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RESULTS CONFERENCE CALL
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OPERATOR: Good afternoon ladies and gentlemen and thank you for standing by.

Welcome to the Canadian Western Bank's first 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. Instructions will be provided at that time for you to queue up for questions.

If anyone has any difficulties hearing the conference, please press star followed by zero for operator assistance at any time.

We would like to remind everyone that this conference call is being recorded on Thursday, March 5th, 2009 at 3:00 p.m. Eastern Time.

And we'll now turn the conference over to Tracey Ball, Chief Financial Officer. Please go ahead.

TRACY BALL (Executive Vice President and Chief Financial Officer, Canadian Western Bank): Thank you very much Operator and good afternoon and welcome to everyone to our 2009 first quarter results conference call.

Before we begin, I want to note that the conference call graphs, quarterly press release and supplemental financial information are available on the bank's website at cwbankgroup.com in the investor

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relations section. The conference call graphs are also available under webcast events.

I'd also like to draw your attention to the forward-looking advisory on slide 12.

The agenda for today's call is on slide two. Joining me for the presentation is Larry Pollock, President and Chief Executive Officer. Also in attendance are Executive Vice Presidents, Bill Addington, Chris Fowler, Randy Garvey and Brian Young.

I'll start by providing a brief summary of our first quarter financial highlights beginning on slide three and then I'll turn things over to Larry for an overview of our outlook and strategy.

Our intent is to leave the bulk of the call for Q&A.

And I would also like to remind callers that our AGM presentation will be webcast live today around 3:15 p.m. Edmonton time. A link to this webcast is also on our website and a replay will be available as well.

Looking at slide three; the bank recorded good quarterly performance despite ongoing market volatility and a deteriorating economic environment. The positive impacts from very strong loan growth of 4 percent in the quarter and 17 percent over the past year continue to be offset by the adverse impact on total revenues and overall profitability,

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due to a significantly lower net interest margin. We'll touch on that in more detail later.

Gains on security sales, our rented results as we were able to capitalize on the extraordinary market demand for short-term government debt, while maintaining comparable year—yields in our portfolio with the purchase of other high-grade debt and investments.

The dollar level of gross impaired loans increased over last quarter, but remained within the bank's long-term historic range measured against total loans.

A highlight this quarter was CWB's third consecutive year of recognition as one of Canada's 50 best employers, as recognized by the Globe and Mail's report on Business Magazine. Our improved placement in this year's survey helps confirm our people strategy and provides new ideas on how we can further enhance our position as an employer of choice.

Slide four; we were very pleased in the quarter to close our previously announced deal to acquire a 72.5 percent of the Adroit Investment Management Limited. This represents a new line of business for CWB and supports our objective to further diversify and enhance earnings.

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Given ongoing uncertainty and related volatility in financial markets, it is worth restating that we have no direct exposure to troubled asset-backed commercial paper, CDOs, credit default swaps, US subprime lending or monoline insurers.

Earlier this week we were also very pleased to close our previously announced 200 million Preferred Share unit offering. We look forward to developing further strategic relations with Fairfax Financial and Alberta Investment Management Corporation, the two institutions who purchased the bulk of our privately placed preferred units.

Yesterday, our Board of Directors declared a quarterly dividend of \$0.11 per common share. This quarterly dividend is unchanged compared to the previous quarter and is 10 percent higher than the dividend declared one year ago.

The Board of Directors also declared the initial cash dividend for our new Series 3 Preferred Shares, payable on April 30th, 2009, to shareholders of record on April 22nd, 2009.

Moving to the next slide, consolidated first quarter net income of 25.6 billion was down one percent compared to a year earlier, while diluted earnings per share remained unchanged at \$0.40.

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The positive earnings impact, a very strong loan growth a 27 percent increase in our income and a lower effective tax rate, was offset by a significantly lower net interest margin and higher non-interest expenses.

Compared to a year earlier, the increase in other income mainly reflects 7.1 million higher gains on the sale of securities, offset by 1.6 million lower credit related fee income, and a \$1.1 million decline in net insurance revenues. The lower net insurance revenues reflect high frequency and severity of claims in the BC home product line due to severe winter weather.

