

KNOWING WHAT WORKS

2010 CORPORATE SOCIAL RESPONSIBILITY REPORT & PUBLIC ACCOUNTABILITY STATEMENT

CANADIAN WESTERN BANK GROUP



CANADIAN WESTERN BANK GROUP: A YEAR IN REVIEW

CWB Group is headed by Canadian Western Bank (CWB or the Bank), the largest publicly traded Canadian bank with a regional focus in Western Canada.

CWB GROUP AT A GLANCE (2010)

➤ Total banking branches	39
➤ New banking branches opened in 2010	2
➤ Branches or ABMs closed in 2010	0
➤ Total ABMs	27
➤ New ABMs opened in 2010	4
➤ Total revenue (\$ millions)	\$423.1
➤ Net income (\$ millions)	\$163.6

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TOTAL EMPLOYEES

1,828

FULL- AND PART-TIME EMPLOYEES IN
OVER 50 CANADIAN COMMUNITIES

TOTAL CUSTOMERS

600,000+

WHO CHOOSE CWB GROUP FOR THEIR
PERSONAL OR COMMERCIAL BANKING,
MORTGAGE, TRUST, INSURANCE,
AND/OR INVESTMENT NEEDS

TOTAL GIVING

\$1,049,686

DONATIONS AND SPONSORSHIPS DURING
2010 IN SUPPORT OF LOCAL CHARITIES
AND SOCIAL PROGRAMS

TOTAL SALARIES AND BENEFITS

\$123,972,000

PAID TO OUR EMPLOYEES, WHO INVEST IN THE COMMUNITIES
WHERE THEY LIVE, WORK AND PLAY

TOTAL FEDERAL AND PROVINCIAL INCOME AND CAPITAL TAXES PAID

\$50,502,000


TAXES PAID IN 2010, WHICH SUPPORT PRIORITIES
IMPORTANT TO CANADIANS, LIKE EDUCATION, PUBLIC
ROADS AND TRANSPORTATION, AND HEALTH CARE



KNOWING WHAT WORKS. *CWB Group has been serving the needs of western Canadians for over a quarter of a century, and in that time we've learned a thing or two about what works when it comes to helping our customers reach their goals. We're equally committed to ensuring our employees achieve their potential and our shareholders realize ongoing value from their investment. We've also learned that success is measured by much more than just revenue growth and profit margins.*

This Corporate Social Responsibility (CSR) report – our first – allows us to report on the Public Accountability Statement (PAS) requirements mandatory for any Canadian financial institution with more than \$1 billion of shareholders' equity. While the process of reporting on our CSR results is relatively new, the activities we're reporting on are not.

In fact, most of what's included in this report are things we've done for years, simply because they are part of the way we do business. In the following pages, we'll share some of our successes, outline our priorities and discuss how we plan to further enhance CWB Group's commitment to being a responsible corporate citizen.

Canadian Western Bank Group invites you to provide comments or feedback on our CSR policies and initiatives at www.cwbankgroup.com/csr 

ABOUT THIS REPORT

Canadian Western Bank Group's 2010 Corporate Social Responsibility Report and Public Accountability Statement provides a full reporting of factual information as required by the Canadian federal government's Public Accountability Statement regulations (section 459.3 (1) of the *Bank Act*). Information provided pertains to our most recent fiscal year (November 1, 2009 to October 31, 2010).

Our 2010 Corporate Social Responsibility Report & Public Accountability Statement includes information on Canadian Western Bank, as well as its subsidiaries. The following are the prescribed affiliates whose relevant activities are included in this Public Accountability Statement, as required by the *Bank Act*:

- Adroit Investment Management Ltd.
- Canadian Direct Insurance Inc.
- Canadian Western Financial Ltd.
- Canadian Western Trust Company
- National Leasing Group Inc.
- Valiant Trust Company

In accordance with PAS guidelines, we are making this information available to all stakeholders – customers, employees, shareholders, community groups and environmental groups – in print and online at www.cwbankgroup.com/csr

Our 2011 Goal: Improve accountability by continuously evaluating our CSR reporting processes and determine how to better integrate CSR activities with other strategic and business planning processes.



MESSAGE FROM LARRY POLLOCK

We've developed our "knowing what works" philosophy from more than a quarter century of experience as an organization. What works for CWB Group is our common sense approach to doing business and commitment to offering exceptional customer experiences. We know our talented staff and disciplined growth strategies are the cornerstones of our success, and they have directly contributed to CWB's accomplishment of achieving over 90 consecutive profitable quarters.

I believe corporate social responsibility describes what CWB Group has always considered a part of doing "good business". As a relationship-based financial services company, our goal is to help clients meet their business and personal objectives by providing financial products and services that support their needs. We also have a responsibility to our employees as they aim to realize their professional goals and personal potential. Our responsibility to CWB shareholders is to maintain the highest standards of ethics and professionalism as we manage and grow their investment. We take these responsibilities seriously because it's the right thing to do.

