

CANADIAN
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BANK

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Second Quarter Results Conference Call

June 1, 2006

www.cwbank.com

Agenda



1. Second Quarter Overview

Larry Pollock, President & CEO

2. Second Quarter Financial Review

Tracey Ball, Executive Vice President & CFO

3. Outlook & Strategy

Larry Pollock, President & CEO

4. Questions & Answers

Second Quarter Overview



Highlights

- Excellent financial performance in Q2 06
- Record quarterly net income and total revenues
- Currently exceeding all 2006 performance targets
- Organic loan growth of 5% over Q1 06, 24% over Q2 05
- Strong and stable credit quality
- Quarterly dividend of \$0.12 declared
 - Consistent with previous quarter
 - Up 20% over Q2 05
- Total shareholder return of 56% in the past year

**72 consecutive
quarters
of profitability**

Second Quarter Financial Review



Consolidated Financial Results

Second Quarter Results

(compared with second quarter of 2005)

- Record net income, up 37%
- Total revenues (teb) up 20%
- Diluted EPS of \$0.52, up 33%
- ROE of 14.3%
- ROA 1.10%

- Net income up 1% from Q1 06 which contained 3 additional days

Year-to-Date Results

(compared with same period in 2005)

- Net income up 36%
- Diluted EPS of \$1.05, up 33%
- Total revenues (teb) up 21%
- ROE of 14.2%
- ROA 1.10%

Second Quarter Financial Review



Banking & Trust Operations

Highlights

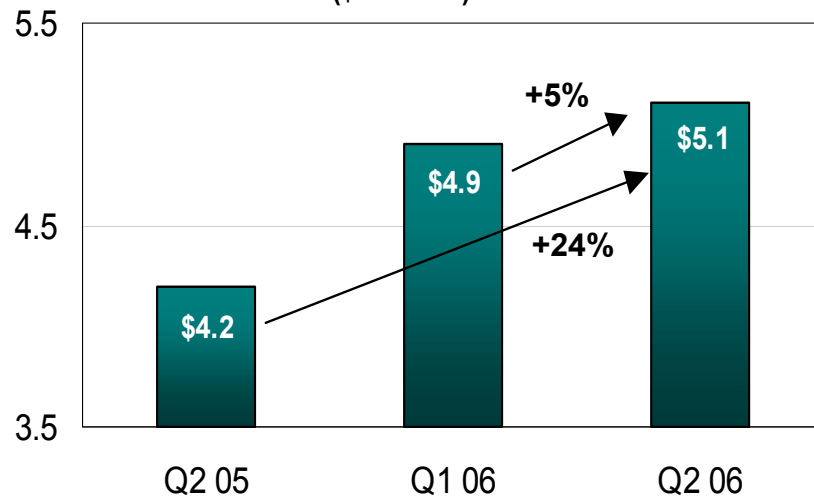
- **Compared to Q2 05**
 - Net income up 39%
 - Total revenues (teb) up 21%
- **Compared to Q1 06**
 - Net income up 1%
 - Total revenues (teb) up 1%
- Net interest income (teb) growth
 - 20% over Q2 05
 - 1% over Q1 06
- Non-interest revenue growth
 - Up 28% (\$2.0 M) over Q2 05
 - Credit fees up 31% (\$1.1 M)
 - Trust fees up 45% (\$0.8M)

Second Quarter Financial Review



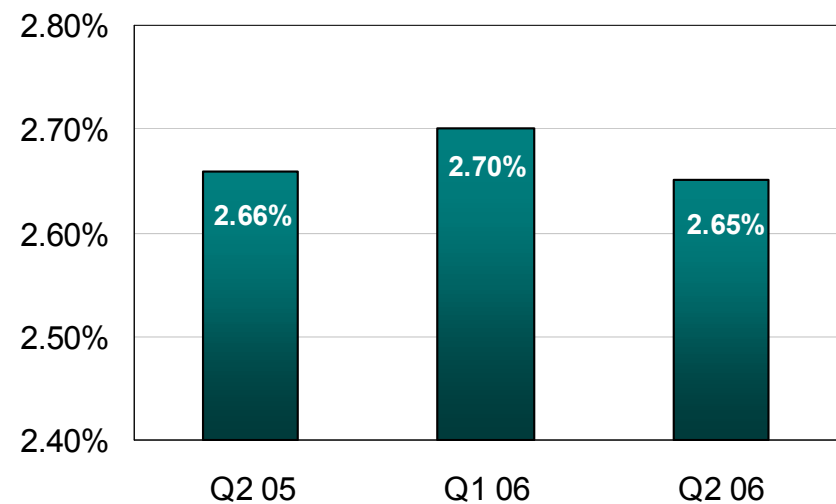
Banking & Trust Operations

Total Loans
(\$ billions)



- Strong new loan generation
- Credit quality strong and stable
 - Provision for credit losses was 20 basis points of average loans

Net Interest Margin (teb)
(Banking and Trust Operations)



