

CANADIAN
WESTERN
BANK

Think Western®

Third Quarter Results Conference Call

September 7, 2006

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Agenda



1. Third Quarter Overview

Larry Pollock, President & CEO

2. Third Quarter Financial Review

Tracey Ball, Executive Vice President & CFO

3. Outlook & Strategy

Larry Pollock, President & CEO

4. Questions & Answers

Third Quarter Overview



Highlights

- Excellent financial performance in Q3 06
- Record quarterly net income and total revenues
- Exceeding all 2006 performance targets
- Organic loan growth of 6% over Q2 06, 19% YTD, 25% over Q3 05
- Strong economic conditions in Western Canada
- Quarterly dividend of \$0.14 declared
 - Up 17% over Q2 06
 - Up 40% over Q3 05
- Total shareholder return of 48% in the past year
- Issuance of innovative Tier 1 capital subsequent to quarter end
 - Efficient, non-dilutive capital to support growth

**73 consecutive
quarters
of profitability**

Third Quarter Financial Review



Consolidated Financial Results

Third Quarter Results

(compared with third quarter 2005)

- Record net income, up 16%
- Diluted EPS of \$0.56, up 14%
- Record revenues (teb) up 15%
- ROE 14.2%
- ROA 1.06%
- Excluding \$1.2 million tax expense:
 - Net income up 24%
 - Diluted EPS of \$0.59 up 20%
 - ROE 15.2%, up 90 bps from Q2 06

Third Quarter Results

(compared with second quarter 2006)

- Net income up 6% reflecting three additional days

Year-to-Date Results

(compared with same period 2005)

- Net income up 28%
- Diluted EPS of \$1.60, up 26%
- Total revenues (teb) up 18%
- ROE 14.2%
- ROA 1.09%

Third Quarter Financial Review



Banking & Trust Operations

Highlights

- **Compared to Q3 05**

- Record net income, up 16%
- Total revenues (teb) up 15%
- Net interest income (teb) up 16%
- Non-interest income up 14%
 - Trust fees up 34%
 - Credit fees up 12%

- **Compared to Q2 06**

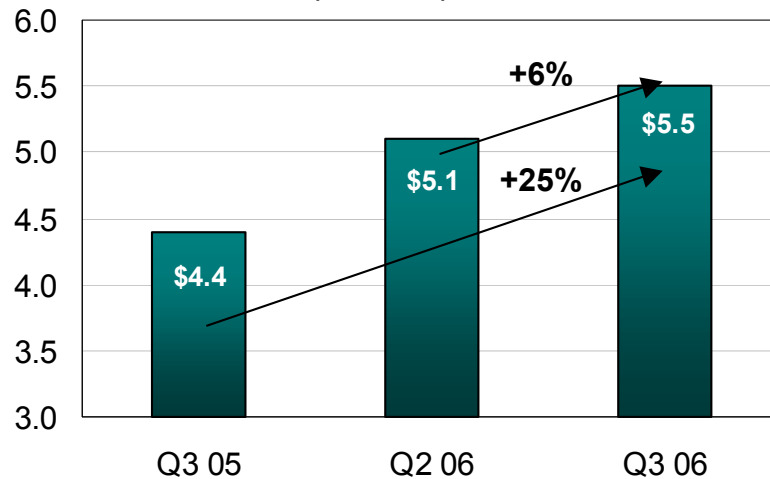
- Net income up 4%
- Total revenues (teb) up 7%
- Net interest income up 7%
- Non-interest income up 5%
 - Credit fees up 10%
 - Retail fees up 8%

Third Quarter Financial Review



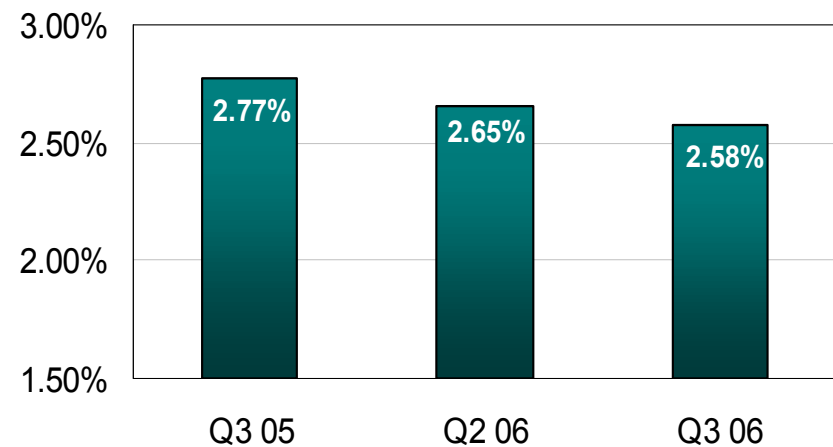
Banking & Trust Operations

Total Loans
(\$ billions)



