

# KNOWING WHAT WORKS

BUILDING ON THE FUNDAMENTALS

Annual and Special Meeting & Reception ▪ March 3, 2011



# PRESENTATION AGENDA

## Introduction & Financial Review

*Tracey Ball, Executive VP & CFO*

- Fiscal 2010 financial highlights
- Fiscal 2010 targets and performance
- First quarter 2011 results
- 2011 minimum performance targets

## Strategic Review & Outlook

*Larry Pollock, President & CEO*

- Fiscal 2010 highlights
- Outlook & strategic/competitive advantages
- Business diversification
- Shareholder return
- Closing remarks
- Questions & answers



## Forward-looking Statements

From time to time, Canadian Western Bank (the Bank) makes written and verbal forward-looking statements. Statements of this type are included in the Annual Report and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about the Bank's objectives and strategies, targeted and expected financial results and the outlook for the Bank's businesses or for the Canadian economy. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions. A variety of factors, many of which are beyond the Bank's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Canada including the volatility and lack of liquidity in financial markets, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, regulatory and legal developments, the level of competition in the Bank's markets, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, the accuracy of and completeness of information the Bank receives about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of the Bank's business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and management's ability to anticipate and manage the risks associated with these factors. It is important to note that the preceding list is not exhaustive of possible factors.

These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause the Bank's actual results to differ materially from the expectations expressed in such forward looking statements. Unless required by securities law, the Bank does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

Assumptions about the performance of the Canadian economy in 2011 and how it will affect CWB's businesses are material factors the Bank considers when setting its objectives. In setting minimum performance targets for fiscal 2011, management's assumptions included: moderate economic growth in Canada aided by positive relative performance in the four western provinces; relatively stable energy and other commodity prices; sound credit quality with actual losses remaining within the Bank's historical range of acceptable levels, including consideration for National Leasing; modest inflationary pressures and gradual increases in the prime lending interest rate beginning in early-to-mid calendar year 2011; and, a relatively stable net interest margin supported by a low deposit cost environment, favourable yields on both new lending facilities and renewed accounts, and relatively stable investment returns reflecting high quality assets held in the securities portfolio. There was elevated political tension in the Middle East at the end of the first quarter that could impact the global economic recovery and lead to higher than expected prices in energy-related commodities.

# FISCAL 2010 HIGHLIGHTS

**Achieved record financial performance in the banking and trust segment**

**Achieved record financial performance in the insurance segment**

**Completed the acquisition of National Leasing Group, effective February 1, 2010**

**Significantly improved net interest margin**

**Posted record total revenues and very strong efficiency**

**Maintained strong credit quality**

# 2010 MINIMUM TARGETS & PERFORMANCE

	<b>2010 Minimum Target</b>	<b>2010 Performance</b>
<b>Net income growth <sup>(1)</sup></b>	<b>12%</b>	<b>54%</b>
<b>Total revenue growth (teb)</b>	<b>12%</b>	<b>32%</b>
<b>Loan growth</b>	<b>10%</b>	<b>14%</b>
<b>Provision for credit losses</b>	<b>0.15% – 0.20%</b>	<b>0.21%</b>
<b>Efficiency ratio (teb)</b>	<b>48%</b>	<b>44.1%</b>
<b>Return on common equity <sup>(2)</sup></b>	<b>13%</b>	<b>17.1%</b>
<b>Return on assets <sup>(3)</sup></b>	<b>0.90%</b>	<b>1.24%</b>

(1) Net income, before preferred share dividends. (2) Return on common equity calculated as net income after preferred share dividends divided by average common shareholders' equity. (3) Return on assets calculated as net income after preferred share dividends divided by average total assets.

- **Surpassed 2010 minimum targets for revenue growth, profitability and efficiency by considerable margins – higher provision for credit losses in 2010 largely reflects the acquisition of National Leasing**

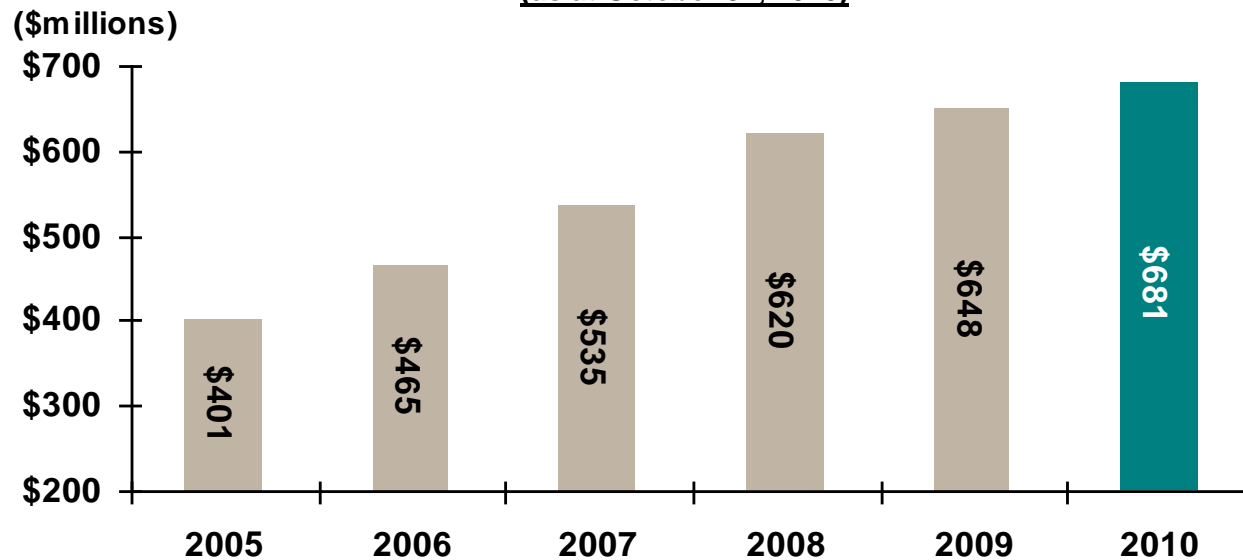
# BUSINESS ACQUISITION

## National Leasing – Industry Leader in Small-ticket Equipment Leasing

- Acquired February 1st, 2010
- Over 58,000 leases provide diversification by geography, industry and equipment type
- Much higher yields compared to the Bank's core lending business; partially offset by an increased provision for credit losses

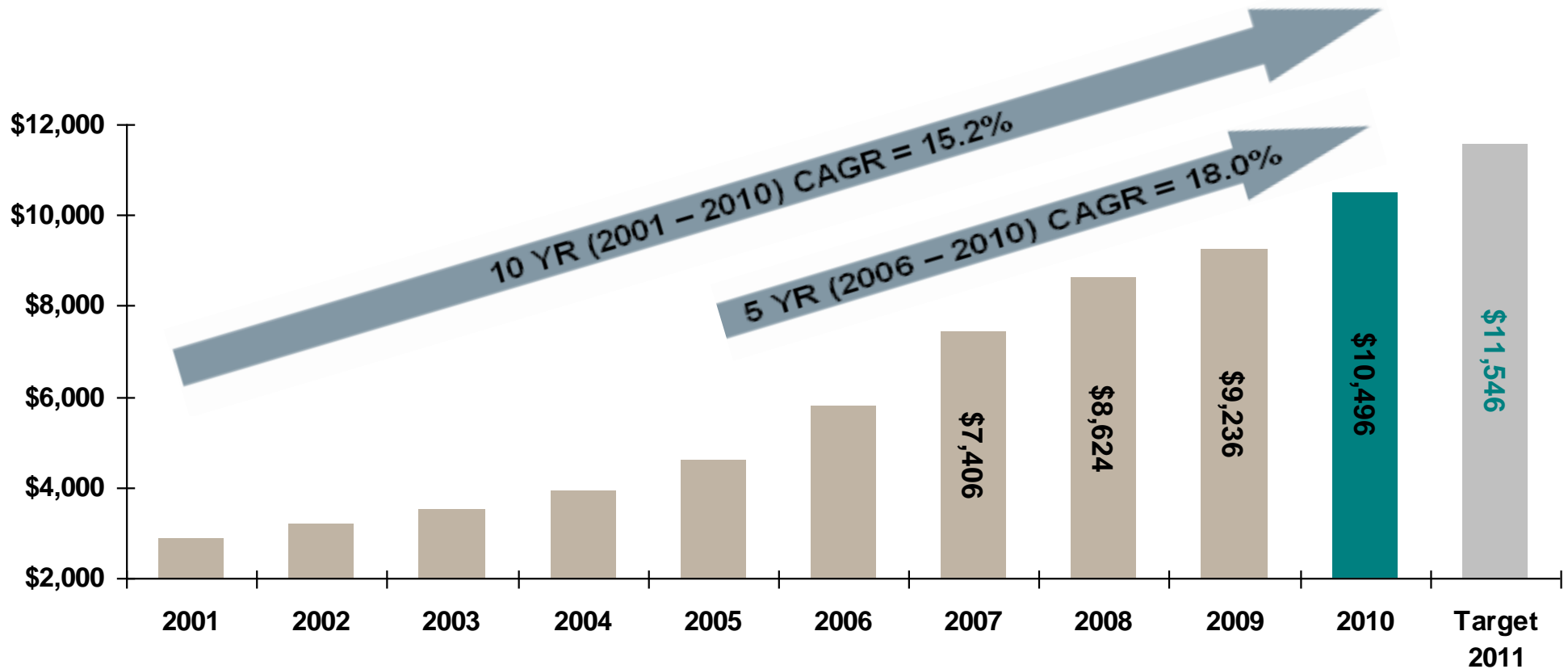
### Total Leases (including securitized portfolios)

(as at October 31, 2010)