Total revenues on a taxable equivalent basis of 76.9 million were up 3 percent over last year. Again, the positive impact from strong loan growth and increased other income was offset by a 4 percent drop in net interest income.

Return on equity of 14.7 percent represented a 220 basis point decline for the same quarter last year, while return on assets was down 14 basis points to 0.93 percent.

Compared to the previous quarter, net income was up 5 percent as gains on the sale of securities, strong lending activity and a corresponding \$500,000 increase in credit related fee income more than offset the margin impact and a \$1.7 million decline in net insurance revenues.

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Total revenues were up 4 percent from last quarter as realized gains on securities offset a \$4 million decline in net interest income.

Slide six summarizes the rapid and significant decline in the banks net interest margins. As shown, consolidated first quarter net interest margin of 1.99 percent represented a 37 basis point decline compared to a year earlier and 31 basis points from last quarter.

To illustrate the magnitude of this, based on the banks asset loan liability position at January 31st, it is estimated that for every one basis point drop in margins, there is a corresponding \$1 million decrease in annual net interest income, all else equal.

Consecutive decreases in the prime rate and elevated deposit costs of ongoing (inaudible) have been the primary factors impacting margin, partially offset by lower average liquidity and improved pricing on new and renewal accounts.

Earlier this week we saw another 50 basis point drop in the prime lending rate and ongoing market turmoil will likely lead to sustained margin pressures through the foreseeable future. Thankfully the rate can't go much lower.

Slide seven shows the first quarter results compared to our 2009 performance target ranges. While results are all within all but two of the

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established ranges, it is currently very difficult to confirm our view as it relates to the ultimate achievement of these ranges.

Realized gains on the sale of securities have been significant and this does not represent a sustainable source of income over the long term.

The time required to effectively deploy the capital from our Preferred Share issue is also uncertain. We expect to provide for our meaningful commentary in respect of our targets at the end of our second quarter when we hopefully will have a clear—a more clear view of prevailing economic and market conditions.

Based on current credit quality, we believe the provisions for credit losses will remain within the target range of 15 to 18 basis points of average loan.

And for now we also retain the 10 percent annual loan growth target and will review this target again in the second quarter.

I'll now turn things over to Larry who will provide comments on outlook and strategy beginning with slide eight.

LARRY POLLOCK (President and Chief Executive Officer, Canadian Western Bank): Thanks Tracey. The bank's performance represents a good start for the year in view of the very difficult operating environment for global financial services.

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While persistent turmoil and the corresponding pressures of net interest margin will continue to have an adverse impact on revenues and profitability, the bank is very well positioned to manage ongoing uncertainties.

With chaos comes opportunities and our recent capital issue represents a proactive strategy to capitalize on these.

CWB's pro forma, ratios as shown on slide eight, are very strong as capital affords us a flexibility to quickly act on accretive growth opportunities to further enhance our business. While it was somewhat expensive, compared to our preference, it was consistent with the reality in today's market and, when fully deployed, is very accretive to our EPS.

Our executive management is both determined and confident we can patiently and effectively utilize this capital for the benefit of all CWB stakeholders.

As Tracey highlighted, the course—compressed margin in clearly our main challenge and we expect this will continue. Recent reductions in the prime rate will also reduce the profitability of our no-cost and lower cost deposits.

However, we are beginning to see a gradual decline in deposit costs as liquidity continues to build in the markets. We continue to have good

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success in our strategy to ensure all new loans are priced to produce margins closer to historic levels.

Given this, we know our 10 percent loan growth, since the third quarter of 2008, is priced right for today's market.

Another part of our strategy is to re-price our existing portfolio as it renews. This process is well under way and will further support margins in the future.

In addition, we believe we currently have almost 400 million of new floating rate loans that have been negotiated with an interest rate floor. This success reduces our interest sensitivity and helps lessen the adverse financial impact of further reductions in the prime rate.