So what does corporate social responsibility look like at CWB Group? One example is CWB's *The Greater Interest GIC*® and *KeyGiving GIC*® campaigns, which resulted in the Bank donating over \$477,000 to local youth and

children's charities over the past two years. Another example is the people at CWB's main branch in Edmonton who helped a local charity secure the loans it needed to build new facilities after another bank bowed out. It's Canadian Direct Insurance and its employees who donated \$50,000 and countless hours of staff time and energy to support the Vancouver Christmas Bureau's Christmas Wish Breakfast. It's our employees at National Leasing who had an amazing 100 per cent staff

participation rate in their 2010 campaign to raise funds for the United Way.

Although we are justifiably proud of what we do as a responsible corporate citizen, we also acknowledge there's much more to be done. We've already begun looking for ways to more accurately track and measure our CSR activities, and we'll continue introducing new initiatives and strategies as we move forward.

I'm proud of what CWB Group has accomplished, and grateful to our employees, customers and shareholders who continue to dedicate their time, energy and talent toward building stronger and more sustainable communities.

Sincerely,

Larry M. Pollock, *President and CEO*
Canadian Western Bank



HOW CANADIAN WESTERN BANK GROUP WORKS

Canadian Western Bank Group is made up of Canadian Western Bank and eight operating subsidiaries/divisions that offer services in the areas of banking, trust, insurance and wealth management. We serve our customers through 39 banking branches, a centralized equipment leasing office, eight trust locations, two insurance call centres and one wealth management location.

Established in 1984, CWB is Western Canada's largest publicly traded bank with combined balance sheet assets of over \$12 billion, including more than \$10 billion of total loans. In 2010, our assets under administration surpassed \$8 billion and assets under management approached \$1 billion.

We are proud to be headquartered in Western Canada and will continue to build our presence across the four western provinces; however, we are also expanding our reach within select business areas in other parts of the country. Our conservative management practices, disciplined growth strategies and common-sense approach to business have positioned us to explore new opportunities while remaining ready to manage any challenges that may arise.

◀ *Canadian Western Bank Group corporate head office, located in Edmonton, Alberta.*

CWB humbled by external recognition

In late 2010, Canadian Western Bank was proud to be recognized as having one of *Canada's 10 Most Admired Corporate Cultures™* by Waterstone Human Capital. The award was created to distinguish great workplaces where culture impacts performance. This achievement capped off a memorable year for CWB that began with our President and CEO being named *Alberta Venture* magazine's *Business Person of the Year*, and ended with us being named one of Canada's 50 Best Employers (*Maclean's* magazine) for the fifth consecutive year.



GOVERNANCE

On first glance, the connection between corporate governance and CSR may not be obvious. But for CWB Group, corporate social responsibility is driven by integrity, honesty and trust – qualities that are entrenched in our corporate governance structure. Our customers, employees and other stakeholders know they can count on us to do what's right, and our governance structure – with its commitment to accountability, transparency and rigorous adherence to codes of conduct – helps promote confidence and trust.

Our experienced Board of Directors (the Board) works closely with management to ensure operations remain effective and efficient within a constantly evolving regulatory environment. Our policies are reviewed regularly and are designed to oversee and guide management while creating long-term value for shareholders.

The Board continually monitors governance best practices. In 2009, we adopted a director election policy that allows shareholders to vote for individual directors, as opposed to a slate. In fiscal 2010, the Board approved the adoption of a non-binding advisory vote on CWB Group's approach to executive compensation, commonly referred to as a "say on pay" resolution.

CWB Group has defined codes of conduct for all directors, officers and employees, and we ensure everyone adheres to them. As part of this, each member of the Board, as well as all management and staff are annually required to sign a certificate confirming his/her understanding of, and compliance with, our expectations of them.

◀ *Bill Addington, Tracey Ball, Randy Garvey and Chris Fowler (L-R) are members of the executive management team that oversees the operations of CWB Group.*

Corporate governance highlights

- The Board is led by a non-executive Chairman.
- 10 out of the 11 current directors are independent.
- The independent directors set aside time for discussion with no management present at each meeting of the Board and its Committees.
- Shareholders vote for individual directors, not a slate.
- The Board has adopted "say on pay" to give shareholders an advisory vote on CWB Group's approach to executive compensation.
- The Board evaluates, in alternating years, the effectiveness of each director and the Board as a whole through a written assessment and feedback process.
- There are written mandates for the Board and each Board Committee, together with mandates for the Chairman of the Board and the Chairs of the Board Committees, each of which is reviewed annually.
- The Bank maintains a whistleblower procedure through which complaints or concerns regarding questionable audit or accounting matters may be made.

A photograph of Wayne Dosman, a man with a receding hairline wearing a dark blue sweater over a light blue collared shirt, gesturing with his hands while talking to Eileen Papulkas, a woman with dark hair seen from the back. They are in a room with a brick wall and a bright screen in the background.