# FINANCIAL PERFORMANCE – LOAN GROWTH

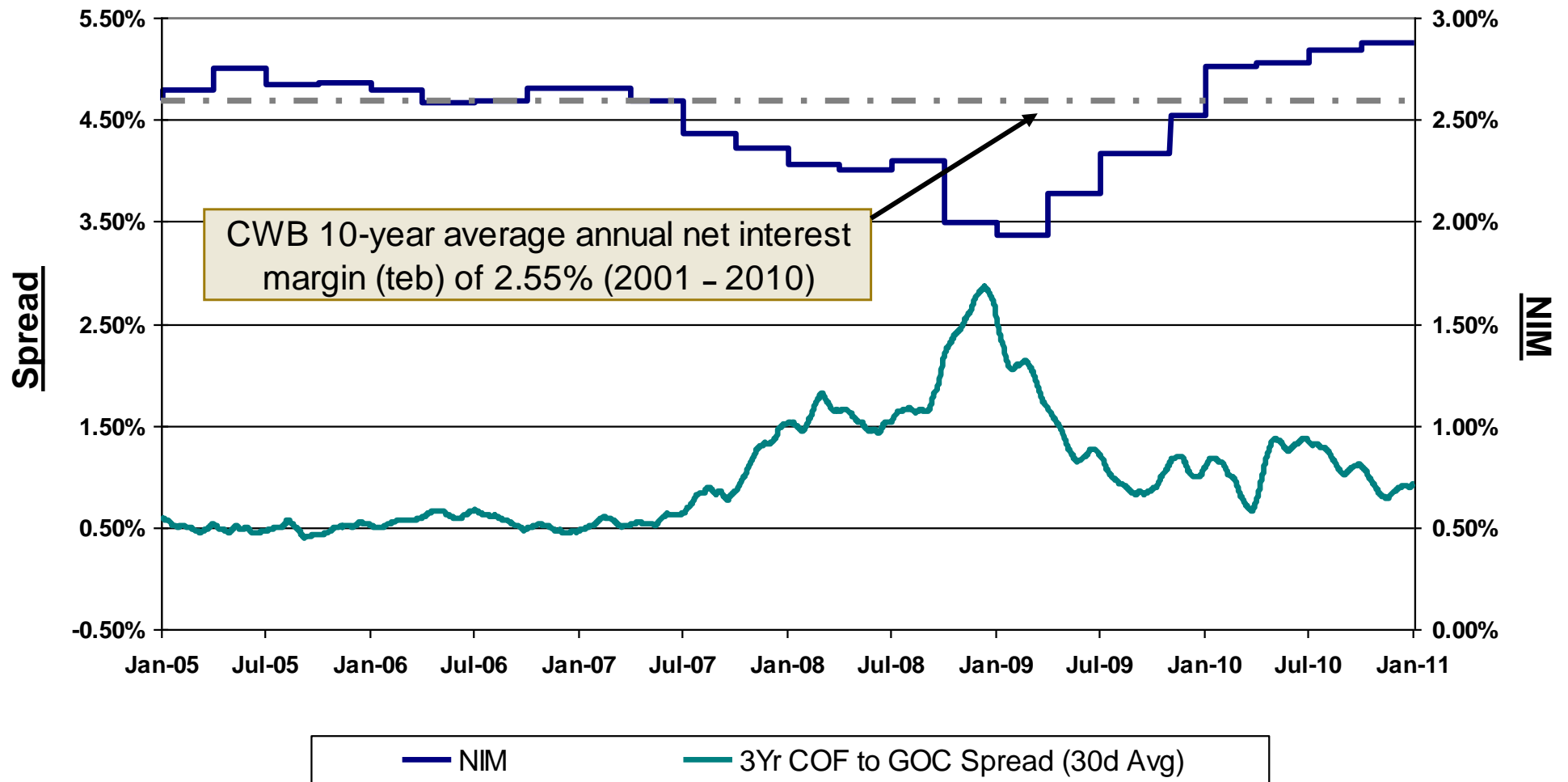
## Total Loans Outstanding (\$ millions)



- Total loan growth of 14% marked the achievement of double-digit loan growth in 20 of the past 21 years (the exception being 2009)

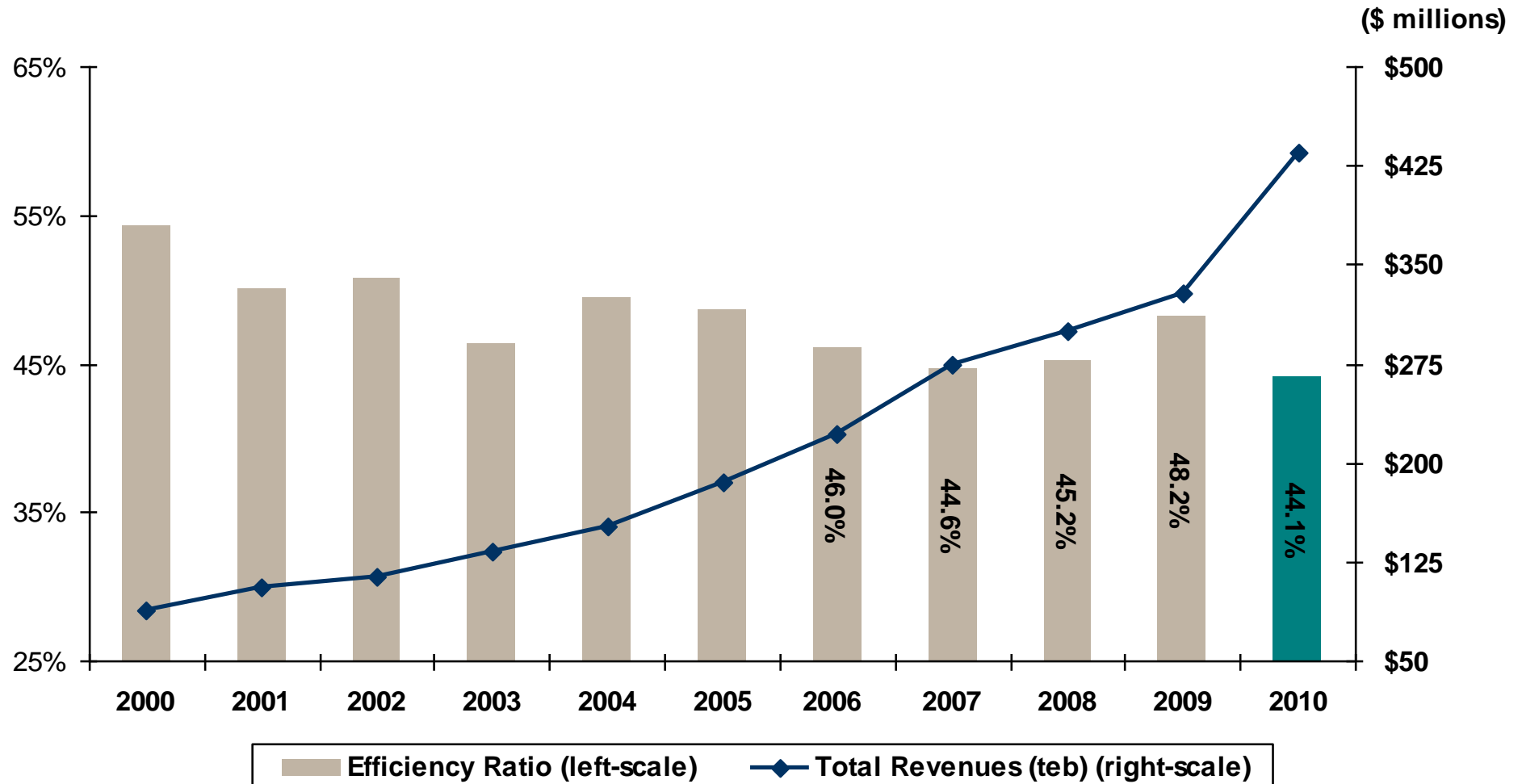
# FINANCIAL PERFORMANCE – NET INTEREST MARGIN

## Net Interest Margin (NIM) vs. CWB Cost of Funds (COF) (spread over 3 year GOC bond)



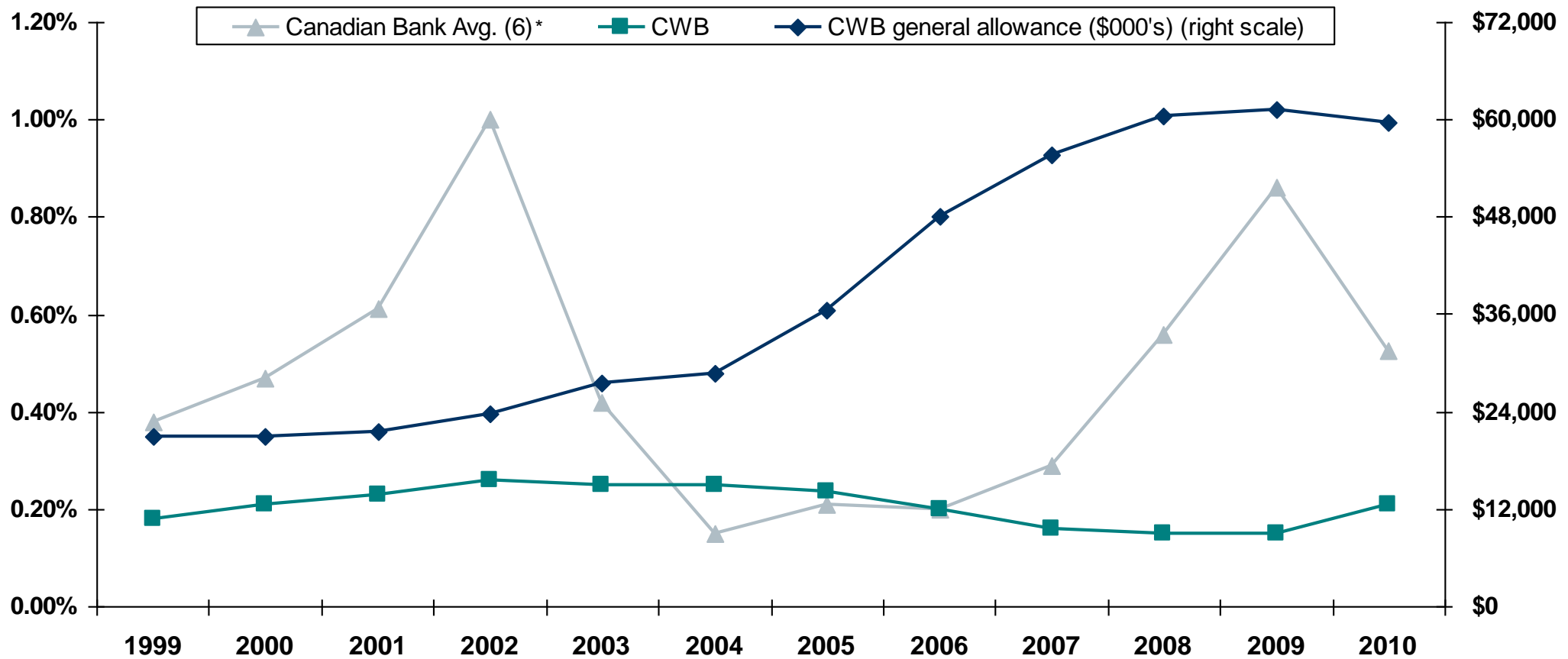
# FINANCIAL PERFORMANCE – REVENUE & EFFICIENCY