Although average liquidity was down from prior periods, the bank continues to carry higher levels than would be required under normal macro operating conditions, which has a further negative impact on margin. However, we will maintain this strategy until markets stabilize.

Turning to slide nine; economic conditions in our primary markets have clearly been impacted by global turmoil and we are likely facing more challenges ahead, but I can't think of a place I'd rather be situated than Western Canada.

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Our provincial governments have strong balance sheets and are positioned to provide significant stimulus on top of that already announced by the Federal Government. This is evidenced by the Alberta Government's move earlier this week to stimulate drilling activity with temporary concessions in its royalty structure. Saskatchewan also introduced a \$500 million stimulus for its municipalities. While lower commodity prices and softening real estate markets have curbed the general level of activity, this does provide some much needed relief as it relates to prior inflationary pressures.

As shown on the graph, we also still have a very favourable employment picture relative to the rest of Canada.

Lending activity has slowed, but I see this as an excellent time to increase the bank's market position, particularly as some competitors continue to retreat.

By past experience, it's confirmed that customer loyalty is strongest when you demonstrate a firm commitment to quality and service, particularly when others are hesitant.

While paybacks and interim construction loans are expected to have a moderating affect on our loan growth compared to prior years, we are

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supporting high quality loan growth in line with our 2009 target of 10 percent and we'll provide updates for our outlook quarterly.

We maintain our commitment to strong financial responsibility, but our strategic plan is focused on adding value over the long term and effective execution will require continued spending in some areas. These expenses will be directed towards enhancements of the bank's growth platform, including further expansion of the branch network.

While this will have short term consequences, as it relates to 2009 efficiency ratio, these expenditures are expected to provide significant benefits in future periods.

As shown on slide 10, non-performing loans have risen above the average of our historic range, but are still within acceptable levels. Approximately 59 percent of the total gross number at quarter end was attributed to eight interim construction loans.

Softening real estate markets, escalated construction costs and limited access to capital are common themes in these accounts and we are currently in various stages of recouping our investments.

Our loan portfolio is well structured and all current expected losses are reflected in our specific provisions.

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We believe our disciplined underwriting, secured lending practices and consistent provisioning over the past several years have us well positioned to manage through this credit cycle.

While the dollar level of gross impaired could increase further, based on our current assessment, actual losses should remain manageable in relation to our targeted provisions for credit losses and our strong general allowance. You can see in the chart that actual losses tend not to rise at the same rate as the gross non-performing loan levels.

Moving to slide 11, further development of trust and insurance, wealth management and other complementary businesses remains an important strategy and our new capital certainly increases flexibility and opportunities in this regard. There are ongoing opportunities to increase market share across all of the businesses, further enhancing and diversifying the bank's stable retail deposit base also remains a priority.

Notwithstanding increased challenges in ongoing global uncertainties, this is still an exciting time for CWB and we look forward to extending our history of strong financial performance which now stands at 83 consecutive profitable quarters, almost 21 years.

I'll now turn things back to Tracey.

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TRACEY BALL: Okay thank you, Larry. And that concludes our formal presentation for today's call. At this time I'll ask the Operator to begin the question and answer period.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct a question and answer session.

If you have a question, please press the star followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speaker phone before pressing any keys. One moment please for your first question.

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

MICHAEL GOLDBERG: Thanks. Can you tell us what your intent is for deployment of the capital that you've raised recently? And do you think that we'll have more clarity just on the—this deployment sometime soon?

LARRY POLLOCK: Yes Michael, our plan is to grow the bank to the next level in issuing the preferred shares. As you know, this is the first time we've been able to issue preferred shares in the marketplace, so we're very pleased with that.

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And we also attracted to very strategic partners in AIMCO and Fairfax that we're very pleased with and we're working with them and some thoughts that we have on potential acquisitions in a number of areas and also increasing our organic growth.

We know there are pools of assets out there that could be acquired and if they can be acquired at favorable pricing and we deem the quality to be at the standards that we—that we require, then we will be accessing some of that. So it's still early in the game.