WHAT WORKS: SOCIAL IMPACT

In measuring the social impact of our CSR activities, we focus on three key stakeholders – our customers, our employees and our communities. We care about our stakeholders and this comes through in how we do business and where we give our time and money.

▲ *Wayne Dosman, CWB's Assistant Vice President and Branch Manager at South Edmonton Common, talks with Eileen Papulkas of Edmonton's Youth Emergency Shelter Society, an organization that is both a CWB client and a beneficiary of CWB Group's community investment initiatives.*

CUSTOMERS

We have always recognized that our ability to earn and maintain customer loyalty is our most important priority. We work hard to deliver superior service experiences and products that meet our clients' changing needs. Being based in Western Canada, we are also positioned to offer a local perspective and always practise a down-to-earth approach to doing business.

Banking for everyone

We believe that affordable, easy-to-use banking services should be available to everyone, especially the millions of Canadians who are living with low incomes. That's why we offer all of our customers a flexible, low-cost chequing account for as little as \$4 per month. We also believe that basic banking is an essential service that should be accessible to all Canadians. That's why we've created banking services geared specifically to the needs of youth, seniors and students that offer lower fees, specialized features and additional services.

In an effort to help young Canadians save their money, we waive monthly account fees for youth under 18 and for students pursuing post-secondary education.

Seniors are an especially important group to us, as many of these customers have been with us from the start. Our Gold Leaf Plus® account offers no-fee banking services. Seniors can also choose to receive monthly interest payments on our Guaranteed Income Certificates (GICs). In addition, we offer reduced fees for safe deposit boxes as well as a number of online and telephone banking services that allow them to bank safely from home – a convenient option during cold prairie winters. Currently, more than 28,000 seniors enjoy the benefits of our Gold Leaf Plus® account.

50+

THE NUMBER OF LANGUAGES
CWB GROUP CAN SERVE
CUSTOMERS IN

94%

THE PERCENTAGE OF CWB
GROUP EMPLOYEES WHO ARE
SHAREHOLDERS

5

THE NUMBER OF CONSECUTIVE
YEARS CWB HAS BEEN RECOGNIZED
AS ONE OF CANADA'S 50 BEST
EMPLOYERS

Our 2011 Goal: Develop products and services that support new Canadians and other designated groups.

The diversity of CWB Group's more than 1,800 staff members allows us to offer banking services in over 50 different languages, ensuring customers can ask questions and convey important information to us without fear of being misunderstood or misinterpreted.

Accessible facilities

CWB Group has always looked for ways to make our facilities accessible to customers with mobility challenges. All of our bank branches and offices are wheelchair accessible, with automatic doors and wider entranceways. Many branches also feature lower wickets that are customized for wheelchair use.

We have also increased the number of services available online or by telephone to allow our customers who live with mobility challenges to more easily take care of their banking, trust, insurance and investment needs from the comfort of home. As we undertake new infrastructure projects, we make sure that all of our new facilities are universally accessible and include features that will make it easier for our customers to do business in person.

Respecting privacy

Customers who do business with CWB Group know they can count on us to adhere to the highest standards in protecting their privacy and personal information. We follow all applicable privacy laws, and maintain clearly stated privacy policies and procedures. Our Group Conduct Policy specifies standards for safe handling of customers' personal information and specifies the type of information that can be accessed by staff.

CWB Group has a Chief Privacy Officer to enforce and monitor our privacy rules and regulations, and we provide ongoing training to all of our staff. We communicate our privacy policies to customers in person, as well as through agreement forms in our brochures and on our website.

To learn more about our privacy policies, please visit www.cwbankgroup.com/privacy

CWB Complaint Resolution Process



1. Branch Manager/Regional General Manager
2. CWB Complaints Handling Officer
3. CWB Ombudsman
4. Ombudsman for Banking Services and Investments



◀ *Vince Wong, Myra de Leon and Riley Clark (L-R) of CWB's Finance team take the time to share a laugh, all a part of CWB Group's emphasis on work/life balance.*

Our 2011 Goal: Continue to measure customer satisfaction and loyalty, as well as the percentage of customers who are satisfied with our handling of complaints.

Measuring customer satisfaction and resolving complaints

As part of our commitment to offering customers exceptional service, we conduct customer feedback surveys to measure how we're doing and identify areas for improvement. The information we gather from these surveys is used to refine our processes, develop new products and services, and improve communication with our customers.

Although we strive to provide every customer with exceptional service, we know that mistakes sometimes happen. CWB has a complaint resolution process that provides a clear route for addressing and resolving issues when a customer is unhappy with an experience or is dissatisfied with an outcome.

EMPLOYEES

CWB Group is very proud of the talent, enthusiasm and diversity of our employees. We have been fortunate over the past 26 years to build an exceptional workforce that exemplifies integrity and dedication, both to meeting the needs of our customers and to our corporate success.