## Total Revenues & Efficiency Ratio



# FINANCIAL PERFORMANCE – CREDIT

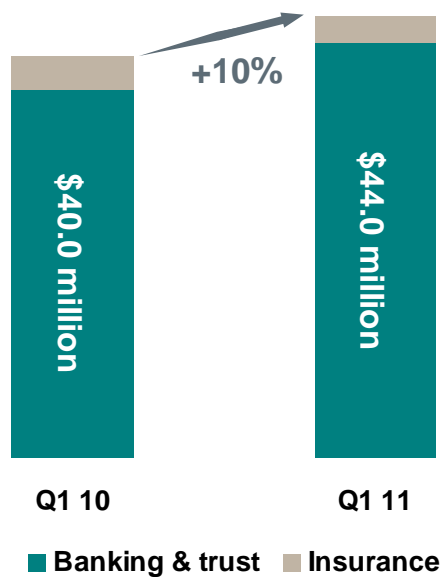
## Annual Provision for Credit Losses (as a percentage of average loans)



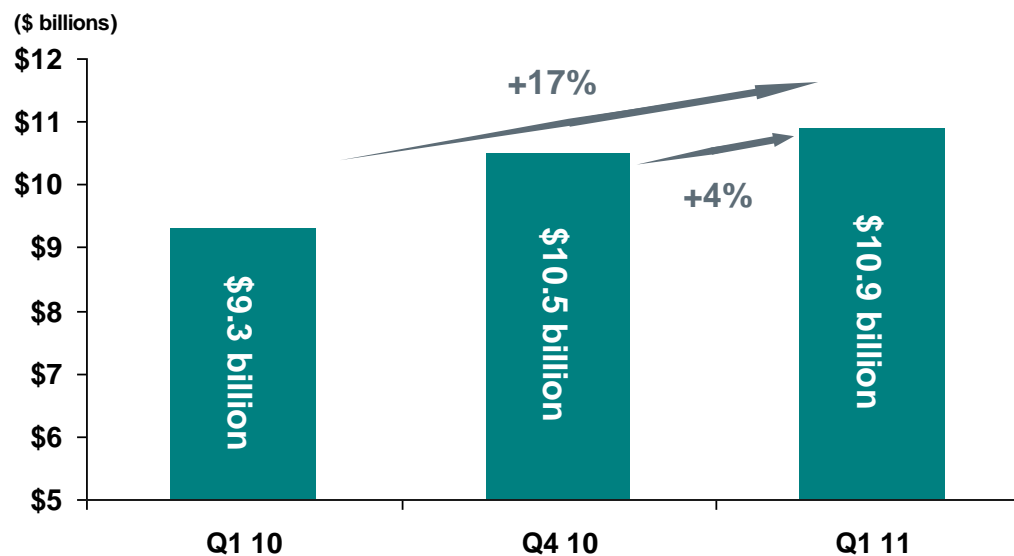
# FINANCIAL REVIEW – FIRST QUARTER 2011

(\$ thousands)	Q1 11	Q1 10	Change
<b>Net Income – Banking &amp; trust</b>	\$ 41,419	\$ 36,690	13 %
<b>– Insurance</b>	2,533	3,345	(24)
<b>Diluted earnings per share</b>	0.54	0.52	4

## Total Quarterly Net Income



## Total Loans



# 2011 MINIMUM PERFORMANCE TARGETS

	<b>2011 Minimum Target</b>	<b>2011 Year-to-date Performance <sup>(1)</sup></b>
<b>Net income growth <sup>(2)</sup></b>	<b>6%</b>	<b>10%</b>
<b>Net income growth before taxes <sup>(3)</sup></b>	<b>10%</b>	<b>7%</b>
<b>Total revenue growth (teb)</b>	<b>12%</b>	<b>21%</b>
<b>Loan growth</b>	<b>10%</b>	<b>17%</b>
<b>Provision for credit losses</b>	<b>0.20% – 0.25%</b>	<b>0.23%</b>
<b>Efficiency ratio (teb)</b>	<b>46%</b>	<b>45.2%</b>
<b>Return on common equity <sup>(4)</sup></b>	<b>15%</b>	<b>16.4%</b>
<b>Return on assets <sup>(5)</sup></b>	<b>1.20%</b>	<b>1.24%</b>

(1) 2011 year-to-date performance for earnings and revenue growth is the current year results over the same period in the prior year, loan growth is the increase over the past twelve months, and performance for ratio targets is the current year-to-date results annualized. (2) Net income, before preferred share dividends. (3) Net income before income taxes (teb), non-controlling interest in subsidiary and preferred share dividends. (4) Return on common equity calculated as annualized net income after preferred share dividends divided by average common shareholders' equity. (5) Return on assets calculated as annualized net income after preferred share dividends divided by average total assets.

- **Minimum targets reflect ongoing confidence across all CWB Group's businesses**
- **Well positioned early in the year to meet or surpass all key performance metrics**

# Strategic Review & Outlook

*Larry Pollock, President & CEO*

- Fiscal 2010 highlights
- Performance objectives 2013
- Outlook & strategic/competitive advantages
- Business diversification
- Shareholder return
- Closing remarks
- Questions & answers



# FISCAL 2010 HIGHLIGHTS

**Achieved record financial performance (both business segments)**

**Posted double-digit loan growth and marked 90 consecutive profitable quarters**

**Maintained a very strong financial position (balance sheet and capital)**

**Recognized as one of *Canada's 50 Best Employers* (5<sup>th</sup> consecutive year)**

**Selected as having one of *Canada's 10 Most Admired Corporate Cultures***

**Positioned to deliver continued strong performance and growth**

# PERFORMANCE OBJECTIVES 2013

## Five-year Targets (established at the beginning of fiscal 2009)

**Surpass \$200 million of net income**

**Achieve 30% earnings contribution from non-interest sources**

**Double income contributions from all CWB subsidiaries**

**Enhance retail banking franchise (including branch network and core deposits)**

**Increase industry and geographic diversification (specific business units)**

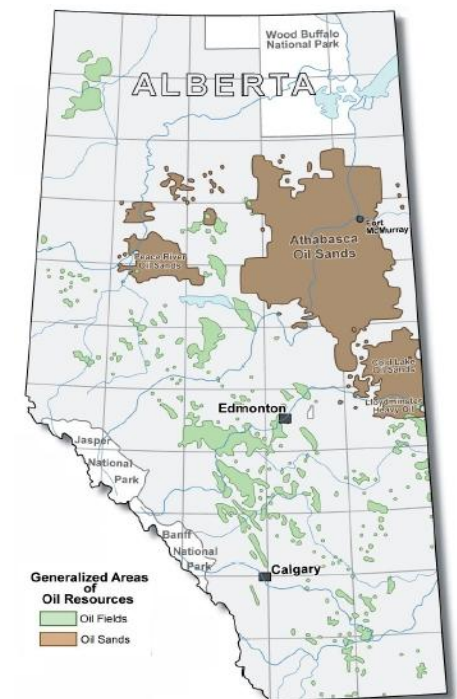
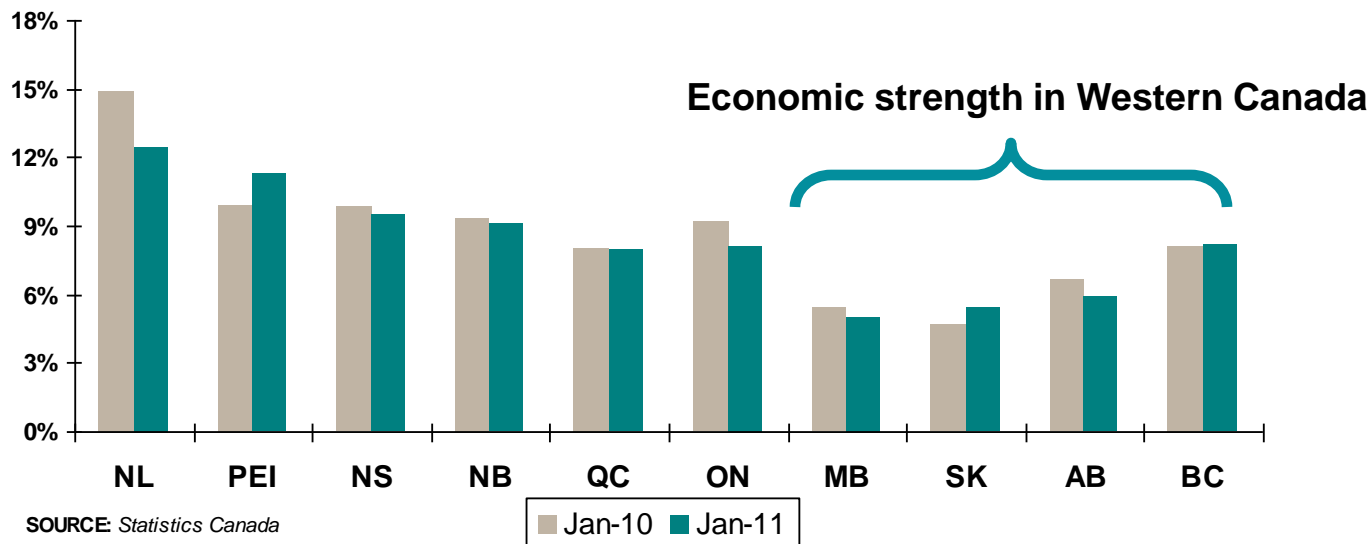
<b>YEAR</b>	<b>TOTAL ASSETS (\$millions)</b>	<b>% ASSET GROWTH</b>	<b>NET INCOME BEFORE TAXES (\$thousands)</b>	<b>% NET INCOME GROWTH BEFORE TAXES</b>	<b>NET INCOME AFTER TAXES (\$thousands)</b>
1990	\$ 418	-	\$ 1,444	-	\$ 1,378
1995	1,331	218%	11,147	672%	10,808
2000	3,060	130%	35,435	218%	26,349
2005	5,705	86%	81,385	130%	54,391
2010	12,702	123%	211,180	159%	163,621

# STRATEGIC ADVANTAGE – ECONOMIC OUTLOOK

- Canada's economic fundamentals support expectations for moderate growth in 2011
- Western Canada expected to perform well relative to the rest of Canada
  - strong resource-based economies

## Provincial Unemployment Rates

(seasonally adjusted)



