Model-Enabled Bank	Retired director of a model-enabled bank
		CWB Financial Group Recovery Plan	EVP and Chief Risk Officer
		AIRB Implementation	EVP and Chief Risk Officer
August 2018	Board	2018 Strategic Direction	Executive Management
		Board Education Seminar (full day)	Promontory Financial Group EVP and Chief Risk Officer
		<ul style="list-style-type: none"> • Board Oversight of a Model-Enabled Bank • IT Risk and Cyber Security • Internal Audit • Economic Forecasting Process and Governance • IFRS 9 	Mandiant Consulting Services EVP and Chief Information Officer
Each quarter	Board	Succession Management and Talent Development Review	Senior Management, CWB Financial Group
		OSFI Priorities	Senior Management, CWB Financial Group
		Information Services Strategic Plan	Senior Management, CWB Financial Group
		CWB Wealth Management Strategic Update	EVP, HR and CC
		Business Transformation	Superintendent of Financial Institutions, OSFI
Each quarter	Board	Organizational Change Management	EVP and Chief Information Officer
		Cyber Security	President and CEO, CWB Wealth Management
			EVP, Business Transformation

Directors are also encouraged to participate in external programs related to Board governance. To assist directors in such participation, CWB maintains a group membership with the Institute of Corporate Directors.

Board and Director Assessments

In response to the Board's commitment to effective corporate governance, a two-pronged annual evaluation process has been implemented. In "even" years, the Board members assess the effectiveness of the Board as a whole. In "odd" years, the Board members assess the effectiveness of their peers, the Chair of the Board, and the chairs of the committees in regard to their performance as chair. The peer evaluation process is intended to ensure that each director is contributing to the ongoing stewardship of CWB. The process is a forum for directors to provide each other with suggestions on how they can improve and is also intended to bring to light issues that may ultimately lead to a director being asked to resign. The Chair discusses any identified areas of improvement with the applicable director and if areas of improvement are not addressed, it is expected that the director found by their peers to lack requisite skills or knowledge, whose performance as a director has deteriorated, or whose attendance is less than satisfactory, would be asked to resign.

The peer evaluation conducted in 2017 found that the members of the Board are satisfied with the effectiveness, skills, and competencies of each of the other directors, as well as the effectiveness of the Chair of the Board and the chairs of the committees.

In 2018, each director completed a survey to assess the functioning of the Board. The survey included both quantitative and qualitative assessments related to core competencies of the Board, and the effectiveness of the Board's oversight of management, the audit function, strategy and risk, as well as the effectiveness of the Board's committees. In addition, the Chair of the Board personally met with each director. The quantitative assessments and the Chair of the Board's report were reviewed by the Governance Committee. The assessment confirmed that the Board is functioning very well while at the same time acknowledging the need for continuous improvement.

In addition, the Governance Committee engages an outside consultant to undertake a Board effectiveness study periodically. This independent assessment was last completed by Linkage, Inc. (Linkage) in 2014. Linkage conducted a survey of the Board as well as one-on-one interviews with each director and members of executive management. The Board implemented changes in 2015 to address identified areas of focus, which included the creation of the Risk Committee. The next independent assessment is planned to take place in 2020.