Employment equity and diversity

CWB Group's team of over 1,800 employees spans countless cultures, races, religions and backgrounds. We are an equal opportunity employer, and work in accordance with the federal *Human Rights Protection Act* to safeguard against discrimination. We hire and promote based on excellence, and provide every CWB Group employee with the same opportunities for advancement, training, rewards and recognition.

Training and development

We've always recognized the importance of providing our employees with ongoing training and development opportunities. We believe this increases engagement, helps improve overall performance and gives employees an opportunity to realize their professional goals.

In September 2009, we launched the CWB Learning Centre, an internal website dedicated to providing management and leadership training for CWB Group employees. The site, which also offers educational opportunities through webinars and online learning, was an instant success and so far has provided thousands of hours of training to CWB Group employees. CWB Group also pays up to 100 per cent of tuition and other necessary costs for qualifying programs and courses offered by external sources, as well as relevant professional dues. In 2010, we spent a total of \$1.1 million on training and development for our employees, up 52 per cent from 2009.

It's because of our investment in training and development that we prefer to promote from within, giving our employees a chance to move into more senior positions and take on increased responsibility.

Work/life balance

Our CWBalance® program encourages employees to create a work/life balance that supports healthier workplaces and richer lives. As part of the program, new full-time employees start with a minimum of three weeks paid vacation and are also entitled to a CWBalance Day, which is an additional paid day off for whatever purpose is important to them and their family.

Employee share purchase plan

We believe our Employee Share Purchase Plan (ESPP) is one of the best in the industry and allows our employees to become shareholders by offering a 50 per cent matching contribution by CWB Group. In 2008, we enhanced the program further by adding an automatic two per cent company contribution for all eligible staff members below the management level. Not surprisingly, at fiscal year-end 2010, we had a very impressive participation rate of over 94 per cent.

- *Breanna Hoff of the Surrey Panorama Ridge branch surfs through the online training and development courses and other resources found on the new CWB Learning Centre website.*

Our 2011 Goal: Further develop and execute our employee recruitment and retention strategies to ensure CWB Group is an employer of choice.



Total CWB Group employees by province (2010)

PROVINCE	STATUS		TOTAL
	full-time	part-time	
British Columbia	611	37	648
Alberta	804	36	840
Saskatchewan	54	4	58
Manitoba	244	6	250
Ontario	24	1	25
Quebec	2	–	2
New Brunswick	4	–	4
Nova Scotia	1	–	1
Prince Edward Island	–	–	–
Newfoundland	–	–	–
Territories	–	–	–
Total Employees	1,744	84	1,828

Referral incentive program

Recognizing that the people who work here understand exactly what makes CWB Group a great place to work, we launched the employee referral incentive program in 2001. The program, which is one of our most successful recruitment strategies, now offers employees a \$1,500 payment for referrals that result in a successful hire for CWB Group. Since 2001, we've hired 613 employees from those referrals.

Employee satisfaction

We've always thought that one of the best ways to gauge employee satisfaction is to monitor how many employees choose to stay with us year after year. After all, if we're doing things right – creating opportunities to learn and grow, offering competitive compensation and benefits, and encouraging a healthy work/life balance – then our employees won't want to work anywhere else. CWB Group consistently has a low employee turnover rate.

Of course, we also track employee satisfaction through more quantifiable methods, including participation in the 50 Best Employers in Canada survey, which measures employee satisfaction as one of its key indicators. We have been named one of Canada's 50 Best Employers in each of the last five years that we participated in the survey. In 2010, we moved up in the ranking to 27th place, from 35th place the previous year. In addition, National Leasing was recognized as one of Canada's 50 Best Small and Medium Employers by the Queen's School of Business and Hewitt Associates LLP.

COMMUNITY

Long before sustainability was a buzzword, or corporate social responsibility was an industry expectation, we gave back because it was the right thing to do. Today, more than a quarter of a century after CWB first opened its doors, we still strive to do what's right – whether it's a requirement or not. For us, supporting the community is about more than offering a financial contribution. It's about playing an active role in making our communities stronger, healthier and more sustainable.

Charitable donations and sponsorships

CWB Group has always looked for opportunities to further develop and enhance our communities. Our community efforts encompass financial contributions, volunteer activities and the ongoing leadership and involvement of our staff, whether it's on company time or otherwise. We are particularly proud of the way our employees look to support the communities we serve. Each year, our employees dedicate thousands of volunteer hours to charities and organizations that support community development. They do everything from picking up trash during municipal cleanup events, teaching young people financial literacy through Junior Achievement, assisting with the United Way and building food hampers for those less fortunate.

Charitable donations are another way CWB Group supports community development. In 2010, we invested more than \$1 million in charitable donations and sponsorships supporting communities in three target areas:

- health, wellness and caregiving
- education
- community and civic services

Within each of these areas, we support dozens of community agencies, charitable organizations, fundraising campaigns, scholarships, awards and programs.