# STRATEGIC ADVANTAGE – POSITIONED FOR GROWTH

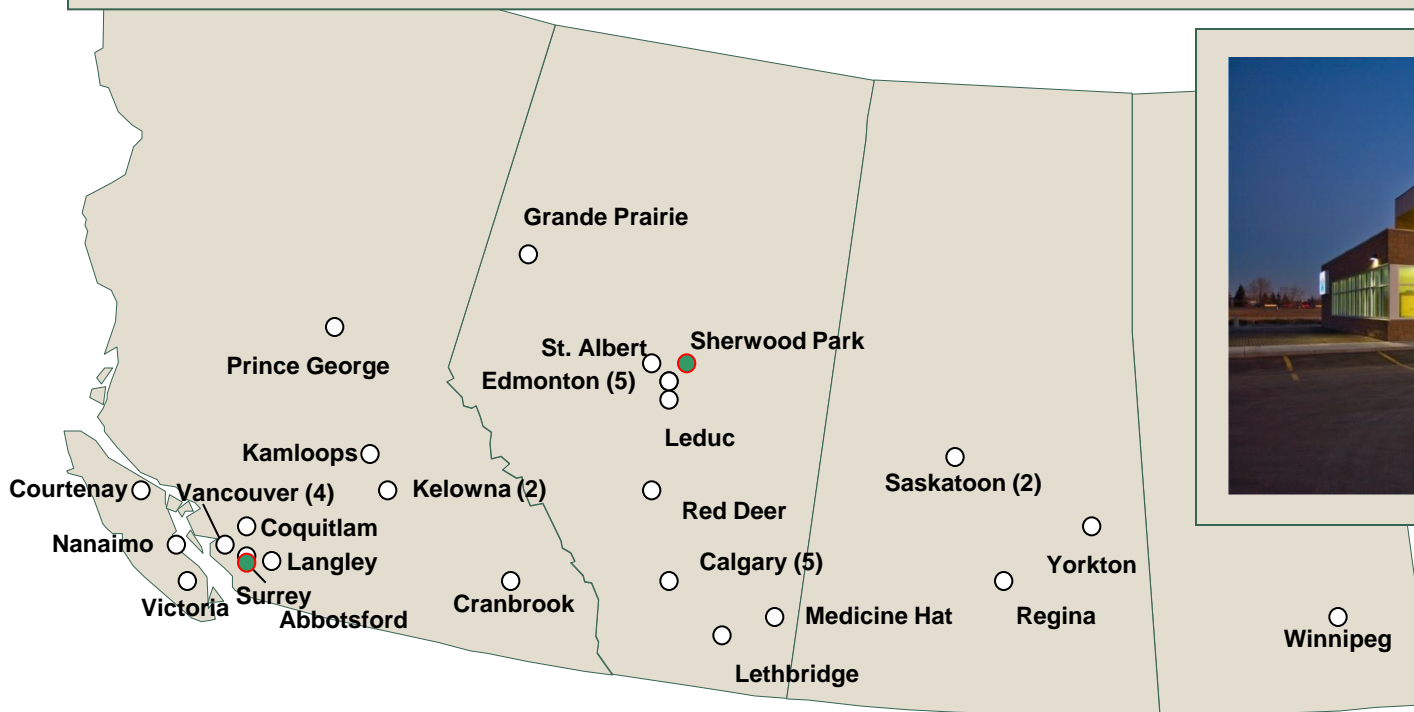
**Banking branches** – across Western Canada

**Equipment leasing centre** – headquartered in Winnipeg (satellite offices across Canada)

**Trust services offices** – Vancouver, Calgary, Edmonton, Toronto

**Insurance call centres** – Vancouver, Edmonton

**Wealth management office** – Edmonton

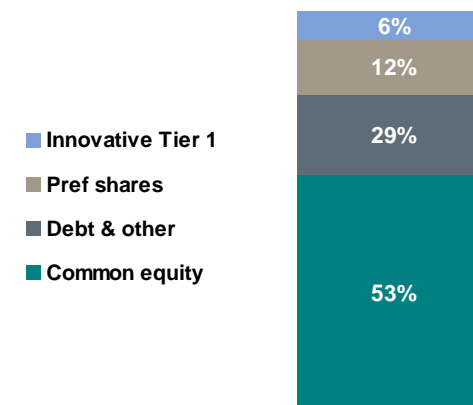


● New full-service branches in Surrey, BC & Sherwood Park, AB opened in Q4 10

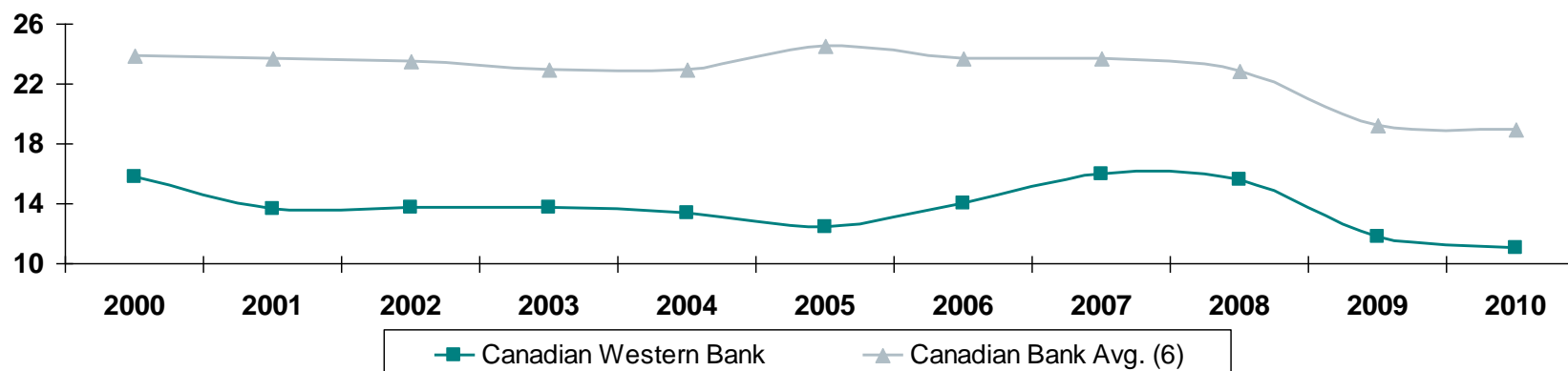
# STRATEGIC ADVANTAGE – STRONG CAPITAL & LOW LEVERAGE

## Regulatory Capital Structure (as at January 31, 2011)

	CWB (Basel II)	Current Regulatory Minimum	CWB (Basel III) Expectation
Tangible Common Equity	8.9 %	— %	2013 Compliant
Tier 1 Capital	11.6	7.0	
Total Capital	16.5	10.0	