One thing I can assure you of though, we will not rush into a deal just to be able to say, yes, we've got it out there and try to—try to enhance our short-term performance to the detriment of our long-term quality in our loan portfolio.

MICHAEL GOLDBERG: Okay and one other one, Larry, is alternative mortgages an area that you want to continue to expand in?

LARRY POLLOCK: Yes, we're also exploring the A mortgage business. We have the ability to push A mortgages into that book as well have some now, and we're looking at how to enhance that.

Our target originally, back five years ago when we started this business, was to build it up to about 10 percent of the bank's book in the

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mortgage sector, not necessarily all our alternative. And we're at the 5 percent number now.

MICHAEL GOLDBERG: When you say A mortgages, do you mean insurable mortgages?

LARRY POLLOCK: Yes, absolutely.

MICHAEL GOLDBERG: And that would be with the intent of securitizing them?

LARRY POLLOCK: Possibly. We are researching that at this time, but traditionally we haven't securitized anything and we may retain them, if the margins are right.

MICHAEL GOLDBERG: Okay. I've got one other one and then if I have others I'll re-queue.

I'm wondering, on page four of the supplementary package, it shows that you've got about a \$6.5 million unrealized gain on deposit with deposits with other FIs. How do you get a gain on deposits with FIs?

LARRY POLLOCK: I will let Randy answer this one.

RANDY GARVEY (Senior Vice President, Corporate Support, Canadian Western Bank): I mean, they are still market-based and so when the interest rates move, then you realize the gain.

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MICHAEL GOLDBERG: So is it conceivable that you could sell and realize some of these gains to make up for the shortfall in margin that may occur this quarter with—with rates continuing to fall?

RANDY GARVEY: We have the potential for further security gains.

LARRY POLLOCK: Yes, we can Michael.

MICHAEL GOLDBERG: Okay and actually one other one; last quarter you had said that you were investigating the—the possibility of getting some easing from OSFI on the treatment of unrealized losses on available-for-sale preferred shares in terms of determining your capital. What ever happened with that?

TRAVEY BALL: Well I wrote a formal letter to OSFI—this is Tracey, and they denied the temporary release because of the highest bezel (phon) levels they had determined that these types of preferred shares would be considered equity securities for capital purposes which means they don't have a maturity date, in their view. So they're a deduction to capital net of taxes if they're in an unrealized loss position, same as a common equity.

MICHAEL GOLDBERG: Right. Okay thank you very much.

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

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SUMIT MALHOTRA: Good afternoon. Larry, in the press release in a few instances the bank talks about the fact that provisions should remain in that 15 to 18 basis point level based on current credit quality.

I just wanted to get your thoughts on what that phrase means, what we should be looking for. Obviously in Canada we're only, hopefully there's no more, but so far we've had three months of unemployment. If I look at residential real estate, peak-to-trough we're at about 15, 16, I guess 14 percent on house prices.

What exactly is it you're thinking about here that would make the bank want or have to increase their provisioning ratio, from your perspective?

LARRY POLLOCK: We look at the gross non-performing's that we have and then we go loan by loan and that we did identify in our comments here, that there are eight loans—eight construction loans, that make up a good portion of the gross non-performing. We look at each one and we put a specific reserve on it.

In this last quarter, when we went through all of those loans that were in the non-performing number and put our specific reserves on to properly reserve what we feel could be the worst case scenario, we still in fact had some funds left over to add to our general reserve. And we are at

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the present time putting up 15 basis points. So we're still not drawing any of the reserve down and haven't for a good long time.

And if you look at that graph that's there, the small red piece at the bottom actually will indicate what the losses end up being and they don't necessarily track the gross non-performing loan number. It can go way up, but the actual losses tend to trend within a very tight range.

And the type of lending we do is very well secured going in and if they're reasonably mature loans, they've been paid down somewhat, we should be in a very good security position. It just takes time to work them out.

And part of the reason why our number is a little higher than historically it has been is not only the economy, but we didn't have any non-performing loans, and when they go in, there aren't any coming out. So you just see the number rising. But you will start to see some coming out in the next quarters.