OTHER GOVERNANCE BEST PRACTICES

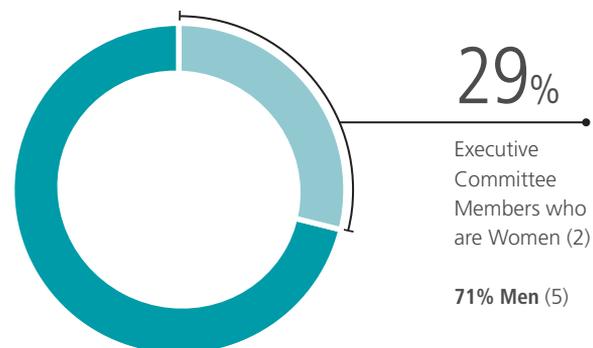
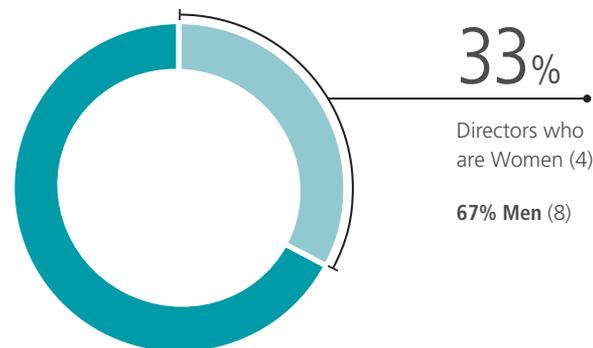
Policies Regarding Representation of Women on the Board

The Board recognizes the value and importance of diversity both at the Board level and within CWB. In accordance with CWB's Corporate Governance Policies, the Governance Committee is required to consider a number of factors, including gender, ethnic, and geographic diversity when seeking new directors for nomination. Although diversity has always been a factor considered in the nomination of new directors, in 2014, the Board adopted a policy with the goal of increasing the number of women who serve as directors on the CWB Board. The policy set a target that at least 25% of the Board be comprised of women by the end of 2018. The Board achieved that target in 2017 and, with the appointment of Ms. Mitchell in January 2019 along with the retirement of Mr. Bellstedt in April 2019, 33% of the Board (4 of 12 directors) will be comprised of women. The Chair of the Board and the President and CEO are also members of the 30% Club Canada, an organization that supports the aspirational goal of 30% of corporate board positions being held by women.

Policies Regarding Representation of Women in Executive Officer Positions

CWB's Corporate Governance Policies require the Board, when appointing any of the President and CEO, CFO and each EVP (collectively, the Executive Committee), to consider, among other things, the age, gender, and ethnic diversity of the Executive Committee. The policy provides a target that at least 25% of the Executive Committee be comprised of women. Currently, two of seven members of the Executive Committee (29%) are women.

The following charts set out the number and percentage of women who serve as directors or in executive officer positions at CWB.



Shareholder Engagement

CWB is committed to transparent and effective communication with its shareholders. In support of this commitment, the Board has developed practices to facilitate shareholder engagement.

CWB has adopted a corporate disclosure policy, which is reviewed annually. Quarterly and annual financial disclosures are reviewed by an internal Disclosure Committee prior to being recommended for CEO/CFO certification of annual and interim filings and Board approval. CWB's quarterly earnings conference calls with analysts and institutional investors are broadcast live, via the Internet, and archived on CWB's website for 60 days. The calls are accessible on a live and recorded basis via telephone to interested investors, the media, and members of the public. CWB includes all significant disclosure documents and news releases in the Investor Relations section of its website at www.cwb.com/investor-relations.

Inquiries and requests for information from shareholders and potential investors receive prompt attention from an appropriate officer. CWB's Investor Relations group is responsible for maintaining communications with the investing public. Investor Relations team members are available to shareholders by email, telephone, or mail. Investor Relations contact information is provided on CWB's website at www.cwb.com/investor-relations.

Shareholders may also communicate with the Chair of the Board at ChairoftheBoard@cwbank.com or CWB's Corporate Secretary as indicated in the Corporate Governance section of CWB's website at www.cwb.com/about-us/corporate-governance or in writing at the address provided in this Circular.

CWB encourages feedback from its shareholders and engages in regular communication with financial analysts and institutional investors. CWB also solicits feedback from its shareholders through its "Say on Pay" advisory resolution on executive compensation.

Succession Planning

CWB's succession planning strategy focuses on identifying and developing individuals to build leadership capability and strengthen overall succession. CWB's succession philosophy is based on promoting talented individuals within CWB, and selective external hiring to enhance critical skills and build a diversity of perspectives.