For instance, in Calgary, we support the Calgary Drop-In & Rehab Centre Society, which helps homeless people transition into an agency-run apartment complex. Last year, we donated \$10,000 to support its work, which is consistent with our focus on health and wellness.

CWB Group areas of Community Investment

\$260,107
HEALTH, WELLNESS
AND CAREGIVING

\$125,534
EDUCATION

\$664,045
COMMUNITY AND
CIVIC SERVICES

+

\$1,049,686
TOTAL 2010 COMMUNITY
INVESTMENT

Our 2011 Goal: Continue to support and encourage employee volunteering, fundraising and active community involvement and investment.

“I’ve been volunteering for several months now at the Wish Drop-In Centre Society and I absolutely love it. I love being able to help others in need and listening to their stories. It’s extremely rewarding and has been the best experience so far. I hope to keep doing it for as long as I can!”

Anna Phan, Senior Finance Administrator
Valiant Trust, Vancouver

Anna volunteers twice a month at the Wish Drop-In Centre Society (Wish), which is a non-profit organization that provides a variety of services for female survivors of the sex trade in Vancouver’s Downtown Eastside. Anna’s volunteering triggered CWB Group to give a \$250 Western Spirit Employee Volunteer grant to Wish.

In Vancouver, we have been active supporters of the Vancouver YWCA Emma’s Early Learning and Care Centre, which provides high quality early learning and care for children ages four weeks to three years of teen parents. Last year, we donated \$10,000 to support the program, consistent with our focus on education.

In Edmonton, we donated \$25,000 to the Edmonton Youth Emergency Shelter Society’s *Homeless for a Night* event that has people spend a night out “on the street” to raise awareness of homeless youth and raise money for the shelter’s services. Our support for this campaign was consistent with our focus on community and civic service.

For more information on our charitable donations and sponsorships, visit www.cwbankgroup.com/csr

Showing our western spirit

Our commitment to giving is driven by the passion, enthusiasm and generosity of our employees. In recognition of their commitment, we created the *Western Spirit* program, which includes both our *Employee Volunteer* and *Funds for Fundraisers* grants. Since its launch in May 2008, the *Western Spirit* program has invested nearly \$37,000 back into our communities.

CWB Group’s *Employee Volunteer* grant encourages employees who volunteer over 50 hours of time to something that’s important to them to apply for a \$250 grant, where CWB will make a donation to that cause. In 2010, we awarded 26 *Employee Volunteer* grants, totaling \$6,500 in donations to groups where our employees volunteer.

CWB Group’s *Funds for Fundraisers* grant was launched in April 2010 and matches the donations employees raise dollar for dollar, allowing them to double the impact of their personal charitable giving. In 2010, 11 individual matching grant requests and 14 team matching grant requests were received, resulting in \$9,465 of funds raised by employees being matched by CWB Group.

“Family Service Saskatoon knows and cares about individuals, families, and indeed all families that make up the Saskatoon community. CWB’s donation has helped us do our work of strengthening people, nurturing relationships and building communities.”

Deborah Bryson-Sarauer
Executive Director, Family Service Saskatoon

Our 2011 Goal: Continue to support key community investment areas in the places where our customers and employees live, work and play.

The Greater Interest GIC®

The Greater Interest GIC® was created in 2008 as a way for our customers to support their local communities while investing in their own financial future. In 2010, we created a similar community-based product named the KeyGiving GIC®, which is offered via the Internet by Canadian Direct Financial. For both products, CWB makes a donation of 1/8th of a per cent based on every dollar invested back to the community where the deposits were made. Over the past two years, The Greater Interest GIC® and KeyGiving GIC® have resulted in combined donations of more than \$477,000 being made to chapters of Big Brothers Big Sisters, as well as to the Youth Emergency Shelter Society in Edmonton.

Supporting diversity

CWB Group takes pride in the richness and diversity of our 1,800+ employees, and looks for ways to support diversity in our communities as well.

We are involved in a number of programs and initiatives that support diversity, including those that encourage Aboriginal Peoples to reach their potential. For the past three years, we have supported the Institute for the Advancement of Aboriginal Women Esquao Awards, the Belcourt Brosseau Métis Awards Celebration and an Aboriginal student award scholarship program at the University of Alberta.

Creating safer communities

One of the key elements in creating healthy, sustainable communities is making those communities safer for the people who live there. Canadian Direct Insurance Incorporated (CDI) has partnered with the Vancouver Police Department to help reduce property crime in the Greater Vancouver Area. The Safer Parking Initiative has reduced related crime in participating parking facilities by approximately 25 per cent.



WHAT WORKS: ENVIRONMENT

▲ Darren Marles, Chris Kiernan and Ron Lucier (L-R) are with CDI's auto appraisal department, which uses hybrid vehicles to reduce their environmental impact while travelling to process claims.

