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THIRD QUARTER RESULTS CONFERENCE CALL
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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to the Canadian Western Bank Third Quarter Results Conference Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. If anyone has any difficulties hearing the conference, please press * 0 for operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Thursday, September 7th, 2006, at 3:30 p.m. Eastern time.

I will now turn the conference over to Miss Tracey Ball, Chief Financial Officer. Miss Ball, please go ahead.

TRACEY BALL (Chief Financial Officer, Canadian Western Bank): Thank you, John, and good afternoon everybody, and welcome to our 2006 third quarter results conference call.

Before we begin, I want to quickly note a few items.

This presentation is being broadcast via the Internet as well as via conference call. The conference call graphs are available in PDF format on our website at cwbank.com under "Webcast Events" in the Investor Relations section.

Our quarterly results press release and supplemental financial information are also available in the Investor Relations section, under

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"Financial Reports."

This reminds you about the forward-looking statements advisory on Slide 13 and also that this is being recorded and everybody will be on the record. As already noted, the question-and-answer period will follow.

Slide 2 shows the agenda for today's call. Joining me for the presentation is Larry Pollock, President and Chief Executive Officer. Also in attendance are Bill Addington, Executive Vice President, whose responsibilities include credit risk management; Brian Young, President and Chief Executive Officer of Canadian Direct Insurance, and Executive Vice President of Canadian Western Bank, whose responsibilities include our insurance and trust operations; Randy Garvey, Senior Vice President of Corporate Support, whose responsibilities include Treasury and Systems; and Chris Fowler, Senior Vice President of Credit Risk Management.

I would now like to direct your attention to Slide 3, and ask Larry to begin our presentation with an overview of our third quarter results.

LARRY POLLOCK (President and Chief Executive Officer, Canadian Western Bank): Thank you, Tracey. Canadian Western Bank posted excellent results for the third quarter of 2006. New quarterly records were set for both net income and total revenues. With these results, we are

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comfortably exceeding all of our 2006 performance targets. We have now posted profits in 73 consecutive quarters, a period of more than 18 years.

Our loan growth continues to be very strong, at 6 percent in the quarter, and 19 percent year-to-date. Total loans have increased 25 percent in the last 12 months, and all of this growth has been organic.

Our strong performance reflects the continued success of our proven business plan, as well as the current economic strength in Western Canada, particularly in Alberta and BC. Our Board of Directors today declared a quarterly dividend of \$0.14 per share. This is a 17 percent increase over the previous quarterly dividend, and up 40 percent greater than the quarterly dividend declared one year ago. Including reinvested dividends, the total return to our shareholders in the last 12 months was 48 percent. This compares very favourably to the 8 percent return on the S&P/TSX financial index over the same period.

Consequent to quarter end, we issued 105 million of non-dilutive innovative Tier 1 capital in a private placement to institutional investors. The success of this placement confirms the growing market acceptance of our bank and will provide efficient capital to support ongoing growth without diluting the interest of existing shareholders. In addition to being non-dilutive, innovative Tier 1 capital is also relatively inexpensive as the interest payments are tax deductible.

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I'll now turn things over to Tracey, who will discuss our financial performance in more detail, with Slide 4.

TRACEY BALL: Thanks, Larry. Net income for the third quarter was a record \$17.7 million, an increase of 16 percent over the same quarter last year. Diluted earnings per share were \$0.56, up 14 percent over a year ago.

Total revenues on a taxable equivalent basis were a record 56.9 million, representing the year-over-year increase of 15 percent. Return on equity and return on assets in the quarter were 14.2 percent and 1.06 percent, respectively.

Third quarter net income was reduced by a \$1.2 million tax expense, resulting from the write down of future tax assets to reflect lower corporate income tax rates. The bank's future tax asset is primarily related to the allowance for credit losses. Excluding this tax adjustment net income increased 24 percent over the same period one year ago. Diluted earnings per share was \$0.59, an increase of 20 percent and ROE was 15.2 percent, a 90 basis point improvement over the previous quarter. Third quarter net income was 6 percent higher than the second quarter due to continued strong results from both operating segments and three additional interest and premium earning days.

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For the first nine months of the year, financial highlights include the following; Net income of 50.8 million, an increase of 28 percent over the prior year period; diluted earnings per share of \$1.60, up 26 percent; and total revenues on a taxable equivalent basis of 162.2 million, an increase of 18 percent; and ROE and ROA of 14.2 percent and 1.09 percent respectively.