With the assistance of the HR Committee, the Board oversees CWB's succession planning activities. This includes robust review and assessment, at least yearly, of the succession slates for the CEO (including an emergency CEO replacement protocol), executive management, and other critical leadership positions of the CWB Financial Group, and monitoring development plans for those identified. Potential successors are identified on a short, medium, and longer term planning horizon. Consideration is given to the strengths and development needs of potential successors, with a focus on expertise, leadership skills, strategic capability, and diversity. For key potential successors, rigorous, third-party leadership assessment tools are used to assess leadership capability.

The Board also has direct insight on key potential successors and individuals throughout CWB through a combination of Board presentations, education seminars, and Board dinners with such individuals at regular intervals throughout the year.

COMMITTEE REPORTS

The Board is responsible for stewardship of the CWB Financial Group. The Board has established four committees to assist it in exercising its responsibilities: Audit, Governance, HR, and Risk. Each committee has provided a report below that describes its responsibilities and key 2018 activities.

AUDIT COMMITTEE REPORT

Mandate

The Audit Committee oversees the quality and integrity of CWB's financial reporting. This includes oversight over the internal and external audit functions as well as the adequacy of CWB's internal controls. The Audit Committee also oversees compliance with certain legal and regulatory requirements and acts as the Audit Committee for each of its federally regulated subsidiaries.

For more information regarding the duties and responsibilities of the Committee, please refer to the Mandate of the Audit Committee that is available in the Corporate Governance section of CWB's website at www.cwb.com/about-us/corporate-governance. The mandate is also included in the 2018 Annual Information Form that has been filed on SEDAR at www.sedar.com.

Membership (at fiscal year end)

Robert A. Manning (Chair), Margaret J. Mulligan, Robert L. Phillips, Raymond J. Protti, H. Sanford Riley, and Alan M. Rowe

Each member of the Audit Committee meets the standard for independence and is "financially literate" within the meaning of the rules of the Canadian Securities Administrators. A review of the education and experience of the Audit Committee members may be found in the 2018 Annual Information Form that has been filed on SEDAR at www.sedar.com.

Meetings

The Audit Committee meets at least once each quarter. At each regular meeting, the members meet with KPMG and the Chief Internal Auditor both with and without management present, and with the CFO in private without other members of management present. Each meeting also includes an *in camera* session without management present. The Audit Committee held four regular meetings, and three meetings jointly with the Risk Committee, in fiscal 2018.

Highlights

The Audit Committee fulfilled its mandate in fiscal 2018. The following are highlights of the actions taken by the Committee in fiscal 2018:

Responsibility	Fiscal 2018 Highlights
Financial Reporting and Internal Controls	<ul style="list-style-type: none"> Reviewed and recommended for approval by the Board the annual and interim earnings releases, financial statements and MD&A, and the Annual Information Form. Reviewed and recommended for approval to the boards of certain CWB subsidiaries, the annual financial statements of such entities. Reviewed management's quarterly assessments of the effectiveness of internal controls over financial reporting and disclosure controls and procedures. Received quarterly reporting from management's Disclosure Committee. Reviewed quarterly reports concerning the adequacy of the allowance for credit losses. Reviewed quarterly reports of the CFO which included detailed discussion of CWB Financial Group financial results and analysis of updates to accounting standards and practices as well as other accounting and tax matters of interest to CWB Financial Group. Received regular updates on major CWB projects involving audit or accounting risks. Received quarterly reports on management's implementation plan for and progress on IFRS 9, new accounting requirements for financial instruments and loan impairment, effective for CWB on November 1, 2018.
Internal Audit Function	<ul style="list-style-type: none"> Reviewed and approved the internal audit plan, internal audit charter, and budget and resourcing for the internal audit oversight function. Reviewed quarterly reports on internal audit activities. Reviewed reports on internal audit work regarding the AIRB program.
Finance Function	<ul style="list-style-type: none"> Approved the budget, mandate, and resourcing for the finance oversight function.
External Audit Function	<ul style="list-style-type: none"> Received and discussed KPMG's reports on the annual and quarterly financial results. Approved the policy to engage external auditors for non-audit services and procedures for receiving complaints or concerns regarding accounting, internal accounting controls or audit matters. Reviewed and confirmed the independence of KPMG as the external auditors for CWB and certain subsidiaries and approved the audit plan for fiscal 2018. Conducted an annual assessment of the quality of the external auditors. Conducted a comprehensive assessment of the external auditors.
Legal and Regulatory Matters	<ul style="list-style-type: none"> Monitored market events and legal and regulatory changes which could potentially impact CWB Financial Group. Received regular updates on litigation matters. Received reports from the anonymous hotline and Ethics Program with respect to reports concerning accounting, internal controls, auditing matters or fraud.