SUMIT MALHOTRA: And touching back on that, one of the points we've talked about in the past is the fact that the bank is consistently provisioned at a level that exceed the level of charge-offs that were going through the book.

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I realize there's going to be fluctuations in this kind of economy that we're in right now. This quarter was the case in which your total allowance is actually ended up declining which, coupled with the increase in non-performing's, you do see the coverage ratio down below 70 now. Is this just a reflection in your view, that on a full year basis the level of charge-offs on the security you believe you have should still be blow that 15 basis point level?

LARRY POLLOCK: It should be. But even if we had to draw the general down a little bit, the general has done nothing but go up consistently over, I don't know how many quarters, but it's been quite a few. And if you to draw it down for a quarter, then fine so be it. That's why it's there to handle the gyrations that you experience in reserving.

But the one largest write-off we ever had, I think it was in '06, we recovered it all. So you've also got recoveries going on at the same time you're provisioning.

The reason the specifics were down a little bit last quarter is because we actually processed write-offs and finalized a bunch of accounts.

SUMIT MALHOTRA: And we'll wrap it up here, I think you had talked on the last call about the potential for a large recovery. I know

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there's a comment here about the presence of other lenders and how that may have delayed matters. Is there anything you can offer us? You've alluded again to the potential for recoveries, is there anything you can offer us in that regard?

LARRY POLLOCK: We can't be specific on loans, but we have experienced a recovery in the second quarter so far. It's not huge, but it's, it's a recovery.

SUMIT MALHOTRA: Okay, thanks for your time.

OPERATOR: Your next question comes from Ian Deverteuil of BMO Capital Markets. Please go ahead.

IAN DEVERTEUIL: Sticking on the credit theme, the—your impaired and your past due loans seem to have, particularly in they set it as six today and six and a nine today bucket. It seems as if, you know, a fair amount are starting to come in here.

Would you, I know Larry, you said I think it's 60 percent of your gross impaireds are those, you know, handful of names, but it looks as if the (inaudible) are starting to go quite past due as well.

Can you talk to sort of flavour in that book, when do you, when do you actually put these into the gross impaired bucket generally?

LARRY POLLOCK: I think its 30 days, isn't it Chris? First payment?

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CHRIS FOWLER (Senior Vice President, Credit Risk Management, Canadian Western Bank): Well in terms of going impaired, we follow the CICI guidelines. So we have three measures essentially there, where they're contractually in arrears 90 days, the security's not supporting the loan, or there's not a reasonable belief that they can make the payments. That was, these would qualify it for (inaudible).

LARRY POLLOCK: I think he was focusing on the—you were focusing more on the mortgages weren't you?

IAN DEVERTEUIL: Well the mortgages as well as the other loans, the, you know, past due but not impaired number is starting to rise.

LARRY POLLOCK: Yes, well on the mortgages we put them impaired pretty quickly.

CHRIS FOWLER: They could be 21 days.

LARRY POLLOCK: Yes. 21 days in arrears. And then we start the proceeding if in fact it doesn't look like we're going to get our payments.

The reason we're really quick off the mark is, in Western Canada, Western provinces, the foreclosure process is very protracted. So we want to get a an early start on those and people understand that they can continue to live in their homes for six months, a year, depends on how much you cry in front of the judge. But in Ontario, you can basically, you

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guys just throw them out on the street and sell the house. So it's a lot easier in Ontario for sure, and I'm not familiar with the other provinces in the East, but it's a very protracted process in, specifically in Alberta and British Columbia.

IAN DEVERTEUIL: Maybe I'm misunderstanding. On page 26 on the note to shareholders, I think you showed the details on past due loans that have not been included in impaireds. And I think they're quite a bit that are over 30 days.

So did I misunderstand the classification process? Because I think it said once it went over 21, you classified it.

LARRY POLLOCK: That's the fastest we would move them to impaired in the mortgage category.

In the general book, the bank, those definitions I gave you before, are what we do for general gross impaired loans.

IAN DEVERTEUIL: If the credit files for CCAA protection would it automatically go into impaired?

LARRY POLLOCK: Yes.

