

CANADIAN  
WESTERN  
BANK

Think Western®

**First Quarter 2008  
Conference Call**

March 6, 2008

[www.cwbankgroup.com](http://www.cwbankgroup.com)





## 1. First Quarter Overview

Larry Pollock, President & CEO

## 2. First Quarter Financial Summary

Tracey Ball, Executive Vice President & CFO

## 3. Outlook & Strategy

Larry Pollock

## 4. Questions & Answers





## Highlights

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- Strong earnings and record total revenues (teb)
- Banking and trust segment
  - earnings up 21% over Q1 07
  - organic loan growth of 4% over Q4 07, 25% over Q1 07
- Much improved results from insurance segment
  - earnings up \$1.2 million over a difficult period in Q1 07
- Positioned to meet all 2008 performance targets
  - expect continued double-digit growth
  - healthy economic fundamentals despite softness in certain areas
  - expanding market presence - solid deal flow
  - strong credit quality

79<sup>th</sup> consecutive  
profitable quarter





## Highlights (continued)

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- No direct exposure to any troubled asset backed commercial paper, collateralized debt obligations, U.S. subprime lending or monoline insurers
- Maintaining higher liquidity in response to ongoing market disruptions
  - negative impact on net interest margin
  - augments CWB's strong financial position
  - flexibility to consider accretive growth opportunities
- "50 Best Employers in Canada 2008"
- Quarterly dividend of \$0.10 declared, unchanged from the previous quarter and up 25% from a year earlier
  - target payout ratio of 20-25%





## Consolidated Financial Results

### First Quarter Results

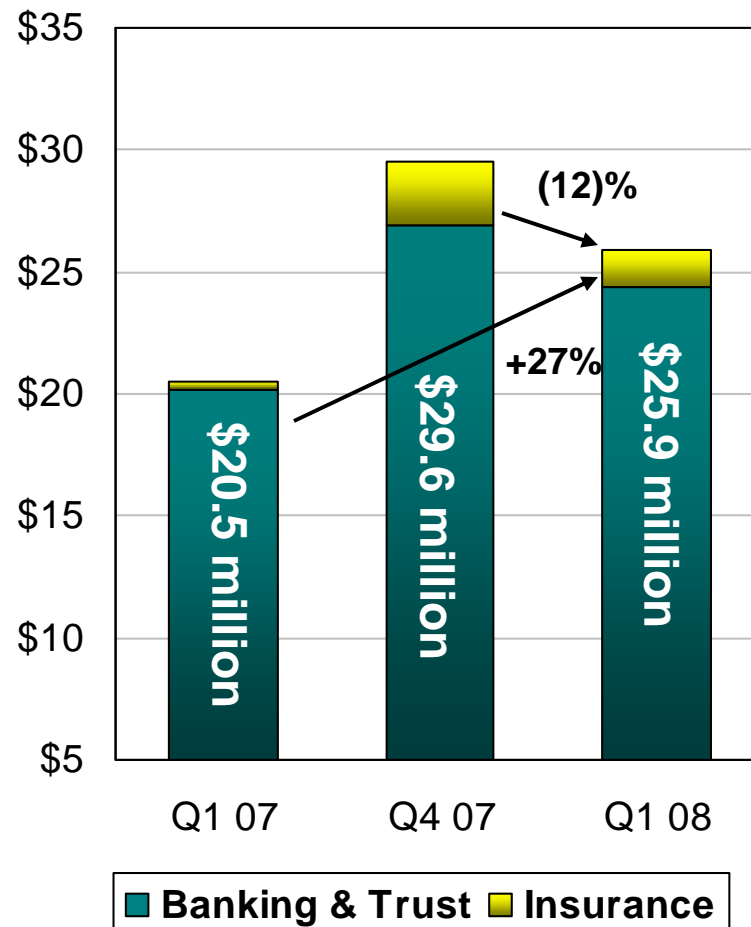
(compared with first quarter 2007)

- Net income of \$25.9 million, up 27%
- Diluted EPS of \$0.40, up 25%
  - additional tax expense of \$1.0 million (\$0.01 per diluted share)
- Total revenues (teb) of \$74.7 million, up 21%
- ROE 16.9%, up 150 basis points
- ROA 1.07%, down three basis points