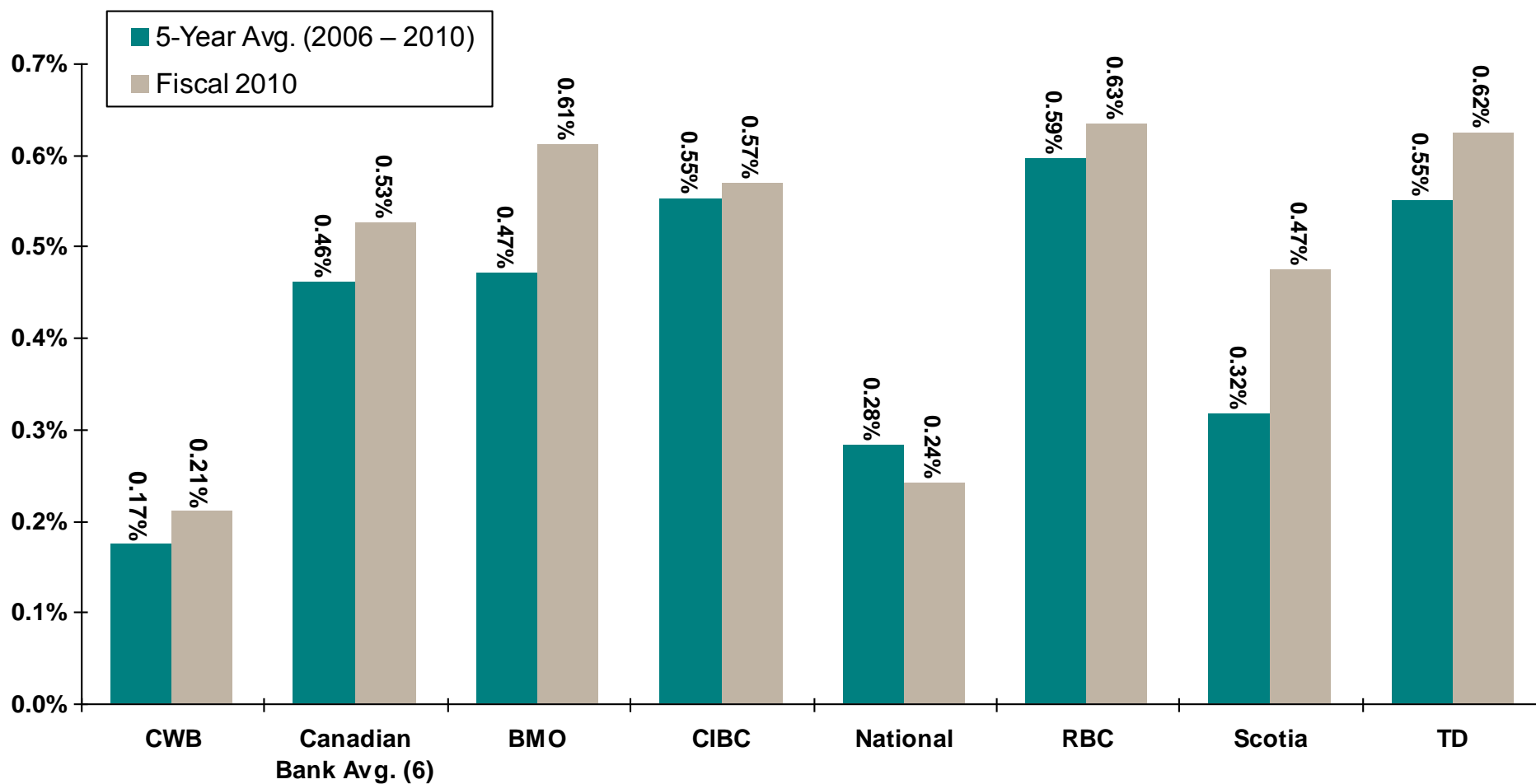


## Low Leverage (total assets-to-equity)



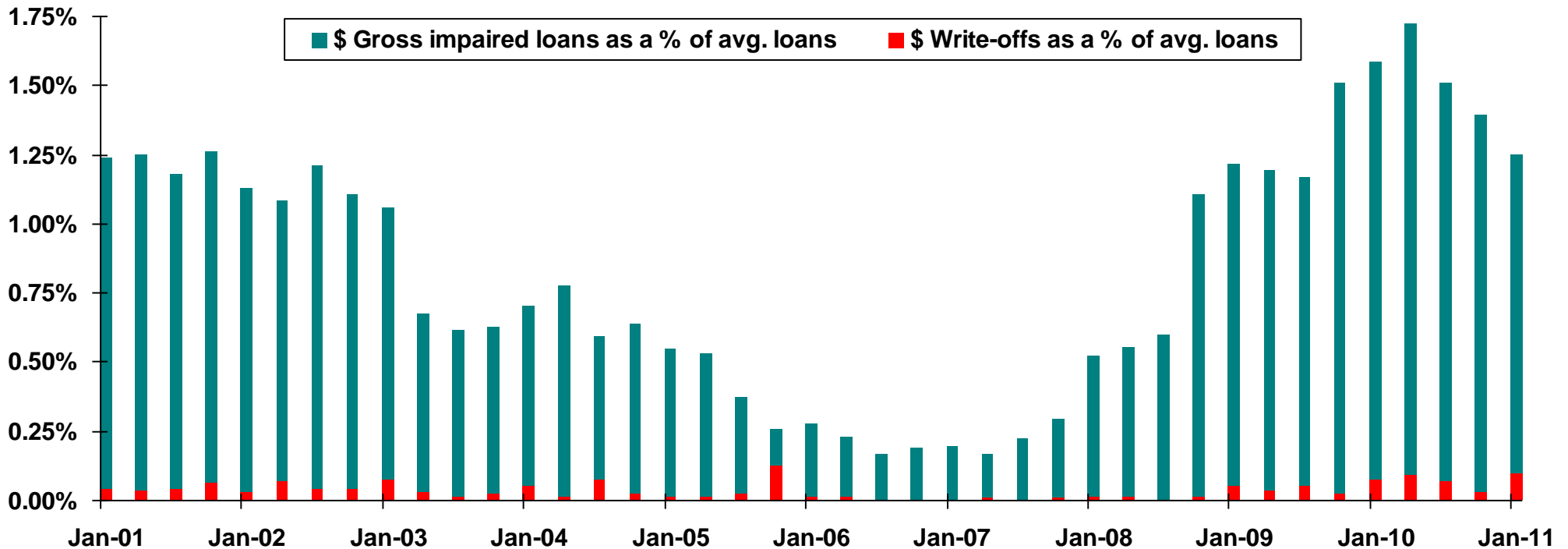
# STRATEGIC ADVANTAGE – SUPERIOR CREDIT PERFORMANCE

## Annual Provision for Credit Losses (as a percentage of average loans)



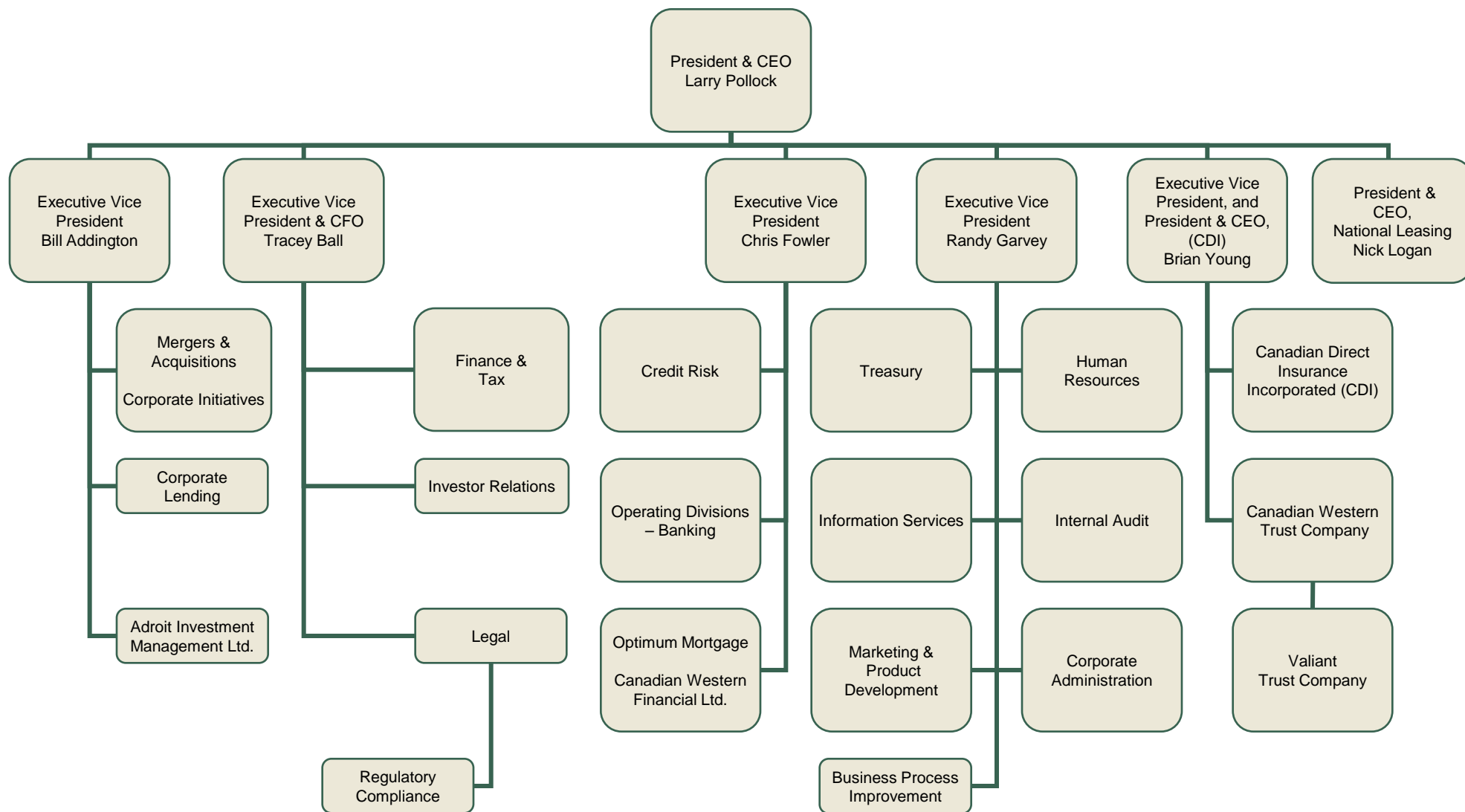
# STRATEGIC ADVANTAGE – LOW LOAN LOSSES

## Gross Impaired Loans & Write-offs (as a percentage of average loans)



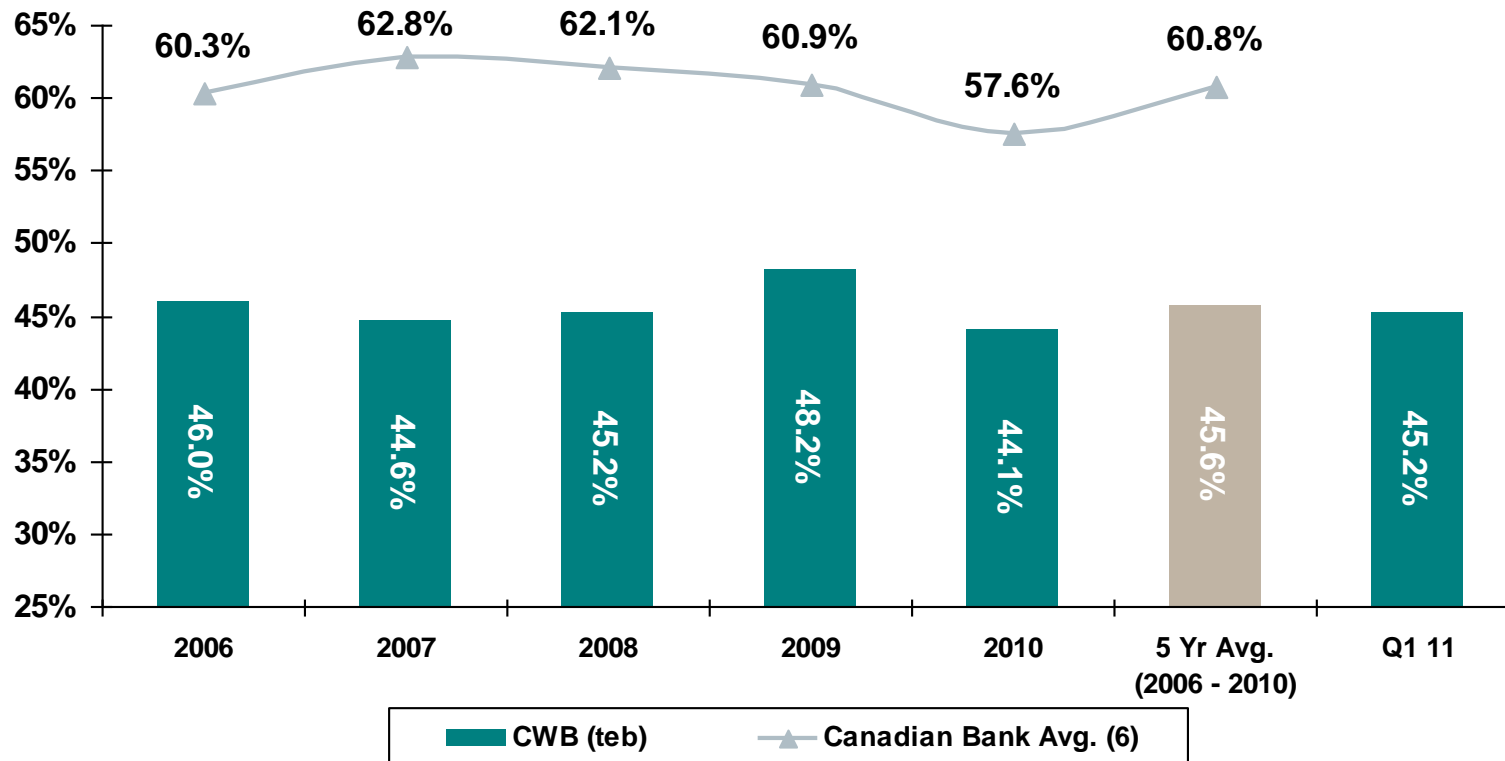
➤ **Currently in the latter stages of the credit cycle, as evidenced by consecutive reductions in the level of gross impaired loans compared to Q2 10**