- Strong new loan generation
- Credit quality strong and stable
 - Provision for credit losses was 19 basis points of average loans

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



- Decline vs. Q3 05 due to lower loan prepayment penalties, higher liquidity and debenture costs, increased loan pricing competition
- Decline vs. Q2 06 due to higher liquidity and increased loan pricing competition



Banking & Trust Operations

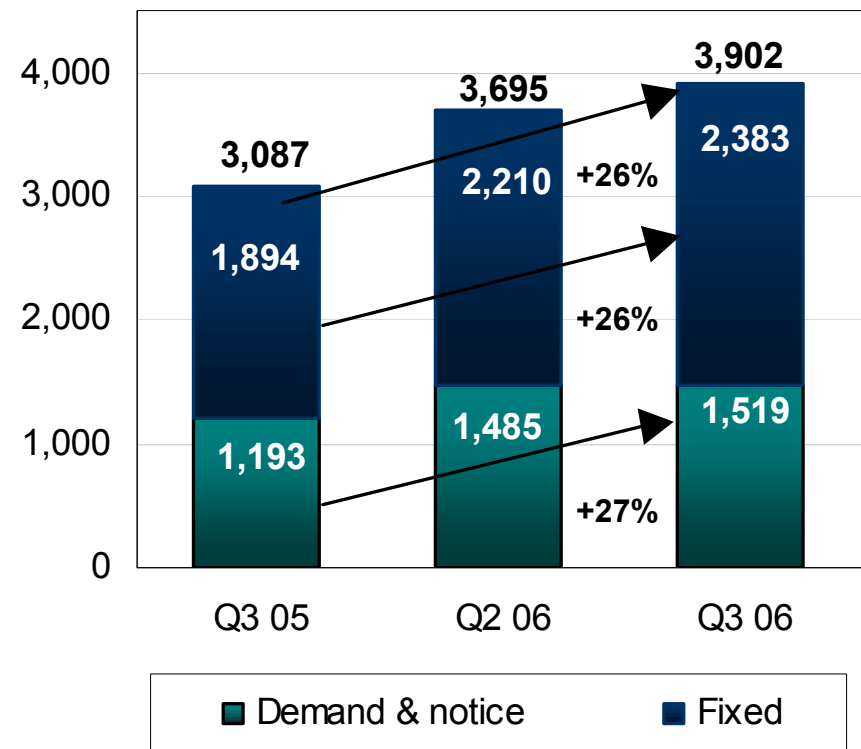
Branch Deposits

- Increased 6% over Q2 06
- Increased 26% over Q3 05
- Comprise 66% of total deposits, consistent with last year

Demand and Notice Deposits

- Increased 2% over Q2 06
- Increased 27% over Q3 05
- Comprise 26% of total deposits, consistent with last year

Branch Deposits
(\$ millions)





Insurance Operations

Highlights

- Record net income, up 16% over Q3 05
- Results include \$300,000 before tax loss from AB auto risk sharing pools
- Net earned premiums up 28% over Q3 05
 - Reduced use of quota share reinsurance
 - 6% total policy growth to 156,305
- Market challenges in B.C. and Alberta
- 10 years in business



Third Quarter Financial Review



Performance Targets

	2006 Target	2006 YTD Performance ⁽¹⁾
Net income growth	18% or greater	28%
Total revenue growth (teb)	15%	18%
Total loan growth	12%	25%
Provision for credit losses	0.22% or less	0.20%
Efficiency ratio (teb)	48.0% or less	46.4%
Return on equity	13.0% or greater	14.2%
Return on assets	1.05%	1.09%

- (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 remainder of 2006 and 2007
- Banking and trust segment
 - Ongoing benefit from YTD loan growth
 - New loan deal flow remains strong
 - Economic strength in Western Canada
 - Strong credit quality
 - Pressure on net interest margins



Outlook

- Insurance
 - Strong underwriting performance
 - Net earned premium growth
 - Reduced use of quota share reinsurance
 - New customer growth
 - Competitive pressures from ICBC in B.C. automobile insurance
 - Staffing challenges and diminishing price advantage in Alberta automobile insurance
 - Impact of Alberta auto insurance risk sharing pools
 - Diversification through growth of home insurance business



Strategic Priorities

- Grow core commercial banking business
 - High quality assets and disciplined underwriting
 - Industrial lending portfolio growth
- 'Optimum Mortgage' initiative
- Support growth through investments in infrastructure
 - New branches seeded with business
 - Renovation and expansion of existing facilities
- Further growth of branch generated deposits
- Improved ROE
 - Growth in fee based and less capital intensive businesses
 - Innovative Tier 1 issue
- Pursue strategic and accretive 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