Beginning with slide 5, I will highlight third quarter results for our Banking and Trust operations. This segment generated record net income for the fifth consecutive quarter. Third quarter net income increased 16 percent over the same quarter last year, on 15 percent growth in total revenues. Net interest income increased 16 percent over one year ago, reflecting 23 percent growth in average loan balances, partially offset by our reduced net interest margin. Non-interest income was up 14 percent, reflecting a 34 percent increase in trust fees and a 12 percent increase in credit fees, partially offset by lower gains on the sale of securities and charges (phon) of the second quarter income from Banking and Trust operations increased 4 percent on a 7 percent increase in total revenues. Excluding the tax item I'd previously discussed, net income increased 11 percent over the second quarter. Net interest income was up 7 percent, with continuing strong loan growth and three additional interest earnings days more than offsetting the slightly lower net interest margins. Non-

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interest income increased 5 percent on strong quarterly growth in both credit related and retail service fees.

Slide 6 shows very strong loan growth of 6 percent in the quarter and 25 percent in the past year. This increase reflects growth in all sectors of the loan portfolio, with the strongest growth coming from Alberta and British Columbia. Credit quality remains strong, and the third quarter provision for credit losses was consistent with previous quarters at \$2.6 million. This provision represented 19 basis points of average loans in the third quarter, compared to 20 basis points in the prior quarter, and 23 basis points a year ago.

Net interest margin on a taxable equivalent basis was 2.58 percent in the quarter, compared to 2.77 percent one year ago. Approximately 9 basis points of this decrease was due to lower interest prepayment penalties as the third quarter last year included unusually high volumes of early loan payouts. Increased loan pricing competition and higher liquidity and debenture costs contributed to the remaining reductions, which was partially offset by an improved deposit mix.

Third quarter net interest margin decreased 7 basis points from the previous quarter, primarily reflecting higher liquidity and increased loan competition.

Slide 7 shows the progress we have made in generating additional

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lower-cost deposits, through our branch network and Canadian Western Trust.

Total branch-generated deposits increased 6 percent in the quarter, and 26 percent in the past year, and comprised 66 percent of all deposits, which was consistent with a year ago.

A large portion of this branch-deposit growth includes larger commercial and wholesale balances, reflecting the high levels of liquidity in the market. Of note is these balances can be subject to more fluctuation than personal deposits.

Within branch deposits, the lower-cost demand-and-notice component was up 2 percent in the quarter, and 27 percent in the past year. These deposits, which represent our lowest-cost form of funding, comprised 26 percent of total deposits, also consistent with one year ago.

Slide 8 shows some of the financial highlights for our insurance segment. Third quarter net income for Canadian Direct Insurance was a record \$1.9 million, an increase of 16 percent over one year ago. This increase reflects net earned premium growth of 28 percent, partially offset by a \$300,000 before tax loss on the Alberta auto insurance risk sharing pools. The increase in net earned premiums resulted primarily from a reduction in the use of quota share reinsurance and 6 percent growth in policies outstanding.

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Policy growth has been constrained during the last year by the Insurance Corporation of British Columbia's optional aggressive automobile pricing strategy, staffing challenges and a diminishing price advantage in Alberta, where higher cost providers have been required to roll back auto insurance premiums.

During the third quarter, Canadian Direct celebrated 10 years of providing home and auto insurance directly to its customers.

Slide 9 shows our performance targets for fiscal 2006 compared to our performance year-to-date. As mentioned earlier, we are currently exceeding all of our targets and have already achieved our 17th consecutive year of double-digit loan growth.

I would now like to turn things back to Larry, who will provide additional comments on outlook and strategy, beginning on Slide 10.

LARRY POLLOCK: Thanks, Tracey. Our outlook for the remainder of this year and next is very positive.

Within our Banking and Trust segment, loan growth continues to be the key driver of our success and total loans are already up 19 percent through 9 months. This growth should continue to benefit earnings in the fourth quarter and beyond.

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New loan deal flow remains strong and given the economic outlook for Western Canada, we expect continued growth across all sectors of our loan portfolio.

In terms of credit quality, our outlook remains very positive. We didn't use any of our annualized 19-basis-points provision for specific reserves in the third quarter and had a \$2 million recovery on one commercial account taken in, the reserve was taken in '04 and which was added back to the general reserve and not taken into income.

