CASE STUDY

National Bank of Canada's C$5B Acquisition of Canadian Western Bank

BACKGROUND

In June 2024, National Bank of Canada ("National Bank") announced its agreement to acquire Canadian Western Bank ("CWB") in an all-share transaction valued at approximately C$5 billion, making it one of the largest banking mergers and acquisitions in Canadian history.

In addition to approval by CWB's common shareholders, the transaction required a Tier 1 Capital Reorganization. This involved exchange of CWB's Series 5 and Series 9 Preferred Shares, and Series 1 and Series 2 Limited Recourse Capital Notes ("LRCNs"), for newly issued First Preferred Shares and LRCNs of National Bank.

The Tier 1 Capital Reorganization was an integral component of National Bank's acquisition of CWB, which remained subject to regulatory approvals and customary closing conditions.

Kingsdale acted as strategic advisor for the three meetings related to shareholder approval and served as solicitation and information agent for the Tier 1 Capital Reorganization.

OBJECTIVES

- **Maximize Shareholder Support:** Drive turnout and support for the transaction resolution from CWB's common shareholders
- **Facilitate Voting and Consent:** Design and implement a solution to enable voting and consent through intermediaries, ensure payment processing via CDS, and obtain all required approvals and consents for CWB Preferred Shares and LRCNs.
- **Comprehensive Communication Strategy:** Develop and execute a targeted communication and engagement plan for retail and institutional common shareholders, preferred shareholders, LRCN holders (and the trustee), transfer agent, intermediaries, institutions, and brokers.
- **Provide Real-Time Intelligence and Reporting:** Deliver clear, actionable intelligence to management across all three meetings, including daily vote tracking, CDS setup and intermediary monitoring, daily tender reporting, and proactive sentiment analysis.

CHALLENGES

Coordinating Multi-Class Shareholder Engagement and Voting: CWB's significant retail common shareholder base had historically low participation, requiring targeted engagement strategies. Preferred shareholders lacked proxy control numbers, necessitating broker-mediated voting. The involvement of multiple parties in the process (CWB, National Bank, legal counsel, CDS, transfer agent, trustee, and intermediaries) created complexity in coordination and timely payout of early consent fees.

Media Spotlight: The transaction attracted national media attention and could have raised concerns among Western Canada stakeholders (including employees and residents who were also shareholders) about local impact and regional presence.

Voting Barriers and Risks: Preferred Shares and LRCNs were held through intermediaries in CDS, with beneficial holders needing control numbers. Voting required broker or intermediary instructions, creating risk of under-representation. Limited visibility on participation due to late submissions and early deadlines.

SOLUTION

Kingsdale worked with CWB, their legal counsel, and financial advisors to refine disclosure materials to help investors clearly understand each decision related to the acquisition and its closing conditions.

This included concise statements of strategic rationale and premium, clear explanations of Preferred Share and LRCN amendments as part of the transaction structure, and simple tables and timelines for consent fees to reduce ambiguity for investors, proxy advisors, courts, and regulators.

Tailored strategies were developed by Kingsdale for each security class. For common shareholders, the focus was on the premium, exchange ratio, long-term value in National Bank shares, and continued Western Canada presence. Preferred shareholders were assured of continuity of terms, National Bank's credit profile, and consent fee entitlement.

For LRCN holders, Kingsdale provided clarity on indenture amendments, redemption mechanics, and consent economics. Outreach combined institutional engagement with high-touch support for intermediaries and beneficial holders through tech-enabled two-way engagement across multiple channels.

Using its proprietary *In-Sight Voting Analytics*™ platform, Kingsdale delivered daily reporting on votes and consents by class and intermediary, tracking progress against thresholds and identifying execution risks early. This enabled focused outreach, timely corrective action, and demonstrated oversight to boards, committees, and the court.

Kingsdale managed the end-to-end process across shareholder meetings and written consents, aligning deadlines with CDS and dealer cut-offs, ensuring consistent messaging, and overseeing operational steps for timely consent fee payments and exchanges.

RESULTS

1 CWB common shareholders approved the acquisition with **99.78% of votes cast in favour**, well above the required two-thirds threshold. Compared to historical turnout, Kingsdale helped **increase voting turnout by ~20%**, strengthening the transaction's credibility in court proceedings.

2 Special meetings for Preferred Shares achieved strong approval: Series 5 Preferred Shareholders voted **95.48% in favour** and Series 9 Preferred Shareholders voted **93.90% in favour**, both exceeding the required two-thirds threshold. Majority-in-principal written consents were successfully obtained for both Series 1 and Series 2 LRCNs.

3 National Bank successfully completed its acquisition of CWB on February 3, 2025, with CWB common shares exchanged for National Bank common shares and CWB delisted shortly thereafter. Following closing, CWB implemented the approved amendments, including exchange of Preferred Shares into National Bank Preferred Shares and redemption of LRCNs, with consent fees paid to eligible holders in line with the disclosed structure.

> **Kingsdale's role was crucial in communicating the benefits of the structure and terms to our shareholders, ultimately supporting the successful closing of the transaction. We appreciated their approach...in my view, they have established their firm as an invaluable partner for complex financial transactions involving shareholder and governance advisory, and corporate actions.**
>
> **- Matt Rudd, Chief Financial Officer, CWB**

KEY TAKEAWAYS FOR FINANCIAL INSTITUTION LEADERS

- Capital instruments are structural, not incidental. Preferred Shares and LRCNs should be treated as core elements of transaction design, with their own approval strategies explicitly linked to closing conditions.
- Intermediated holders can determine success. CDS and dealer mechanics can decide whether thresholds are reached. Early mapping of intermediaries and clear guidance for beneficial holders are critical.
- Data and process discipline reduce closing risk. Daily analytics, escalation plans, and tight coordination across legal, finance, IR, and external advisors help keep multi-class approval processes on track.
- Integrated engagement drives results. Tailored messaging for each security class, combined with real-time intelligence and adaptive outreach, ensures aligned outcomes across complex capital structures.

Planning an M&A Transaction? Email strategy@kingsdaleadvisors.com