# STRATEGIC ADVANTAGE – DEPTH OF MANAGEMENT / SUCCESSION



# STRATEGIC ADVANTAGE – LOW COST PROVIDER

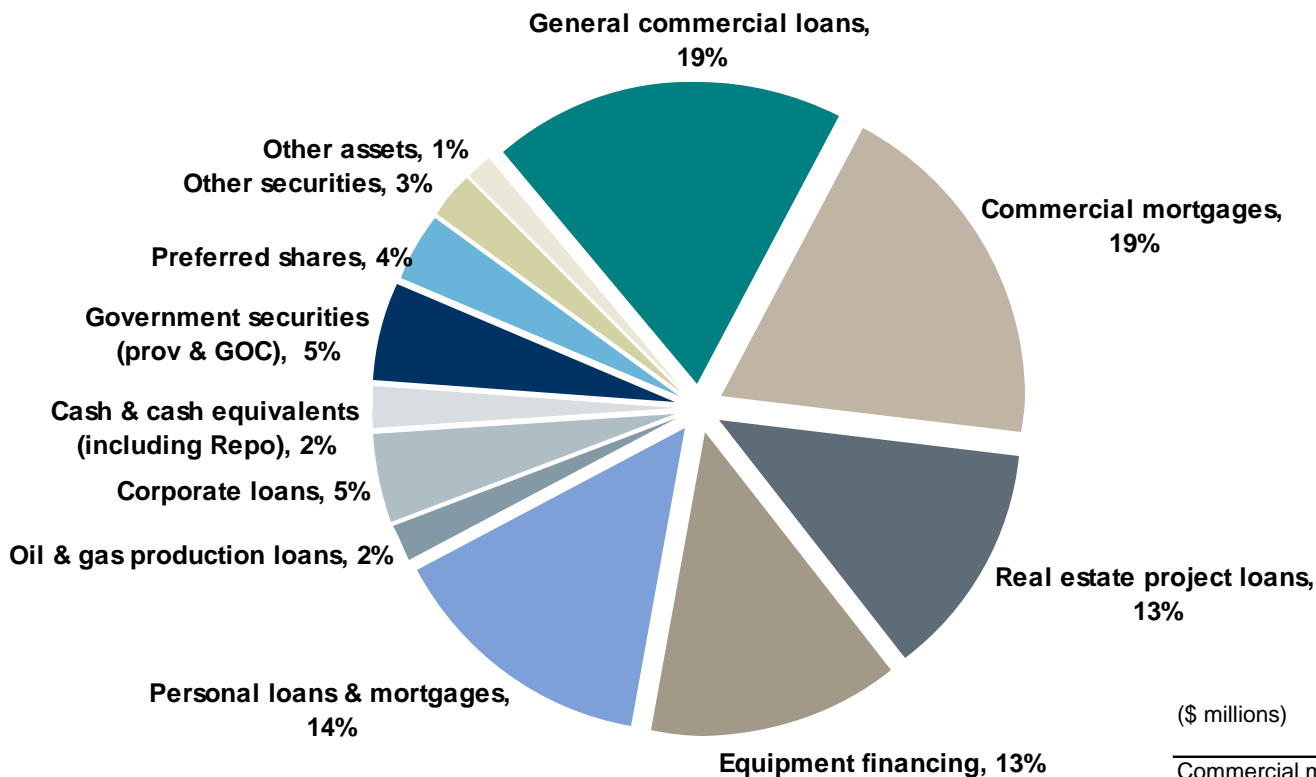
## Efficiency Ratio (non-interest expenses as a % of total revenues (teb))



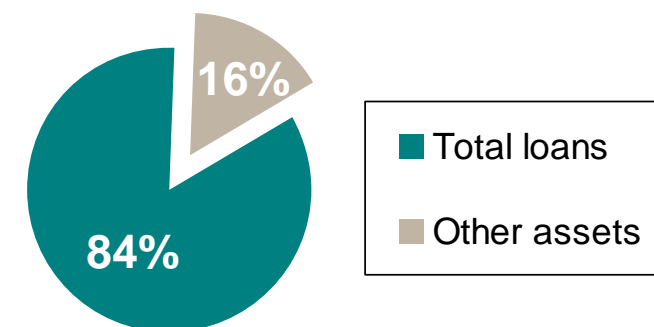
- **Exceptional efficiency relative to the six largest Canadian banks – demonstrated ability to effectively control costs while maintaining expenditures necessary to support sustained growth**

# TOTAL ASSETS – GROWTH OUTLOOK

## Composition of Assets (as at January 31, 2011)



## Total Assets



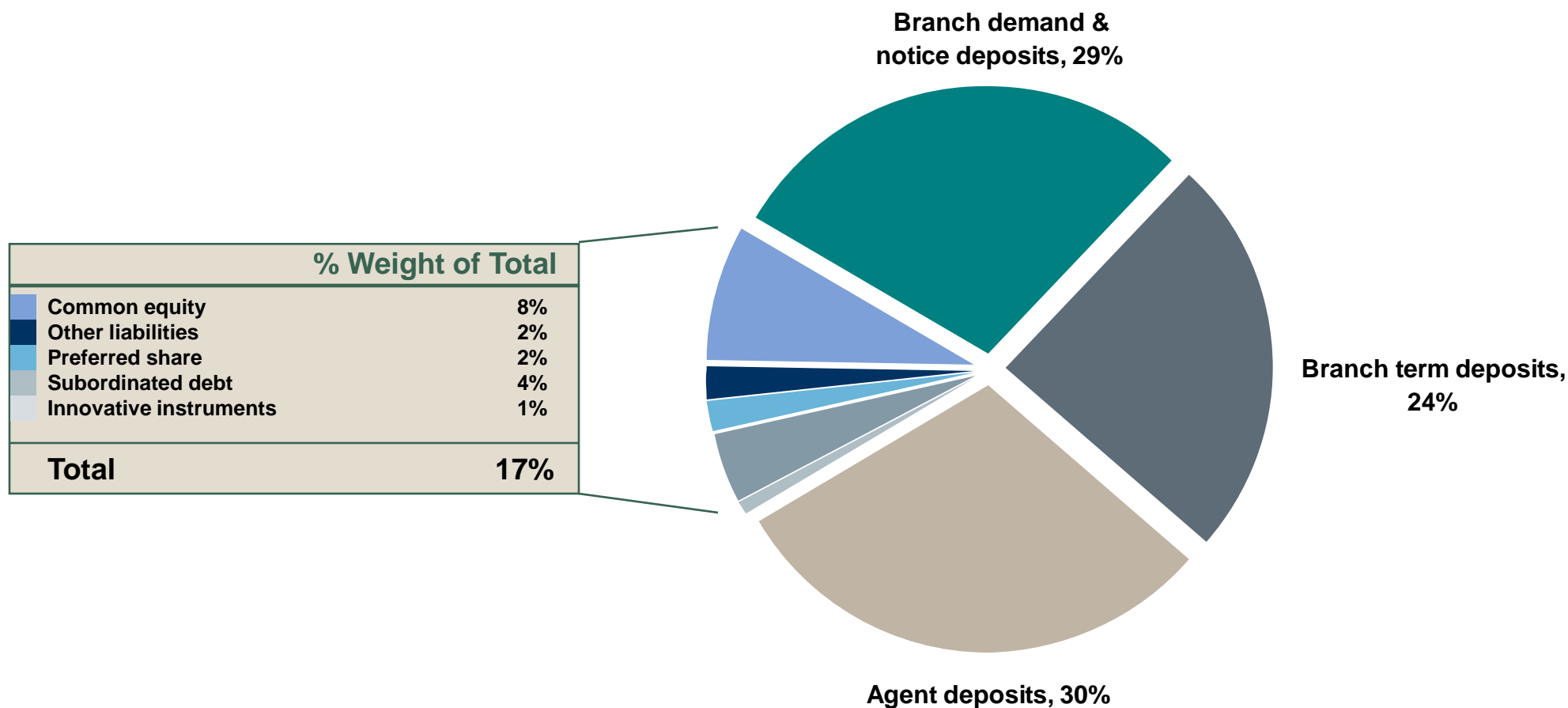
## Loans by Lending sector\*

	(\$ millions)		Change from Q4 2010	
	Q1 11	Q4 10	\$	%
Commercial mortgages	\$ 2,471	\$ 2,458	\$ 13	1%
General commercial	2,424	2,197	227	10
Real estate project loans	1,637	1,576	61	4
Personal loans & mortgages	1,858	1,794	64	4
Equipment financing	1,696	1,624	72	4
Corporate loans	598	660	(62)	(9)
Oil & gas production	278	266	12	5
<b>Total Outstanding Loans</b>	<b>\$ 10,962</b>	<b>\$ 10,575</b>	<b>\$ 387</b>	<b>4%</b>

\*Loans by lending sector exclude the allowance for credit losses

# TOTAL LIABILITIES & EQUITY – FUNDING OUTLOOK

## Composition of Liabilities & Equity (as at January 31, 2011)



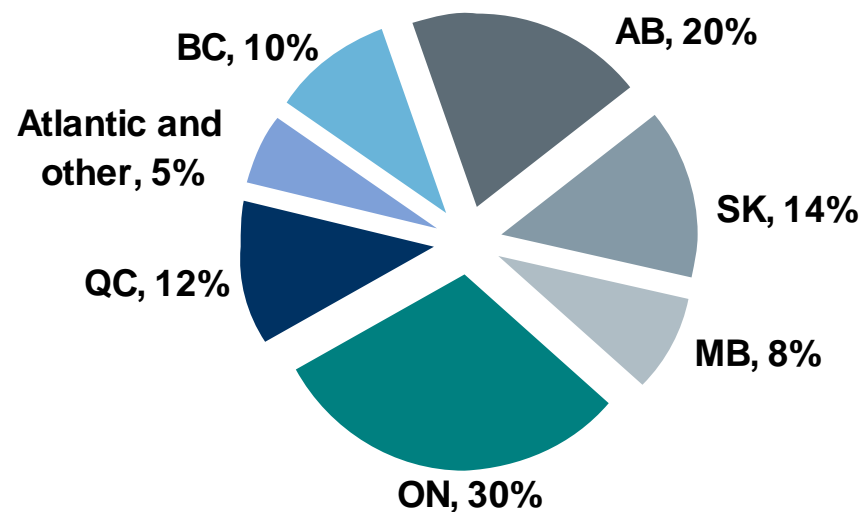
# BUSINESS DIVERSIFICATION

## National Leasing – Industry Leader in Small-ticket Equipment Leasing

- **Strong management team and ~300 employees**
- **Long history of strong performance (30+ years in business)**
  - provides diversification by geography, industry and equipment type
  - established presence across Canada
  - synergies with existing banking/lending operations (funding, growth, technology)