We now have almost six times coverage of non-performing loan balances.

Net interest margins have come under pressure recently and to the extent that our loans grow at a pace that requires us to supplement internal funding, this will continue to be the case. However, with the continued focus on disciplined underwriting and lower loan losses double-digit loan growth and competitive interest rates will be very beneficial to our shareholders going forward.

Slide 11 shows our outlook for Canadian Direct Insurance. We expect to continue to realize the benefits of our successful underwriting model, as reflected in the consistency of our claims loss/ratio.

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Net earned premium growth for the remainder of the year will come from the combination of reduced ceding of premiums to reinsurers and new customer acquisition.

As Canadian Direct is now generating sufficient capital for its needs, we have been reducing our use of quota share reinsurance. We are also enhancing our Internet capability and expect this will have a positive impact on policy growth in the future.

As Tracey mentioned earlier, auto insurance policy growth in British Columbia has been somewhat constrained by rate cuts made by the Insurance Corporation of B.C., ICBC. We have been developing strategies to counter this increased competition, and have been pleased with our recent customer retention rates in this important market.

In Alberta, new policy growth has been constrained by staffing challenges, like every other company in Alberta, related to the very strong economy. Since the quarter end we have been successful in our efforts to mitigate this problem through new training initiatives and additional hires. We also in Alberta have also been impacted by the Alberta auto risk-sharing pool, largely due to our increasing market share and we will work to mitigate these impacts wherever possible.

To better diversify our book of insurance business, we will continue to target home insurance growth in both British Columbia and Alberta.

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These efforts include cross-selling to our auto insurance customers as well as other initiatives.

Slide 12, strategic priorities. First and foremost, our priority is to grow our core commercial banking business. More specifically, we will look to continue to add high quality assets and maintain our credit discipline in the context of very active economies.

Our industrial lending portfolio surpassed \$1 billion this quarter with 21 percent growth through the first nine months. This type of commercial lending is a real specialty for us and we will continue to look for ways to expand this higher margin business.

On the personal banking side, our alternative mortgage initiative which we recently branded Optimum Mortgage continues to generate very strong growth. This business shows excellent potential and provides us with favourable margins, low losses and comparatively lower capital requirements and commercial lending. To support growth in personal and commercial banking we must continue to invest in our branch infrastructure. We have initiated plans to add new branches, expand existing facilities and increase staffing resources where the opportunities are greatest.

The Fund's specific initiatives includes: a newly opened central buying office in Calgary to service industrial equipment brokers, a new full

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service branch in Abbotsford, BC scheduled to open in November 2006, a new full service branch in southeast Calgary also scheduled to open in November of 2006, and a new full service branch in Sherwood Park, Alberta, that's east Edmonton, planned for the fourth quarter of 2007. Each of these new facilities will be ceded with business from nearby locations in order to generate a solid level of initial (phon) business activities. Under this strategy we expect each of these investments to be profitable within the first year.

In addition to these new branches, renovations and expansions in several other locations in British Columbia and Alberta will be completed within the next 12 months. We plan to continue to add to and enhance and increase the size of our delivery system.

Another key priority is reducing our funding costs through continued growth in branch generated deposits. Success in this area will help support margins in the current competitive environment.

Our normalized return on equity increased 90 basis points in the third quarter to 15.2 percent, reflecting a significant improvement in this key measure. Our ROE progression remains a top priority for us and continued expansion of (inaudible) and less capital intensive businesses will provide support in meeting this goal. The recent issue of CWB's first innovative Tier 1 capital will support improvement to our ROE, so we are in

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an excellent position to grow our assets without diluting the interests of existing shareholders.

With a strong capital position we can also be opportunistic with respect to any acquisitions that are available. Although as I've said in the past, these will have to be accretive and a good strategic step for us. Through our continued focus on these priorities and execution of our proven business plan, we are confident that 2006/2007 will add to our long history of strong financial performance.

I'll now turn things back to Tracey.

TRACEY BALL: Thanks again Larry and that concludes our formal presentation for today's call. At this time I will ask John to begin the question-and-answer period.

OPERATOR: Thank you. We will now begin the question-and-answer session. One moment please for your first question.

Your first question comes from Michael Goldberg of Desjardins Securities. Please go ahead.