IAN DEVERTEUIL: Thanks.

OPERATOR: Your next question comes from Jordan Hymowitz of Philadelphia Financial. Please go ahead.

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JORDAN HYMOWITZ: Hi guys. Several questions if you don't mind. First of all, what was the monthly margin in January as opposed to the quarterly average?

LARRY POLLOCK: Just the one month?

JORDAN HYMOWITZ: Yes.

LARRY POLLOCK: We're going to scramble and try to get those numbers for you, Jordan.

JORDAN HYMOWITZ: If you can't tell me the monthly average, what was it at the end of the period as opposed to the average for the quarter? Either one would be fine.

TRACEY BALL: We'll have to get back to you on that one, Jordan.

JORDAN HYMOWITZ: Can you say approximately how much lower it was because arguably it went down on quarter?

TRACEY BALL: Well January would have been the lowest possible in the quarter, for the margins, because (inaudible) the month after those consecutive reductions in prime.

JORDAN HYMOWITZ: I mean would it be 10 basis points lower, 20 basis points lower?

LARRY POLLOCK: We'll have to get back to you. I really don't have those numbers at our finger tips.

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JORDAN HYMOWITZ: Okay, but it would...

LARRY POLLOCK: It was lower.

JORDAN HYMOWITZ: Hello?

LARRY POLLOCK: It was lower.

JORDAN HYMOWITZ: Okay, I mean, if it started out at, you know, 220-ish, you'd have to assume it's at least 10 basis points lower though, correct?

LARRY POLLOCK: Oh yes.

TRACY BALL: That would be a fair assumption, yes.

JORDAN HYMOWITZ: Okay. Second question is how did you keep trust and wealth management fees going up? Usually it's somewhat more sensitive?

LARRY POLLOCK: We've had growth in the accounts. Do you want to tackle that one Bill?

WILLIAM ADDINGTON (Executive Vice President, Canadian Western Bank): Well, the trust fees are basically per account; they're not based on assets under administration. And wealth management is a new business that we just entered into on December 1st, so obviously that's a new source of revenue for us, but, and Canadian Western Trust, the

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trustee fees, as I say, are based on number of accounts as opposed to assets.

JORDAN HYMOWITZ: Okay. That explains that. And that other question was answered.

Okay this is my last question, as I apologize, I've been on your website for 20 minutes, where is the slide presentation at?

TRACEY BALL: Under webcast, webcast.

JORDAN HYMOWITZ: And then where? Hello?

TRACEY BALL: It should be—it should be obvious. I don't have it right in front of me, but we have our webcast events. And if you, you'll see there's a conference call graphs.

JORDAN HYMOWITZ: I'm sorry I don't see it. Could you possibly call me after the call and tell me where that, so ...

TRACEY BALL: You bet.

JORDAN HYMOWITZ: If you have time.

TRACEY BALL: Okay.

JORDAN HYMOWITZ: Thank you.

OPERATOR: Your next question comes from Michael Goldberg of Desjardin Securities. Please go ahead.

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MICHAEL GOLDBERG: Thanks. I'm not sure if this is what referred to earlier, but I think in the fourth quarter when your formations were even higher, one of the loans went in—that went in was an \$18 million loan where there was some thought that it might get cured and come out in fairly short order. What happened with that loan?

LARRY POLLOCK: It's in the process of being worked out and it's just taken a little bit more time to—same story, it should, it should get worked out as they all will, but this one is well under way.

MICHAEL GOLDBERG: Would you think that that'll come out in the second quarter?

WILLIAM ADDINGTON: We hope that it will.

LARRY POLLOCK: Yes, It looks like it will.

MICHAEL GOLDBERG: Okay, thanks.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the star followed by the one. As a reminder, if you are using a speaker phone, please lift the handset before pressing the keys.

We have no further questions at this time. Please continue.

TRACEY BALL: Thank you very much. And thank you everybody else for your continued interest in Canadian Western Bank.

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We look forward to reporting our 2009 second quarter results on June 4th and, as usual, please contact us with any follow-up questions. Thank you and good day.

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

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