Environmental responsibility and sustainability take centre stage in any discussion about corporate social responsibility. In the coming year, our goals will be to reduce our impact on the environment, manage our resources more efficiently and encourage our customers, employees and stakeholders to do the same. We're already off to a good start, but this is another area where we know we can do more because environmental sustainability is connected to our long-term business performance.

Our 2011 Goal: Continue to manage our resources more efficiently and reduce the environmental impact of CWB Group's operations.



Reducing our impact

Businesses all over the world are making a concerted effort to reduce their carbon footprint and CWB Group is no different. Over the past few years, we have begun implementing environmentally sustainable practices that encourage people to reduce, reuse and recycle whenever possible.

In the financial services industry, paper usage is one area where simple changes can make a big difference. Last year, CWB spent more than \$84,000 on copy paper and, this year, we are committed to lowering that amount. We have also begun offering staff the option of receiving their pay statements electronically.

Our subsidiaries also have strategies to reduce their environmental footprints. Canadian Western Trust Company (CWT) saves approximately \$200,000 per year by using online tools and the electronic delivery of statements to reduce paper and printing costs. Valiant Trust Company and CWT staff also championed an office recycling program that picks up and reuses all kinds of food containers and scrap paper.

CWB Group's Information Services (IS) department has begun exploring several initiatives that will further reduce our environmental impact. To date, IS has:

- replaced older, less energy-efficient hardware
- implemented a centralized Storage Area Network that consolidates storage and reduces cooling and electrical costs required for multiple locations
- undertaken a server virtualization project that will further reduce cooling and electrical costs
- begun a review to determine how to better manage CWB Group's fleet of printers, photocopiers, scanners and fax machines

CDI has introduced numerous innovative strategies to incorporate sustainable practices into its daily operations, like storing all claims files electronically to reduce paper consumption and having road appraisers use hybrid vehicles to minimize their environmental impact. It's no surprise that CDI was recently recognized as a Corporate Climate Leader by the City of Vancouver.



▲ *The winning contest design submitted by NAIT student Michelle Wiese shows her rendition of what an environmentally sustainable CWB branch could look like in the future.*

Helping customers reduce their impact

We've reduced the environmental impact of our customer services by offering most clients the option to receive online statements or to e-file important documents. CDI was also the first Canadian insurance company to offer a premium discount for hybrid/fuel-efficient cars. In addition to reducing paper and encouraging the use of efficient transportation, we also offer customers a range of online and telephone banking services.

National Leasing's Green Earth Solutions™ program allows customers to reduce their carbon footprint while building their business. The program promotes energy efficiency to businesses by leasing equipment related to renewable energy initiatives and energy-efficient building projects.

Building design and construction

Over the past few years, CWB Group has introduced several building design elements that support our goal of making our buildings more environmentally sustainable. We are committed to using energy-efficient lighting, programmable thermostats, recyclable carpet tiles and triple-glazed windows in all of our new construction projects.

Of course, we know that the best way to ensure our facilities are environmentally sustainable is to build them that way. In 2010, we began working with students from the Northern Alberta Institute of Technology's (NAIT) Architectural Technology program to explore sustainable building design and construction

- *National Leasing's "Gardening Committee" stands outside the company's corporate office in Winnipeg, Manitoba, which was constructed using environmentally friendly methods.*



techniques. The winning design by NAIT student Michelle Wiese includes several innovative design features that we will consider in the construction of our new flagship branch in Edmonton. This project allowed students to explore innovative, real-world design solutions while giving them the chance to collect monetary prizes from CWB totaling \$8,500.

National Leasing's headquarters in Winnipeg, Manitoba is a state-of-the-art facility constructed using an open-concept design that minimized waste and required less material to build. Its many environmentally sustainable features include:

- carpeting made from 40 per cent recycled materials
- energy-efficient fluorescent and emergency lighting that qualifies for the Manitoba Hydro Incentive program
- heating and cooling that allows for individual temperature control at each workstation, combined with extra roof and exterior wall insulation

Our 2011 Goal: Support lending officers by further developing procedures to identify and mitigate environmental risks.

Responsible lending

Our commitment to the environment is reflected not only in our own actions as a good corporate citizen, but also in how we make our lending decisions. CWB's lending practices include a due-diligence process to help evaluate environmental risks. We work closely with our clients to identify the potential environmental impacts of their business operations. If environmental issues are identified that cannot be addressed to our satisfaction, we will deny the lending application. It's never an easy decision to make and we don't take it lightly but, for us, responsible lending is integral to being a responsible corporate citizen.



WHAT WORKS: ECONOMIC

▲ Bert Monsma, Senior Manager of Commercial Banking (middle), on site with Alex Polacco (L) and Richard Coulter (R) of Panorama Park Investments, a business client of CWB.