MICHAEL GOLDBERG: Good afternoon.

TRACEY BALL: Hi Michael.

MICHAEL GOLDBERG: Hi. I'm just wondering if you could give us some idea what kind of loss ratio you're seeing in the Alberta residual market that is resulting in that charge-back?

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BRIAN YOUNG (President and Chief Executive Officer of Canadian Direct Insurance and Executive Vice President of Canadian Western Bank): Sure, Michael. It's Brian. I'm happy to take care of that. The lost ratio in the risk-sharing pools in Alberta is running in the mid-90s right now, about 94.

MICHAEL GOLDBERG: Okay. And...

BRIAN YOUNG: And what the charge-back, how it related was really, it's a rule-based charge-back that is based on your market share over a period of time and so in July a reset to your market share and because Canadian Direct has been growing faster than its competitors it gets a higher proportion of that charge-back over the previous 12 months.

MICHAEL GOLDBERG: What do are you doing you said to mitigate the impact of the losses there?

BRIAN YOUNG: Well one of the things that we're doing is we're looking at actually ceding more business into the pool and that, and to have the commission sort of offset what the charge-back is coming back at us on a go-forward basis. That's one. So that's sort of a company decision. Two, we're also working with the industry and chatting with the regulators here in Alberta to get them to set their pricing for the future that would be more in accordance with the risks that the risk pool is generating.

MICHAEL GOLDBERG: Okay. I'll re-queue.

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TRACEY BALL: Thank you.

OPERATOR: Your next question comes from Ian De Verteuil of BMO Nesbitt Burns. Please go ahead.

IAN DE VERTEUIL: Good afternoon.

TRACEY BALL: Hi Ian.

LARRY POLLOCK: Ian.

IAN DE VERTEUIL: The, your spread was surprising to me that they were down as much as they were and I think even if we move aside the loan prepayment penalties they are down to fit that and I think Tracey you mentioned higher liquidity, presumably that is, for want of a better term, too much very active deposit inflows not being offset by loan growth with the extra funds being put into the securities book. Is that what you mean by the higher liquidity?

TRACEY BALL: It's a combination of that and just carrying higher liquidity in anticipation of some deposits maturities. We also revised some of our liquidity policies and that did have an impact on some of the liquidity we're carrying so we're going back and re-looking at them and seeing if there's some fine tuning that we can do there. And that was probably about 3 basis points of the decline from the second quarter.

IAN DE VERTEUIL: Fine.

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TRACEY BALL: And the other factor I just want to highlight is, you know because we're growing so fast we're just having to fund more of our loans with fixed term deposits and that's I guess a good and bad thing in one sense. So does that help?

IAN DE VERTEUIL: To some extent when I look at things like I think your demand in (inaudible) deposits make up the same proportion of your deposits as they did a year ago.

TRACEY BALL: Yes.

IAN DE VERTEUIL: So why, I don't understand how the mix worked against you on that front.

TRACEY BALL: Well, only in the sense that at the end of the second quarter as a proportion of our total deposits it was about a percentage point higher than it was at the end of July. But yes, compared to a year ago it's the same.

IAN DE VERTEUIL: Because the, you know when I look at it sort of down 20 beeps (phon) year-over-year and nine beeps being the prepayment and then three being the liquidity, I still have sort of a fair chunk to go. I guess I'm trying to get at is if it...

TRACEY BALL: Trying to look in the liquidity number I gave you was from...

IAN DE VERTEUIL: Q2?

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TRACEY BALL: Q2.

IAN DE VERTEUIL: Okay.

TRACEY BALL: Well, actually it's the same as Q3, excuse me.

IAN DE VERTEUIL: I'm sorry, I didn't get that?

TRACEY BALL: It's the same reduction over Q3 last year. Sorry about that.

IAN DE VERTEUIL: Okay. So I guess then that you know when you add up the three sort of mortgage prepayments and -- sorry, nine for the mortgage prepayments, three for the higher liquidity...

TRACEY BALL: We have a bit of a different mix in the notice and demand accounts too.

IAN DE VERTEUIL: Right.

TRACEY BALL: We have more business, deposits that carry a rate of interest so we have more growth in those, they're more expensive than other of the notice and demand accounts.

IAN DE VERTEUIL: Right. So as we look forward I think in your comments Larry, you said you thought that given the rapid loan growth and having to fund more of it again towards a higher -- less low cost deposits I think that's the right way to say it, that you actually could see spreads actually come down a bit more. Did I understand you correctly?