(compared with fourth quarter 2007)

- Net income down 12% (\$3.7 million)
  - Impact of Q1 08 additional tax expense and Q4 07 \$2.9 million tax benefit
  - before-taxes, earnings (teb) up 3%
- Total revenues (teb) up modestly

### Net Income (\$ millions)





## Consolidated Financial Performance

	<b>2008 Target</b>	<b>2008 Performance <sup>(1)</sup></b>
<b>Net income growth</b>	<b>15%</b>	<b>27%</b>
<b>Total revenue growth (teb)</b>	<b>17%</b>	<b>21%</b>
<b>Total loan growth</b>	<b>15%</b>	<b>25%</b>
<b>Provision for credit losses</b>	<b>0.15%</b>	<b>0.15%</b>
<b>Efficiency ratio (teb)</b>	<b>45%</b>	<b>42.6%</b>
<b>Return on equity</b>	<b>17%</b>	<b>16.9%</b>
<b>Return on assets</b>	<b>1.10%</b>	<b>1.07%</b>

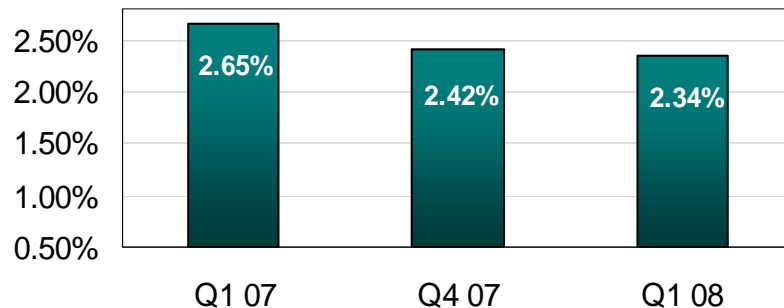
- (1) 2008 performance for earnings and revenue growth is the current year results over the same period in the prior year, loan growth is the increase over the past twelve months and performance for ratio targets is the current year-to-date results annualized.



## Banking & Trust Operations

- **Compared to Q1 07**
  - Net income up 21%
  - Total revenues (teb) up 18%
    - net interest income (teb) up 16%
    - non-interest income up 29%
- **Compared to Q4 07**
  - Net income down 9% (\$2.5 million)
    - combined tax impacts
  - Earnings before taxes up 7%
    - strong loan growth, lower non-interest expense, higher other income
    - partially offset by lower net interest margin and a \$0.2 million increase in the quarterly provision for credit losses

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



- Down 31 basis points from Q1 07
  - Increased deposit costs and higher liquidity related to uncertainties in financial markets
  - higher debenture interest costs
  - reductions in prime lending rate
- Down eight basis points from Q4 07