As the largest publicly traded bank headquartered in Western Canada, we're in the business of strengthening and sustaining the economic health of western Canadian communities. We help businesses succeed and grow by providing the financing and services they need. Our more than 1,800 employees live, shop and use services in their own local economy, spending the salaries we pay them. Our success and growth allows us to employ more great people in the communities where we operate while continuing to support business and personal customers who help drive our local economies.

- *Jasreen Dhaliwal, Sales and Service Representative, provides customer Steven Baxter with a copy of CWB Group's CSR Report.*



How we did

Our financial performance in 2010 was very strong and established several new benchmarks. We realized our 90th consecutive profitable quarter, which equates to more than 22 years of uninterrupted profits. We opened two new branches and acquired National Leasing, an industry leader in small-scale commercial equipment leasing. We posted double-digit loan growth for the 20th time in the past 21 years.

Supporting small business

CWB has always specialized in serving the needs of small- and medium-sized business by helping with the financing and services they need to maintain and grow their companies. In addition to general business financing, we have expertise in the areas of commercial real estate, construction financing, energy lending, commercial leasing and large-scale equipment financing. Even when things looked grim during the global economic turmoil of 2008 and 2009, we worked closely with our customers to help them manage challenges related to their businesses. And when things started to improve, we were there to help them take advantage of new opportunities and get back on track for growth.

Information on our Canadian business financing is included on page 24 of this report and demonstrates the diversity and range of businesses we lend to across Canada. Through National Leasing, we support companies that require financing for as little as \$5,000, while CWB offers a multitude of business loans that typically range in size from about \$100,000 to as high as \$50 million.

“CWB takes the time to know and understand my business. My branch manager and his team come to my place of business to learn more about what we do and see how their money is being put to work. And when I drop by the branch, even though I never make an appointment, they are very friendly and always make time for me.”

Ben Neudorf, Owner/President
Pipestone Carriers Inc., Grande Prairie, Alberta

Here to serve

Our commitment to providing exceptional customer service is supported by our network of branch offices and ABMs. In total, CWB operates 39 branches and offers services through 27 ABMs. In 2010, we opened two new full-service branches – a 7,000 square foot free-standing branch at 251 Palisades Way, Sherwood Park, Alberta and a 6,200 square foot branch within a new office complex at #103, 15230 Highway 10, Surrey, British Columbia. We added four new ABM locations during the year, one at each of the new branches, one at Suite 110 – 1333 West Broadway, Vancouver, British Columbia and one at 17603 – 100 Avenue in Edmonton, Alberta. No branches or ABMs were closed during 2010.

Total federal and provincial income and capital taxes paid (2010)

\$50.5 million
Federal: \$35.3 + Provincial: \$15.2

In addition to providing small business with the financing and banking services they need, we also support local businesses through our own spending. Although our consumables, furniture and equipment are purchased centrally through national manufacturers, we make every effort to tender construction contracts to local contractors and source construction materials locally.

Microcredit and microfinance

In preparing this report, we recognize that we have not identified any new initiatives or technical assistance programs relating specifically to microcredit. We define microcredit as loans made to small businesses or self-employed individuals with annual revenues of less than \$100,000. Although our main business model does not directly support active participation in very small loans, we do finance microcredit through both National Leasing and our Equipment Financing Group. Moving forward, we may look for opportunities to become more active in microcredit initiatives by partnering with organizations and agencies that provide this type of support. This would most likely be done by directing financial resources to these agencies and organizations, as well as offering the advice, expertise and assistance of our staff.

PROVINCIAL TAXES (2010)	TOTAL (\$ thousands)
British Columbia	\$3,588
Alberta	9,780
Saskatchewan	901
Manitoba	873
Ontario	76
Quebec	nm ⁽¹⁾
New Brunswick	nm
Nova Scotia	nm
Prince Edward Island	nm
Newfoundland	nm
Territories	nm
Total	\$15,218

⁽¹⁾ not meaningful or zero



Our 2011 Goal: Explore opportunities with microcredit and microfinance groups and initiatives in Western Canada.

◀ *Sharon Read, CEO of the Excel Society, is grateful that CWB, with the assistance of John Roskey, Assistant Vice President of Real Estate Lending, stepped up to help finance the Society's facility for people with brain injuries and early onset dementia.*

Supporting the economic health of the community

When it comes to supporting the economic health of our communities, sometimes someone needs to step up and take a chance to make things happen. This was the case when we heard about the Excel Society's challenges in securing funding for its \$24 million, 105-unit Balwin Villa facility in Edmonton. Although the agency – which serves people with mental and physical disabilities – had initially found financing, when the economy floundered in 2009, the bank that initially agreed to fund the project bowed out. Recognizing the important role the facility would play in the community – both financially and socially – and understanding how Alberta's economy ebbs and flows, CWB, along with two other local financial institutions, stepped up. With nearly 450 employees and an annual budget of \$18.2 million, the Excel Society is positioned to expand its presence and provide even greater benefits for the community.