GOVERNANCE COMMITTEE REPORT

Mandate

The Governance Committee is responsible for developing CWB's corporate governance policies and practices, identifying and recommending candidates for election to the Board, managing the processes and policies relating to the development and compensation of Board members, assessing Board and director effectiveness, and reviewing the composition of the Board and its committees. The Governance Committee also monitors compliance with the self-dealing provisions of the *Bank Act* and acts as the Conduct Review Committee for CWB and each of its federally regulated subsidiaries.

For more information regarding the duties and responsibilities of the Committee, please refer to the Mandate of the Governance Committee available in the Corporate Governance section of CWB's website at www.cwb.com/about-us/corporate-governance.

Highlights

The Governance Committee fulfilled its mandate in fiscal 2018. The following sets out highlights of the actions taken by the Committee in fiscal 2018:

Responsibility	Fiscal 2018 Highlights
Governance Practices and Policies	<ul style="list-style-type: none">Reviewed CWB's governance practices and Board and Committee mandates to ensure compliance with applicable legal and regulatory requirements.Monitored emerging best governance practices to assess whether such practices should be adopted.
Director Orientation and Development	<ul style="list-style-type: none">Reviewed and recommended continuing education presentations for delivery to the Board on various topics relating to current trends and challenges in the financial services sector, including blockchain/crypto-currencies, business transformation, and cyber security.
Director Compensation	<ul style="list-style-type: none">Reviewed and assessed director compensation.Engaged Meridian to advise on an appropriate peer group for benchmarking CWB director compensation and to conduct a comprehensive review of CWB director compensation, individually and in total, to assess whether changes are advisable to reflect the increased workload, responsibilities, and time commitment required of CWB directors, as well as to plan for strategic Board renewal.
Board and Director Assessments	<ul style="list-style-type: none">Conducted the biennial assessment of the functioning of the Board, which asks directors to assess the core competencies of the Board and the effectiveness of the Board's oversight of management, the audit function, strategy and risk, as well as the effectiveness of the Board's committees, which did not identify any specific areas of concern.
Board Composition	<ul style="list-style-type: none">Reviewed Board composition, diversity, and effectiveness, and considered potential director candidates and director succession planning.Recommended the nomination of Ms. Mitchell to the Board.Assessed the skills and competencies of the directors individually.
Self-Dealing Compliance	<ul style="list-style-type: none">Reviewed and approved the policies, practices, and procedures relating to self-dealing and conflicts of interest.
Conduct Review	<ul style="list-style-type: none">Received annual reports on procedures regarding the use and disclosure of confidential information, the handling of customer complaints, and other consumer protection provisions.Reviewed and approved the Code of Conduct.Reviewed quarterly reports regarding the CWB Financial Group Ethics Program.Reviewed and approved the Corporate Disclosure and Share Trading Restrictions Policy and the Assessment of Responsible Persons Policy.

Membership (at fiscal year end)

Albrecht W.A. Bellstedt (Chair), Robert L. Phillips, Raymond J. Protti, and Ian M. Reid

Each member of the Governance Committee is "independent" within the meaning of the Canadian Securities Administrators rules.