## Banking & Trust Operations

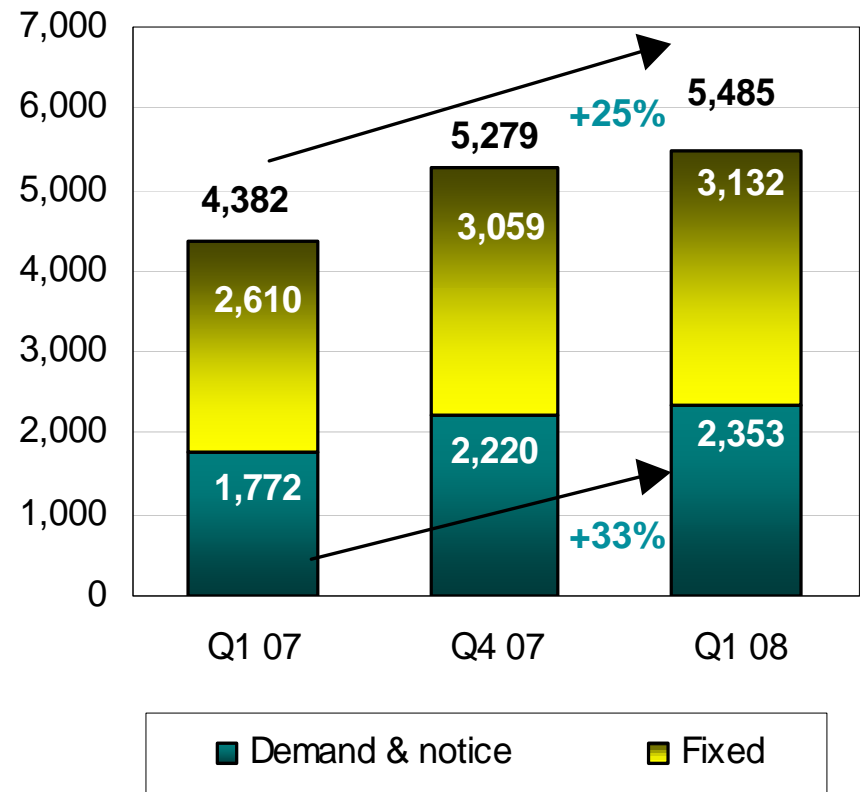
### Branch Deposits

- Increased 4% over Q4 07
- Increased 25% over Q1 07
- Comprised 64% of total deposits
  - increased liquidity – deposit broker network

### Demand and Notice Deposits

- Increased 6% over Q4 07
- Increased 33% over Q1 07
  - success of *Summit Savings*<sup>®</sup>
- Comprised 27% of total deposits

### Branch Deposits (\$ millions)



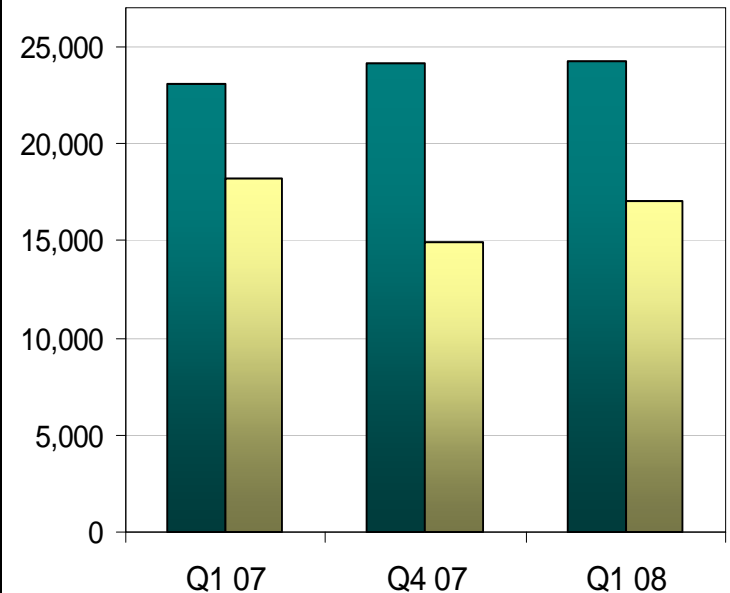


## Insurance Operations - Highlights

- **Compared to Q1 07**
  - Net income of \$1.5 million, up \$1.2 million
    - Q1 07 impacted by high claims due to severe storms in British Columbia (BC)
  - Increased policies, good customer retention, partially offset by lower average premium per policy
    - ongoing challenges in BC auto product due to the pricing strategies of the Insurance Corporation of BC (ICBC)
  - Combined ratio of 96%
- **Compared to Q4 07**
  - Net income down \$1.2 million
    - \$1.0 million lower before tax contribution from the Alberta auto risk sharing pools
  - increased claims due to winter weather

- Court of Queen's Bench of Alberta - decision to lift the cap on minor injuries suffered in an auto accident

**Net Earned Premiums /  
Claims Experience**  
(\$ thousands)





## Overall positive outlook

- Continued impact of disruptions in financial markets – marked economic slowdown in the U.S.
- Strong loan growth
  - pressures on net interest margin
- Diversification of funding sources – internal deposit growth
- Moderated economic growth in Western Canada (growth still expected to lead the country)
  - solid new deal flow
  - softness in certain industries
  - ongoing strong credit quality
  - well positioned to manage the credit cycle
- Diversification of revenues (ongoing development of trust & insurance businesses)
- Expect to meet all fiscal 2008 performance targets



## Strategic Priorities

- Strategic focus
  - People
  - Infrastructure
  - Process
  - Business Enhancement





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, unless required by securities law, to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.



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Tracey Ball, Executive Vice President & CFO

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

Randy Garvey, Executive Vice President  
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