CWB Group was recently able to make a similar impact in Calgary, when we became involved with a program that has a goal to help low-income families enjoy the benefits of home ownership. Attainable Homes Calgary Corporation (AHCC) is a non-profit organization created by the City of Calgary that aims to develop 1,000 quality-built, entry-level homes and condos. As a preferred lender, CWB Group will offer special mortgage rates for the AHCC program and work directly with potential homebuyers to help them qualify for a mortgage and understand what home ownership is all about.

LOOKING FORWARD

In reviewing the breadth and depth of our CSR activities, there is a lot to be proud of – both in what we have accomplished as an organization and in the tremendous energy and enthusiasm our employees bring to their volunteer commitments. That being said, we also recognize that there is always more to be done. We want to improve how we track our performance and results while continuing to be accountable and transparent. We can also do more to improve access to banking services for low-income Canadians, further increase our environmental sustainability and support microcredit programs. Most important, we want to continue to do what's right – for our customers, our employees, our shareholders and our communities.

With 90 consecutive profitable quarters, a combined balance sheet of over \$12 billion, and more than 1,800 employees, we know what works when it comes to being one of Western Canada's biggest success stories. As we look ahead, we also know what we need to do to further improve our CSR performance and increase our contributions to the communities we call home.

Go online to www.cwbankgroup.com/csr for the index referencing the Sustainability Reporting Guidelines (G3 Framework) of the Global Reporting Initiative (GRI). GRI is the most widely used international guidelines for measuring and reporting social, environmental and economic performance over time.

- *The Surrey Panorama Ridge branch is one of two new bank branches CWB opened this year.*

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TOTAL CANADIAN BUSINESS FINANCING

As at October 31, 2010

	\$0 – \$24,999			\$25,000 – \$99,999			\$100,000 – \$249,999		
	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers
British Columbia	140,956	21,592	3,373	117,907	59,217	1,342	185,823	96,186	616
Alberta	310,408	35,378	5,492	207,406	80,596	2,042	250,326	125,710	864
Saskatchewan	25,258	18,669	2,087	49,948	39,491	1,138	49,328	36,667	269
Manitoba	13,964	9,226	1,443	26,370	17,871	552	29,175	24,351	185
Ontario	71,780	57,075	9,182	77,107	70,674	2,068	62,312	54,460	410
Quebec	27,978	27,978	4,997	19,475	19,335	621	15,269	9,984	85
Other provinces and territories	17,220	16,494	2,761	14,283	13,102	437	12,565	10,140	71
Canada	607,564	186,412	29,335	512,496	300,286	8,200	604,798	357,498	2,500

	\$250,000 – \$499,999			\$500,000 – \$999,999			\$1,000,000 – \$4,999,999		
	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers
British Columbia	189,854	116,759	333	323,141	206,283	285	1,392,433	918,417	407
Alberta	261,897	157,718	441	434,467	260,918	369	1,642,756	1,139,679	516
Saskatchewan	27,847	19,789	53	39,725	31,005	41	141,511	95,455	41
Manitoba	14,718	10,410	27	23,186	14,644	22	80,346	57,051	30
Ontario	33,304	25,240	69	36,946	18,006	27	135,533	42,531	20
Quebec	1,249	1,249	2	–	–	–	–	–	–
Other provinces and territories	6,349	4,824	14	3,377	2,537	4	11,774	10,041	5
Canada	535,218	335,989	939	860,842	533,393	748	3,404,353	2,263,174	1,019

	\$5,000,000+		
	Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers
British Columbia	1,780,654	1,461,495	143
Alberta	3,355,140	2,576,149	220
Saskatchewan	317,105	258,584	20
Manitoba	124,405	108,454	10
Ontario	772,170	599,480	44
Quebec	36,421	36,329	3
Other provinces and territories	–	–	–
Canada	6,385,895	5,040,491	440

TOTAL FOR ALL LEVELS		
Authorized (\$ thousands)	Outstanding (\$ thousands)	Customers
4,130,768	2,879,949	6,499
6,462,400	4,376,148	9,944
650,722	499,660	3,649
312,164	242,007	2,269
1,189,152	867,466	11,820
100,392	94,875	5,708
65,568	57,138	3,292
12,911,166	9,017,243	43,181

ECO AUDIT

This CSR Report uses paper that comes from well-managed forests, certified in accordance with the international standards of the Forest Stewardship Council (FSC). The paper used for the report cover contains Mixed Sources Recycled, and the paper used for the report contains 100% Post Consumer Recycled fibre instead of virgin paper and is produced using wind power. As a result, the following savings to our natural resources were realized:

TREES SAVED

 23


WOOD SAVED

 4 TONS


ENERGY NOT CONSUMED

 7 (MILLION BTU'S)

NET GREENHOUSE GASES PREVENTED

 2,169 (LBS. CO2 EQUIV.)

WASTE WATER

 10,445 (WATER SAVED GALLONS)

SOLID WASTE

 634 (LANDFILL REDUCED LBS.)



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