Meetings

The Governance Committee meets at least once each quarter and reports to the Board on its activities. Each meeting includes an *in camera* session without management present. The Governance Committee held four meetings in 2018.

HR COMMITTEE REPORT

Mandate

The HR Committee assists the Board in overseeing CWB's compensation practices and programs, the hiring, promotion and compensation of the executive officers, effective talent management and succession planning, and employee engagement.

For more information regarding the duties and responsibilities of the HR Committee, please refer to the Mandate of the HR Committee that is available in the Corporate Governance section of CWB's website at www.cwb.com/about-us/corporate-governance.

Membership (at fiscal year end)

Alan M. Rowe (Chair), Andrew J. Bibby, Linda M.O. Hohol, Robert A. Manning, Sarah A. Morgan-Silvester, Robert L. Phillips, and H. Sanford Riley

None of the members of the HR Committee currently serves as the CEO of a public company.

Meetings

The HR Committee meets at least once each quarter. Each meeting includes an *in camera* session with Meridian, the Board's compensation consultant, and a session without management present. The HR Committee held a total of five meetings in 2018.

Highlights

The HR Committee fulfilled its mandate in fiscal 2018. The following sets out highlights of the actions taken by the Committee in fiscal 2018:

Responsibility	Fiscal 2018 Highlights
Compensation Oversight	<ul style="list-style-type: none"> Engaged Meridian to provide an assessment of the alignment of executive compensation with relative financial performance, as well as trends in executive compensation and related governance. Engaged Meridian to review and report on CWB's compensation-related risks. Reviewed reports prepared by management which assessed the market competitiveness of CWB's compensation programs for employees (other than senior executives), and reviewed the implementation of a new salary and grading structure for these employees based on the results of this assessment. Considered amendments to CWB's Compensation Recoupment Policy, which were subsequently approved in early fiscal 2019. Reviewed the compensation strategy for CWB's Equipment Finance Group sales team and approved its incentive compensation plan structure. Reviewed and approved an incentive compensation plan for CWB Wealth Management employees licensed to sell insurance products.
Executive Compensation	<ul style="list-style-type: none"> Approved annual salary adjustments and short- and long-term incentives for the CEO and other executive officers. Received a report from Meridian on executive share ownership guidelines and approved an amendment to CWB's share ownership policy. Approved performance criteria for the STIP. Awarded grants under CWB's SIP, RSU Plan and PSU Plan and established performance criteria for grants under the PSU Plan. Reviewed on a quarterly basis, the interim achievement against objectives set for unvested PSU grants. Approved final payout factors for PSUs covering the Fiscal 2015 – 2017 performance period.
Talent Management and Succession Planning	<ul style="list-style-type: none"> Established the fiscal 2018 performance objectives for the CEO and other executive officers and reviewed an evaluation of the performance of each executive officer. Reviewed and approved position descriptions for the CEO and other executive officers. Reviewed the succession plans for the CEO, executive officers, and other key roles in CWB Financial Group, and ensured appropriate programs are in place for leadership development. Reviewed and approved the Emergency Succession Protocol for the CEO. Reviewed senior leadership changes, including the reorganization of key business units. Received a presentation from MarchFifteen, a management consulting firm, on the development of high potential candidates for succession planning and leadership development.
Employee Engagement and Strategic Initiatives	<ul style="list-style-type: none"> Reviewed and discussed CWB's employee engagement survey results and management's action plan. Received a report from management on respect in the workplace, and inclusion and diversity initiatives. Received a report on CWB's annual Employment Equity Report. Received regular reports on staffing, attrition, and key talent development, as well as other significant Human Resources matters. Reviewed CWB's Human Resources technology road map and received regular reports on the 2018 implementation of Workday, a human capital management system. Reviewed a report on amendments to Human Resources policies.