- Decline from Q1 06 due to:
 - Lower amortized loan fees and recoveries

Second Quarter Financial Review



Banking & Trust Operations

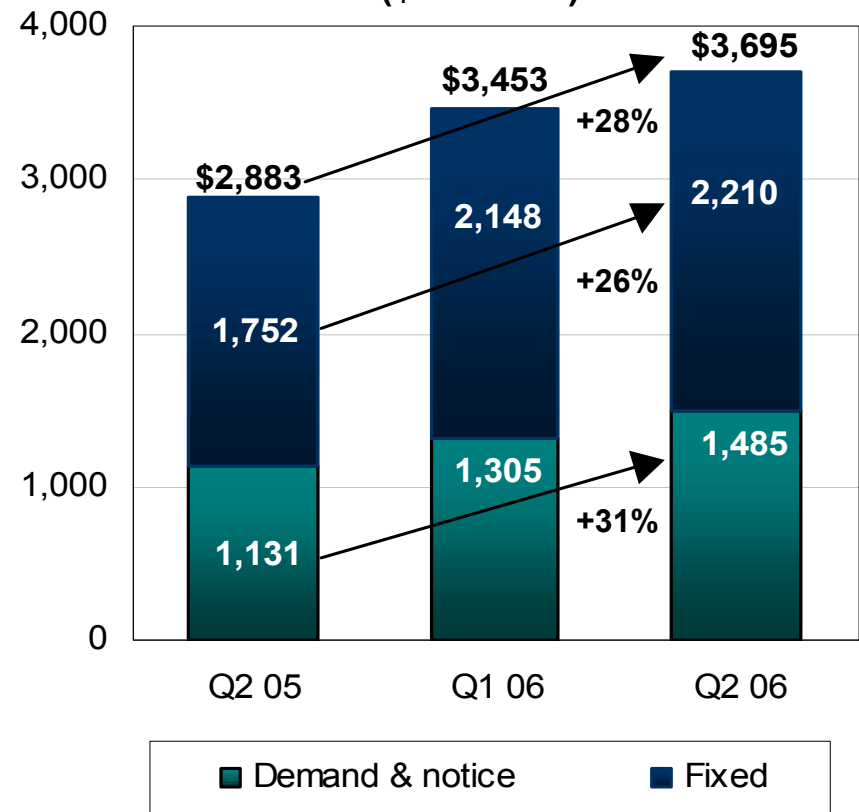
Branch Generated Deposits

- Increased 7% over Q1 06
- Increased 28% over Q2 05
- Comprise 66% of total deposits, up from 64% last year

Demand and Notice Deposits

- Increased 14% over Q1 06
- Increased 31% over Q2 05
- Comprise 27% of total deposits, up from 25% last year

Branch Generated Deposits (\$ millions)





Insurance Operations

Highlights

- Net income of \$1.6 MM, up 25% over Q2 05
- Net earned premiums up 22% over Q2 05
 - 8% total policy growth to 153,660
 - Reduced use of quota share reinsurance
- Claims loss ratio of 64%
- Combined ratio of 91%



Second Quarter Financial Review



Performance Targets

| | 2006 Target | 2006 YTD Performance ⁽¹⁾ |
|------------------------------------|------------------------|--|
| Net income growth | 18% or greater | 36% |
| Total revenue growth (teb) | 15% | 21% |
| Total loan growth | 12% | 24% |
| Provision for credit losses | 0.22% or less | 0.21% |
| Efficiency ratio (teb) | 48.0% or less | 46.8% |
| Return on equity | 13% or greater | 14.2% |
| Return on assets | 1.05% | 1.10% |

- (1) 2006 YTD 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.



Outlook

- Very positive outlook for 2006
- Banking and trust segment
 - New loan deal flow remains healthy
 - Ongoing benefit from YTD loan growth
 - Economic strength in Western Canada
 - Excellent credit quality



Outlook

- Insurance
 - Strong underwriting performance
 - Growing investment portfolio and rising interest rates
 - Net earned premium growth
 - New customer growth in Alberta
 - Reduced use of quota share reinsurance
 - Competitive pressures from ICBC in B.C. auto
 - Strong market acceptance in Alberta
 - Moderating impact of Alberta auto insurance risk sharing pools



Strategic Priorities

- Focus on core commercial banking business
- Further growth and best use of branch generated deposits
- Continued growth in sub-prime residential mortgages
- Improved revenue diversification
 - Trust services growth
 - Insurance growth
- Improved ROE
- Pursue suitable acquisition opportunities

Advisory



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, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, legislative and regulatory developments, legal developments, the level of competition in the Bank’s markets, the occurrence of weather related and other natural catastrophes, 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. 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. 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.

Questions & Answers



Larry Pollock, President & CEO

Tracey Ball, Executive Vice President & CFO

Bill Addington, Executive Vice President
(responsibilities include Credit Risk Management)

Brian Young, Executive Vice President CWB, President & CEO,
Canadian Direct Insurance
(responsibilities include Insurance and Trust Operations)

Randy Garvey, Senior Vice President, Corporate Support
(responsibilities include Treasury and Systems)

Chris Fowler, Senior Vice President, Credit Risk Management