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LARRY POLLOCK: Possibly that could, you could see that. But if you look historically we're still within the range that we've always been in. I think we've come from the high end of that range down a little bit, but I expect over the next while we'll probably see maybe a little bit more deterioration in them, you know, then we'll see where the yoker (phon) goes after that.

IAN DE VERTEUIL: And so things like yokers, things like higher short term interest rates taking pressure off your deposit books, those things you don't mention at all, are those not big factors?

TRACEY BALL: Well, the one thing I mean I noticed by looking at the other banks and a lot of them talked about higher spreads on deposit margins and I'm assuming that was from their zero costs, so we don't have as big a mix and zero costs or, like our mix of low cost deposits would still be more skewed towards interest rates, sensitive deposits. We wouldn't get the same relative lists of some of the more retail banks.

IAN DE VERTEUIL: Right. Okay, well that's great. Congratulations on a great quarter overall.

TRACEY BALL: Thank you.

LARRY POLLOCK: Thank you Ian.

OPERATOR: Your next question comes from Susan Cohen of Dundee Securities. Please go ahead.

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SUSAN COHEN: Thank you. While you have issued innovative Tier 1 capital and that certainly improved your Tier 1 capital ratio, your tangible common is at 8.7 percent, given the rapid growth in loans are you comfortable with that level?

LARRY POLLOCK: Yes, we are, especially when you focus on our leverage which is quite low compared to the other banks.

SUSAN COHEN: Okay. So you don't see yourselves facing any potential problems if you continue to grow at this kind of a rapid click (phon), which is the next question. Is this kind of growth rate sustainable, Larry?

LARRY POLLOCK: I wish I could tell you for sure, but all signs that we're seeing now when we look at our deal books going forward, I'd say in the next short while it sure is, and I would expect through '07 we would see certainly double-digit loan growth in the bank, where you also have to be mindful that we're growing off a larger base.

SUSAN COHEN: Right. Okay, thank you.

OPERATOR: Your next question comes from Sumit Malhotra of Genuity Capital Markets. Please go ahead.

SUMIT MALHOTRA: Good afternoon.

LARRY POLLOCK: Hi.

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SUMIT MALHOTRA: I wanted to pick up on Ian's question on the NIMs, specifically looking at the deposits. The growth and demand deposits is very impressive, a little bit slower this quarter and I think you talked a bit about that. To what extent, if I follow along those lines, the slowing or actually the downward movement in interest rates in terms of the long end of the curve in terms of less pressure to have to raise your shorter term rates from the Bank of Canada, shouldn't this slow some of the increase in deposit costs we've seen this quarter or the last few quarters?

UNIDENTIFIED SPEAKER: Well, I think potentially the movement in the yoker could do that. I mean if it does come in in the short end or come down in the short end that could take some pressure off and that could bring those costs down.

SUMIT MALHOTRA: Because it really seems that there's two factors at play here and in your press release you're talking more about the loans, the competition for loans, and the last quarter you specifically mentioned oil and gas production which isn't an overly big part of your business, but it's when we get further into the numbers here it looks like it's the uptick in deposit costs that's superseding your uptick in yields or your loan yields. So I would think not having to raise your deposit costs as fast

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or as quickly should slow some of the compression we've seen. I'm not sure if we're on the same page there though.

UNIDENTIFIED SPEAKER: Well, I think that you're going back to the shape of the yield curve. The flat yield curve basically needs your deposits and your loan values get brought closer together. So if that short end comes down and longer end stays up a little bit you're right.

SUMIT MALHOTRA: Okay, that's, maybe I'll try a different tact here. Larry, you sounded a lot more confident as far as that relates to what we're going to see in loan growth in both the flagship commercial portfolio as well as the optimum mortgage business. Really I know there's a lot of focus on NIMs and guilty of it here right now, but the item that hits the income statement is net interest income and from what we're seeing with 20 percent loan growth I think you've been over 5 or 6 percent over the last three quarters. How confident are you that you can keep NIMs in that area that NII, the actual number that hits the income statement is still going to keep going at a very good pace because that's I think what you really want us to focus on.