### Provincial Breakdown of Leases

(as at October 31, 2010)



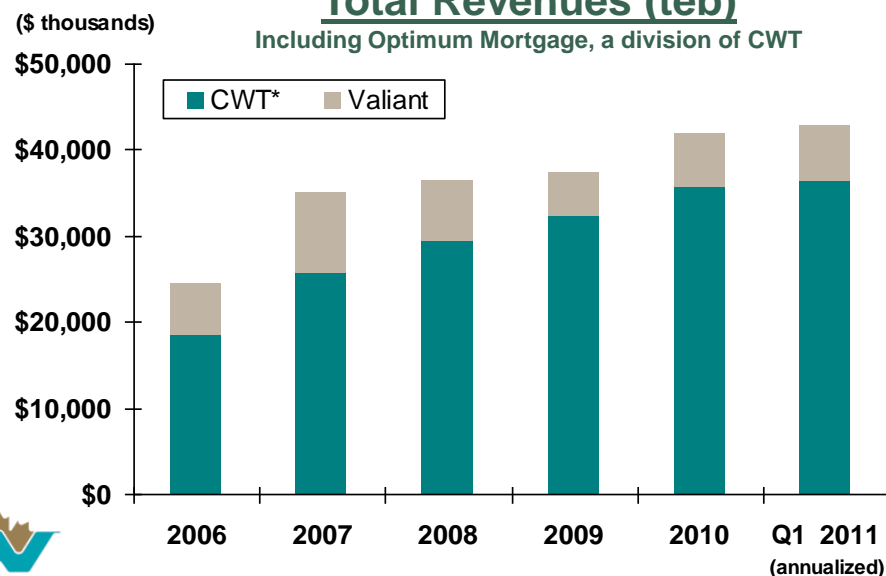
# BUSINESS DIVERSIFICATION

## Trust Services – Canadian Western Trust (CWT) & Valiant Trust

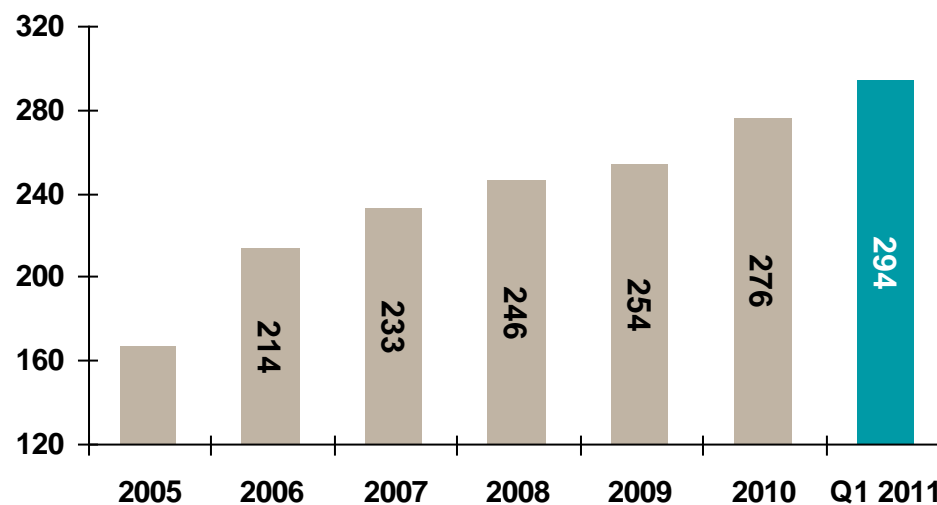
- Trust offices in Vancouver, Calgary, Edmonton and Toronto
- Trust assets under administration of over \$6.0Bn; lower cost deposits of more than \$1.0Bn
- 46,000+ CWT investment accounts
- Scalable growth opportunities that offer both geographic and product expansion

### Total Revenues (teb)

Including Optimum Mortgage, a division of CWT



### Total # of Clients (Valiant Trust)



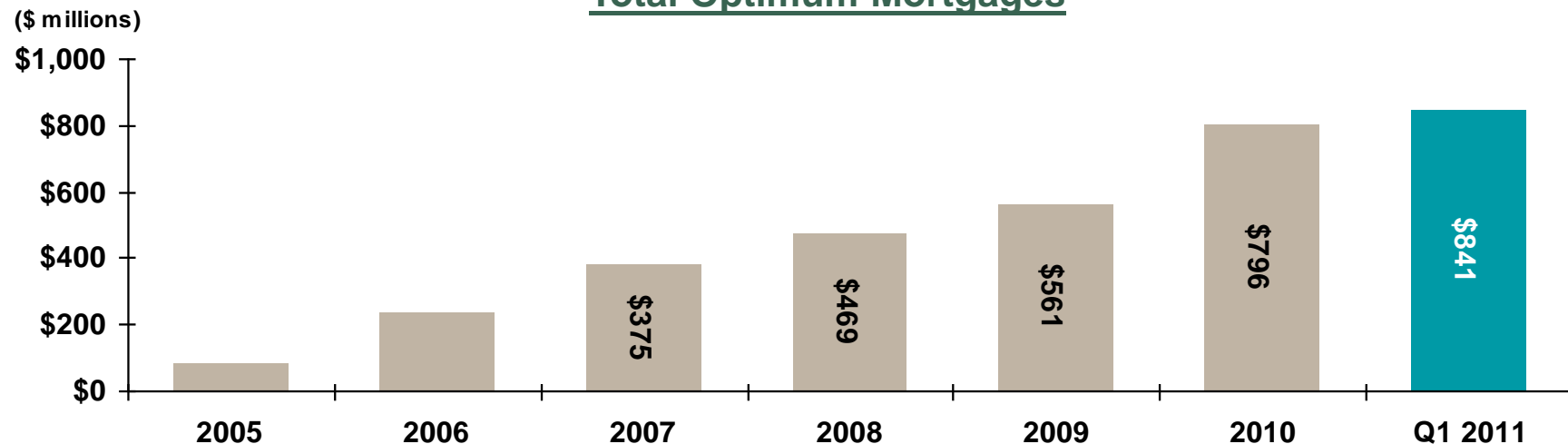
\* Total revenues (teb) for CWT include net interest income plus other income, excluding changes in fair value of intercompany swaps.

# BUSINESS DIVERSIFICATION

## Optimum Mortgage – Residential Mortgage Lender

- Business started by CWB in 2004
- Broker-driven model providing residential mortgages across Western Canada and in select regions of Ontario
- Strong source of loan growth and excellent profitability (blend of fee-based income and interest revenues)
- Significant growth opportunities – business still in the early stages of realizing potential

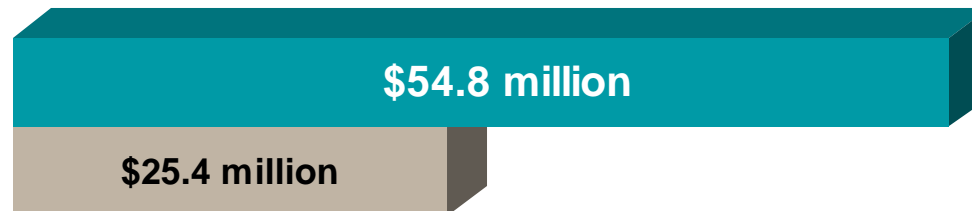
## Total Optimum Mortgages



# BUSINESS DIVERSIFICATION

## Canadian Direct Insurance – Personal Home & Auto Insurance

- Personal auto and home insurance in Western Canada (British Columbia and Alberta)
- Distribution of policies through telephone, internet and broker network
- 185,000+ policies outstanding (solid growth profile)
- Offers steady source of revenue, independent of economic volatility (2006 – 2010 average combined ratio of 93%; Q1 2011 combined ratio of 95%)

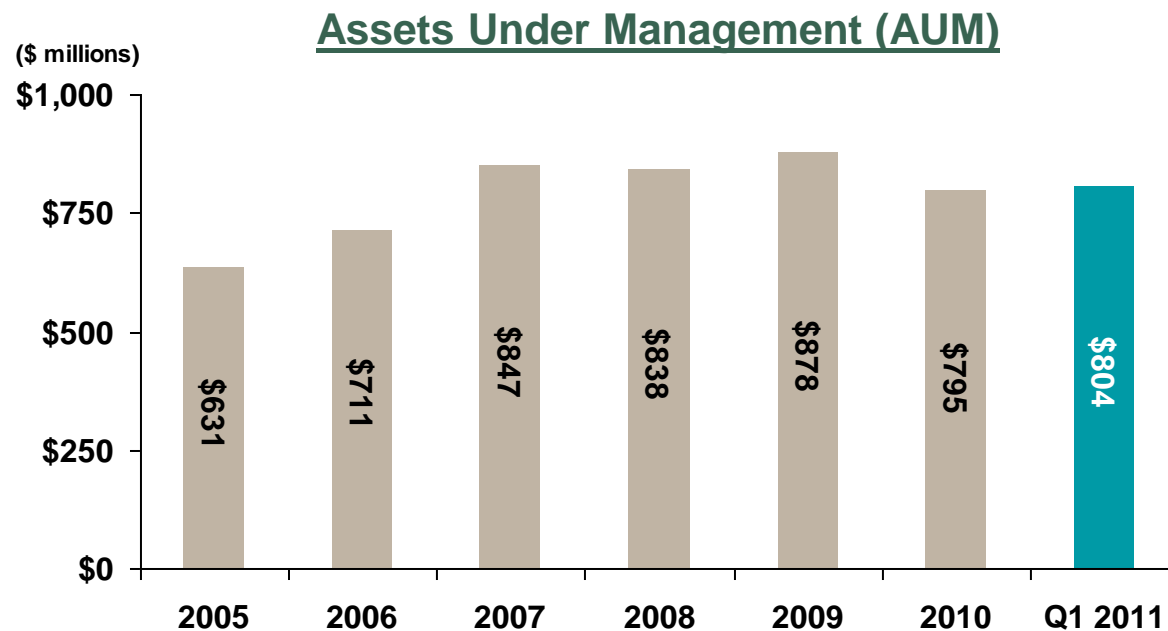


- CDI cumulative net income since acquisition
- CDI total acquisition cost (2004)