RISK COMMITTEE REPORT

Mandate

The purpose of the Risk Committee is to assist the Board in fulfilling its responsibilities with respect to the oversight of risk management at CWB, balancing risks and opportunities while ensuring that management has policies, processes, and procedures in place to identify and effectively manage the significant risks to which CWB is exposed. The primary responsibilities of the Risk Committee include oversight of risk identification, measurement, and management by CWB's first, second, and third lines of defence in accordance with CWB's Enterprise Risk Management Framework and Risk Appetite Framework policies, including oversight of the regulatory compliance function.

The Risk Committee may from time to time form a LAP in order to deal with credit applications that are in excess of the lending limit for management but within the limits of a LAP. The LAP may also deal with loans to a foreign country or which are guaranteed by a foreign country and may make recommendations to the Board for credit applications in excess of the lending limits prescribed under the CWB Risk Appetite Policy.

For detailed information regarding the duties and responsibilities of the Committee, please refer to the Mandate of the Risk Committee available in the Corporate Governance section of CWB's website at www.cwb.com/about-us/corporate-governance.

Highlights

The Risk Committee fulfilled its mandate in fiscal 2018. The following sets out highlights of the actions taken by the Committee in fiscal 2018:

Responsibility	Fiscal 2018 Highlights
Oversight of Risk Identification, Measurement, and Management	<ul style="list-style-type: none"> • Reviewed and approved the Enterprise Risk Management Framework for the CWB Financial Group. • Received and reviewed quarterly reports on credit risk, market risk, capital risk, operational risk, regulatory compliance risk, model governance, data risk management, and data governance from first and second lines of defence (the latter comparing risk exposures against the risk appetite limits). • Received and reviewed a report prepared by Promontory Financial Group regarding their independent review and maturity assessment of the Enterprise Risk Management function. • Received and reviewed quarterly reports on emerged and emerging risks. • Reviewed watch and impaired loans, and the adequacy of provisions for credit losses. • Reviewed and approved target internal capital ratios and capital risk appetite, and recommended approval to the Board of the regulatory capital plan. • Reviewed and approved the Business Continuity Program and Policy. • Received quarterly updates on progress of CWB's implementation of AIRB and enhancement of risk management processes required for the transition. • Reviewed and approved updated policies related to model and data governance risks. • Reviewed and approved quarterly migration stress test requirements. • Received quarterly reports on management's implementation plan for, and progress on, IFRS 9, new accounting requirements for financial instruments and loan impairment, effective for CWB on November 1, 2018. • Reviewed and recommended to the Board the declaration of dividends. • Received quarterly reports from the Chief Internal Auditor on topics relevant to the Risk Committee. • Received and discussed reports on commercial real estate, residential mortgages, and the impacts of OSFI Guideline B-20 – <i>Residential Mortgage Underwriting Practices and Procedures</i>. • Received and reviewed reports on the implementation of CWB's Three Lines of Defence risk governance framework. • Approved the budget, resourcing, and mandate for the Enterprise Risk Management function.
Regulatory Compliance Function	<ul style="list-style-type: none"> • Reviewed and approved CWB Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF) framework and policy and received the AML/ATF Annual Report. • Reviewed and approved the mandate of the CCRO. • Reviewed and approved the Outsourcing of Business Functions Policy and the Outsourcing of Business Functions Annual Report.

Membership (at fiscal year end)

RISK COMMITTEE

Sarah A. Morgan-Silvester (Chair), Albrecht W.A. Bellstedt, Andrew J. Bibby, Linda M.O. Hohol, Margaret J. Mulligan, Robert L. Phillips, and Ian M. Reid

LAP

Ian M. Reid (Chair). Each LAP is comprised of three members of the Board as determined from time to time by the LAP Chair and the SVP, Credit Risk Management.

Meetings

The Risk Committee meets at least once each quarter. At each meeting, the Risk Committee meets with each of the CRO and the CCRO separately without management present and holds an *in camera* session without management present. The Chair of the LAP may schedule a panel meeting at any time, as needed. The Risk Committee held four regular meetings in 2018 and three meetings jointly with the Audit Committee. The LAP held 19 meetings in 2018.