LARRY POLLOCK: Well, yes, and as I said earlier, I think our returns are more or less on an historical range that we've always been in, but when you're getting lots of deal flow you can be more selective on what you take as well. So we'll definitely be looking for opportunities that

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provide us with better returns, i.e., focusing more intently on our industrial business that produces excellent returns. We don't have the same competition that we do in some of the other products. Oil and gas we're seeing, for a lack of a better term, boutique pricing, and very weak security arrangements being taken and I saw this movie before in the early 80s when it happened before and banks will start to take what we saw at the old price that beats (phon) 565 and basically just taking the balance sheet as securities as opposed to the oil and gas assets. I don't think that's prudent going forward and if you're going to have banks move into the sector and start to do that we won't be one of them, so we'll look for other opportunities in industrial lending, in our optimum mortgage product, that sort of thing.

So you might see a bit of a shift of focus in order to keep our margins up, but that's an evolution. It's not something that happens overnight, but it does evolve, and our credit people are looking for opportunities to find deals that has the best pricing scenarios and the best returns for us.

SUMIT MALHOTRA: A couple of your competitors specifically mentioned when they reported results this quarter that they're looking to grow in the high growth markets of Alberta and BC is how they put it and mentioned diversifying, lending into the oil patch. So I guess there's

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always that fear that when the bigger banks come into the market some of the smaller players may be hurt by this, but it's sounds as if you're very confident and you talk about the deals where you talk about the pipeline, you talk about having the discipline to avoid some deals, so it doesn't seem like just because there is a bigger game in town that you're losing out in any business that always was there for CBW. Am I correct in thinking that way?

LARRY POLLOCK: No, we're directly focused on that market as you go up to the larger oil and gas companies as an example. You're absolutely right, there are banks out there that are saying, "Boy, we've got to participate in the heat of that market. We want to get in the oil and gas business." So they come in here and they start to relax credit standards, they reduce yields in some cases we can actually buy paper in the banks that are lending to their own customers and borrowing at higher, actually high, in some cases higher rates than their lending it just to buy their way into the market and I think our shareholders need and deserve better management than that. So I guess I'm being critical of some banks, I won't name them, but we do see the deals and a lot of them they give away the debt financing, they get the underwriting side. Why not give it both ways, you know, get returns both ways. Sometimes banks are their own worst enemies. They've been around a lot longer than most of them.

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SUMIT MALHOTRA: Thanks very much.

OPERATOR: Next, we have a follow-up question from Michael Goldberg of Desjardins Securities. Please go ahead.

HELENA: Yes, good afternoon. This is Helena. I have a question about your BC option or the product. Given the pricing pressure from ICBC, what would you elaborate on what you're doing to mitigate it? Are you going to use broker channels in British Columbia? Are we talking about it? And my second question, you were talking about ceding less premium in Alberta, what was your ceding ratio in Q3 and what's your target for Q4?

LARRY POLLOCK: Well, the last question first, Helena, and is that our ceding ratio will be the same in Q4 as it is in Q3 for this year and that's about 10 percent. That's what we're ceding under the reinsurance. But we're planning to, that's been the ratio that we've maintained throughout all of 2006.

And in terms of BC optimal, we're examining literally all of our options and it's fair to say that ICBC has been quite aggressive in pricing its optional product and as that's slowed down and actually flat lined our rate of growth in that product line. And there are a number of things that we can do, some of which is, you know, channel expansion. That there are opportunities in terms of brokers. We've met with a number of them

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that would love to carry our product and that's not to say that we will automatically do that but we could go and are presently enhancing our Internet developments as well, so you're going to be seeing a lot more focus on the future of lowering our prices but also lowering our cost structure by delivering more of that product over the Internet channel. At the same time we have some opportunity to examine exactly the types of coverages that we have vis-à-vis ICBC in the market place.

So we're going to look at all of those things. We're going to be looking at the product, the coverages and the channels to see how we can effectively ramp up some of that policy growth in BC. We're very happy nonetheless of our underwriting and I want to point that out. Our underwriting is very strong in BC. We're the market leader and our rating (phon) engine has worked very effectively (inaudible) good business. But we also have some margin that we could play with if we chose to and we're evaluating all of that now for 2007.

HELENA: Okay. So just to clarify, all of your growth in growth rate and premiums in Q3 came from Alberta, right, not from BC?

LARRY POLLOCK: That's in Alberta and in home.

HELENA: That's in home.