# BUSINESS DIVERSIFICATION

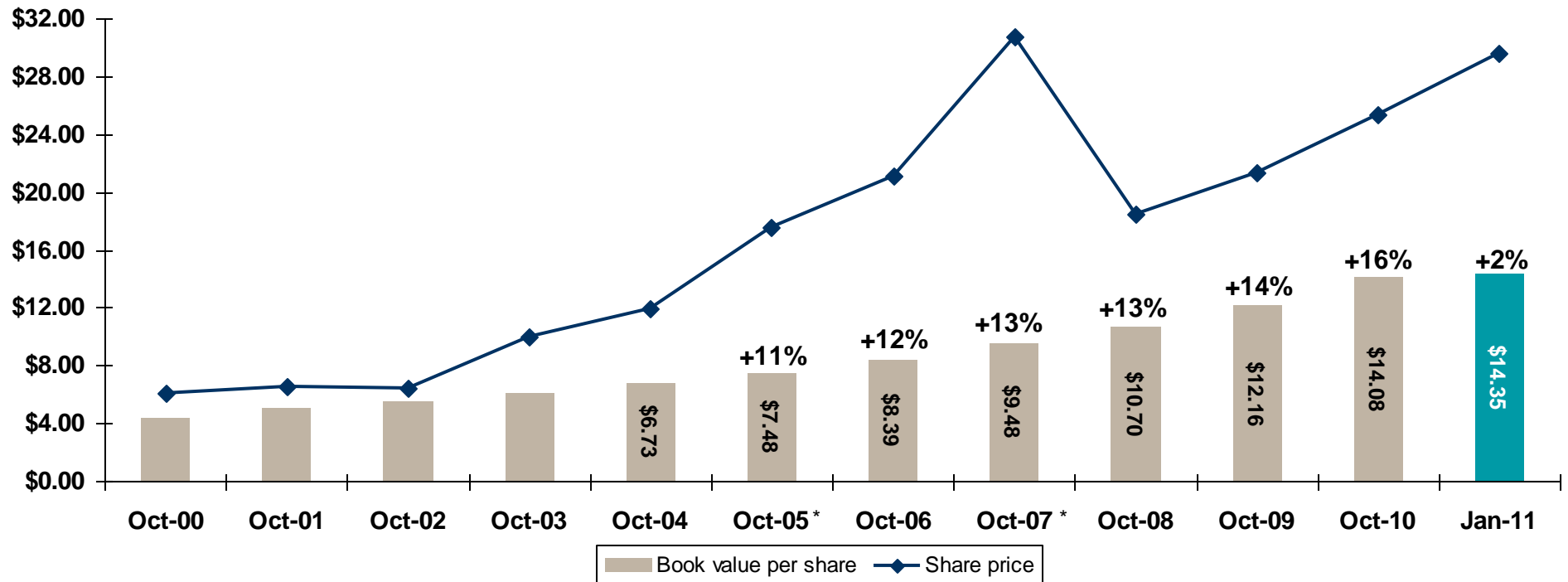
## Adroit Investment Management – Wealth & Portfolio Management

- **Specialize in wealth and portfolio management**
- **Complementary business line with good growth potential – fills an important product gap for high net worth and corporate clients**
  - additional synergies with banking and fiduciary trust operations
- **Provides a relatively stable source of fee-based income with low capital investment**



# SHAREHOLDER RETURN

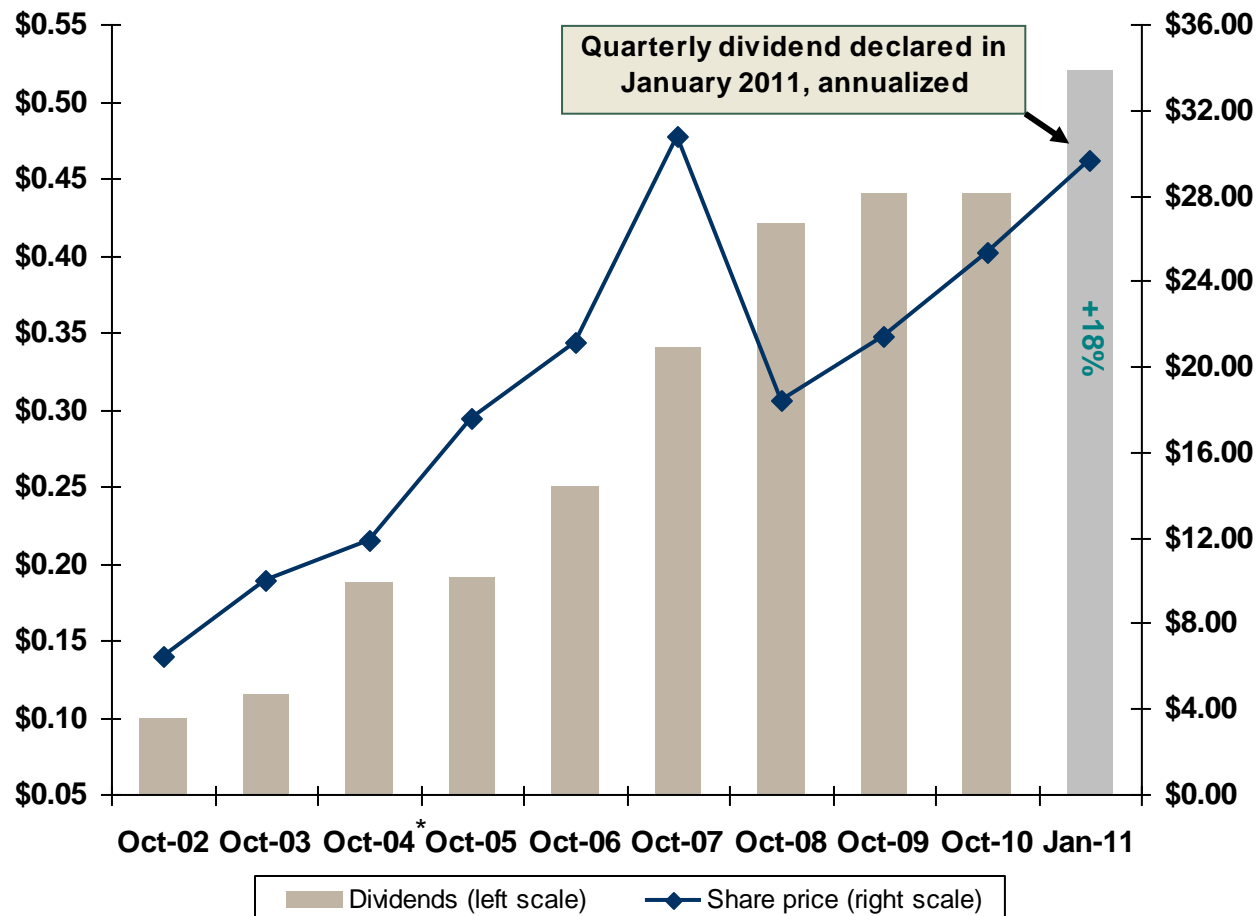
## Historical Valuation (share price and book value per share\*)



\* Values adjusted to reflect 2 for 1 stock dividends paid in both 2005 and 2007

# SHAREHOLDER RETURN

## Dividend Growth



### Dividend Increases:

December 2010	(+18%)
June 2008	(+10%)
December 2007	(+11%)
June 2007	(+13%)
December 2006	(+14%)
September 2006	(+17%)
December 2005	(+20%)

### Dividend Payout Ratios\*\*:

Fiscal 2009:	~29%
Fiscal 2010:	~19%
Target payout range:	25-30%

\* Dividends paid in 2004 appear unusually high as they included the last semi-annual dividend and three quarterly dividends.

\*\* Payout ratios represent common share dividends (including shares issued under CWB's dividend reinvestment plan (DRIP)) measured as a percentage of net income available to common shareholders.

# SHAREHOLDER RETURN

## Shares Outstanding (February 25, 2011)

- **69.7 million common shares (TSX: CWB)**
- **10.1 million warrants (TSX: CWB.WT)**
- **8.4 million preferred shares (TSX: CWB.PR.A)**

## Employee Share Purchase Plan (ESPP)

- **over 94% employee participation**

## Canadian Schedule I Banks - Common Shareholder Annual Total Rate of Return<sup>(1)</sup> for the Calendar Years 1991 - 2010

Bank	12/31/2010	1991 - 2000	2001 - 2010	1991 - 2010	2006	2007	2008	2009	2010	2006 - 2010
Royal Bank	\$52.24	20.22%	11.16%	15.6%	26.0%	-5.5%	-25.9%	63.7%	-3.99%	6.8%
CIBC	\$78.33	17.63%	9.65%	13.6%	32.9%	-25.6%	-23.1%	41.6%	20.42%	5.3%
Bank of Montreal	\$57.48	23.24%	8.10%	15.4%	9.8%	-15.0%	-41.3%	91.3%	7.88%	2.5%
Scotiabank	\$57.10	26.09%	14.11%	20.0%	16.7%	-0.1%	-31.6%	57.2%	20.47%	8.6%
TD Bank	\$74.25	22.07%	8.93%	15.3%	16.6%	2.8%	-35.1%	59.2%	16.56%	7.6%
National Bank	\$68.52	17.69%	14.11%	15.9%	12.8%	-17.3%	-36.6%	101.8%	18.37%	7.2%
Laurentian Bank	\$48.06	12.16%	9.68%	10.9%	-7.7%	13.6%	7.3%	28.9%	16.23%	11.0%
<b>Canadian Western Bank</b>	<b>\$28.36</b>	<b>23.18%</b>	<b>17.67%</b>	<b>20.4%</b>	<b>49.2%</b>	<b>20.3%</b>	<b>-59.6%</b>	<b>82.2%</b>	<b>31.67%</b>	<b>11.7%</b>
S&P/TSX Bank Index	1,987	n/a	n/a	n/a	20.0%	-7.0%	-31.3%	62.6%	10.61%	6.6%
S&P/TSX Composite Index	14,137	n/a	n/a	n/a	17.3%	9.8%	-33.0%	35.1%	17.62%	6.5%

<sup>(1)</sup> Dividends reinvested quarterly at quarter end price

Source: Bloomberg

# CLOSING REMARKS

**“DO WHAT WE’VE ALWAYS DONE, ONLY BETTER”**

# QUESTIONS?

# CONTACT INFORMATION



## Shareholder Inquiries

### INVESTOR RELATIONS

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