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LARRY POLLOCK: And in-home products. We're getting double-digit growth in both Alberta, in both products, home and auto and in BC home product.

Does that answer your question Helena?

HELENA: Yes, thank you.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please queue up now. One moment please for your next question.

Next, we have a follow-up question from Ian De Verteuil of BMO Nesbitt Burns. Please go ahead.

IAN DE VERTEUIL: Brian, just a follow-up. I had read that Alberta had a pretty tough summer in terms of hail storms, did that have anything to do with the pool having a loss or is it really strictly a pricing issue?

BRIAN YOUNG: No, strictly a pricing issue. It's a pricing and reserving issue actually, Ian. There is great speculation by the risk pool actuaries as to what the ultimate loss ratio will be from that pool, so they've been, you know there's some, they've been reserving quite strongly for future offers (phon).

IAN DE VERTEUIL: So the, you know (inaudible) in Alberta, I know it's God's country out there, Larry, but with all the hail storms...

LARRY POLLOCK: No...

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IAN DE VERTEUIL: That hasn't had any impact and won't have any in the next quarter?

BRIAN YOUNG: No, (inaudible) customers, Ian.

LARRY POLLOCK: Yes, no impact on us.

IAN DE VERTEUIL: Thanks.

OPERATOR: Your next question comes from Sumit Malhotra of Genuity Capital Markets. Please go ahead.

SUMIT MALHOTRA: Hi guys. Just a couple more. I wanted to start with the optimum business. Obviously you've exceeded the 162 full year target with the 189 this quarter, I wanted to get your thoughts on, I might be asking a little bit too much here, but where you think where we're going in this business? Obviously the growth rates have been really, really good and I wanted to get an idea where you think we can continue to trend. And secondly, without divulging too much, how are the spreads in this business as it relates to your traditional commercial lending? Is it somewhat comparable? I think we've danced around this before, whether it being a mortgage product even though it is a B-mortgage as what you called it, are they somewhat tighter there than in your traditional business? Is that one of the reasons we're seeing some compression or are you pretty comfortable with it?

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LARRY POLLOCK: Well, we haven't seen compression in that product in the optimum mortgage product and our growth as you've mentioned is exceeding our expectations and we want to put, continue to put emphasis on growing this business. As you know our mortgage business is a small percentage of our portfolio bill (phon) and you know to make an acquisition in this market you're looking at companies in the space trading at four times book. We're just not going there. We're better off to grow it ourselves. So we're going to continue to put emphasis on growing this business in Western Canada. There are a number of untapped markets that remain and a bit surprising to me is the spreads are holding up very well.

SUMIT MALHOTRA: And this question is maybe for Adrian or Tracey. The Trust cash balance is down a little bit this quarter but Trust revenue has continued to move up solidly. Last quarter Tracey described for us how it wasn't necessarily tied to AUA. We did see Trust revenue grow because of the excess income you're able to get off the cash balances, what would you, with cash balances down a little bit, at least at the end of the quarter, what was the key driver for Trust revenues and what's happening to those cash balances? Are they being redeployed quicker by clients because of the upward movement rates or is it still making a nice contribution to the total revenue we see on that line?

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TRACEY BALL: Well, the Trust cash balances that you saw go down relate to our independent planner and corporate trust business and so basically that cash would have been reinvested into the market by the planners or the brokers. Where we have made quite a bit of money this year that we didn't initially anticipate was on holding customer cash balances from our Valiance company which is to do with transactions like mergers or issues where the cash goes into an account and over time gets paid out. Income Trust is another very good way that we end up with earning income off of cash balances actually that are not our cash balances, so they don't show up on our balance sheet. They're assets under administration. So this is an example of an income trust to set the cash up but there's some people that want to be paid by cheque as opposed to a direct debit so the cash will sit in the account as we administer it, but it doesn't, that cash doesn't sit on our books, but we get the benefit of the income. Does that help explain?

SUMIT MALHOTRA: Yes, it does. Thanks very much.

OPERATOR: There are no more questions at this time. Please continue.

TRACEY BALL: Okay. Thanks John and thanks everybody for your continued interest in Canadian Western Bank and our "Think Western"

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success story. We look forward to reporting to you on our results for the fourth quarter and fiscal 2006 on December 7th.

As usual, if you have any follow-up questions or comments, please call us or contact us by e-mail, and we'll see some of you next week. Thank you and have a good day.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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