



CANADIAN WESTERN BANK GROUP

BANK • TRUST • INSURANCE

Larry Pollock, President & CEO

Scotia Capital - Financials Summit 2008

September 9, 2008



Strategic Priorities



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



- **Improve loan pricing**
- **Expand branch network (BC, AB, SK)**
- **Increase funding sources**
- **Enhance Revenue diversification (insurance, trust, other)**


Infrastructure



Organic branch expansion of 18-20%

New branches (confirmed)

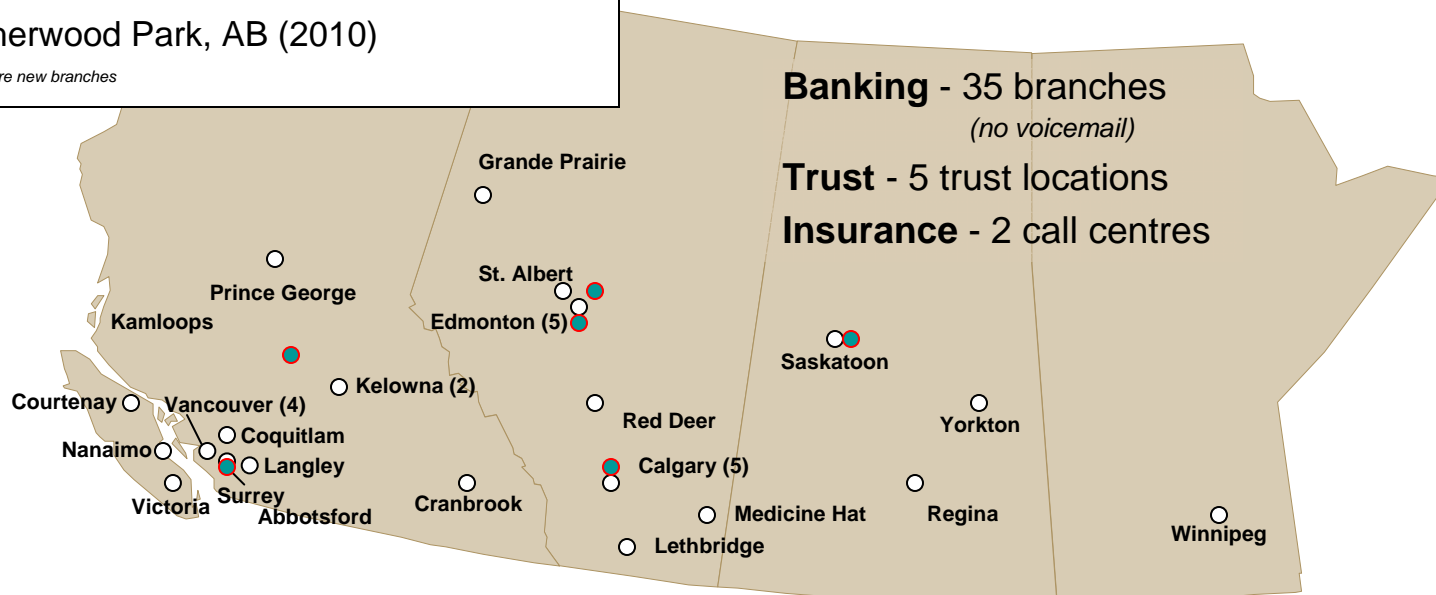
- Leduc, AB (2008)
- Kamloops, BC (2009)
- Surrey, BC (2009)
- Saskatoon, SK (2009)
- Airdrie, AB (2010)
- Sherwood Park, AB (2010)

 Future new branches

Other new branches (under consideration)

- Richmond, BC

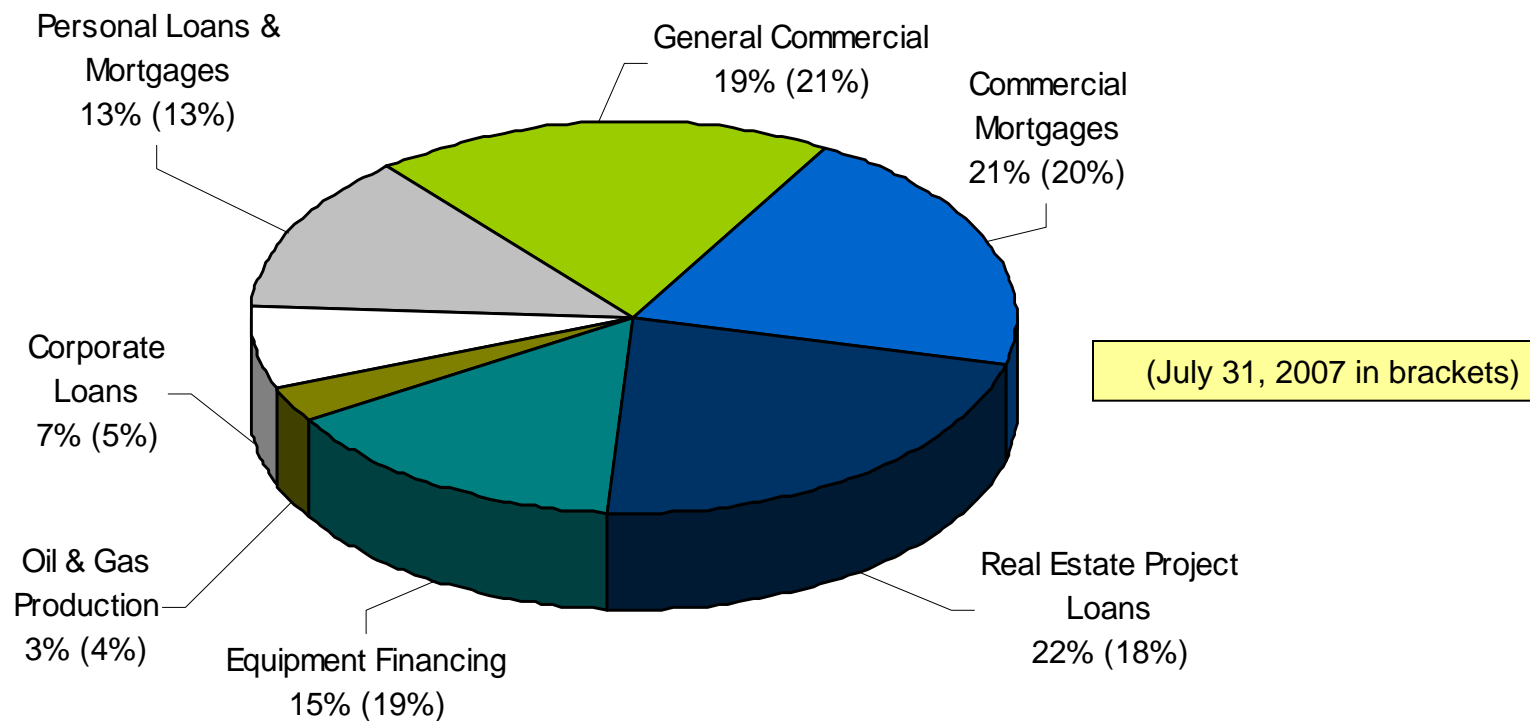
Total space under mgt. up 46% since 2004



Loan Portfolio by Lending Sector



(as at July 31, 2008)

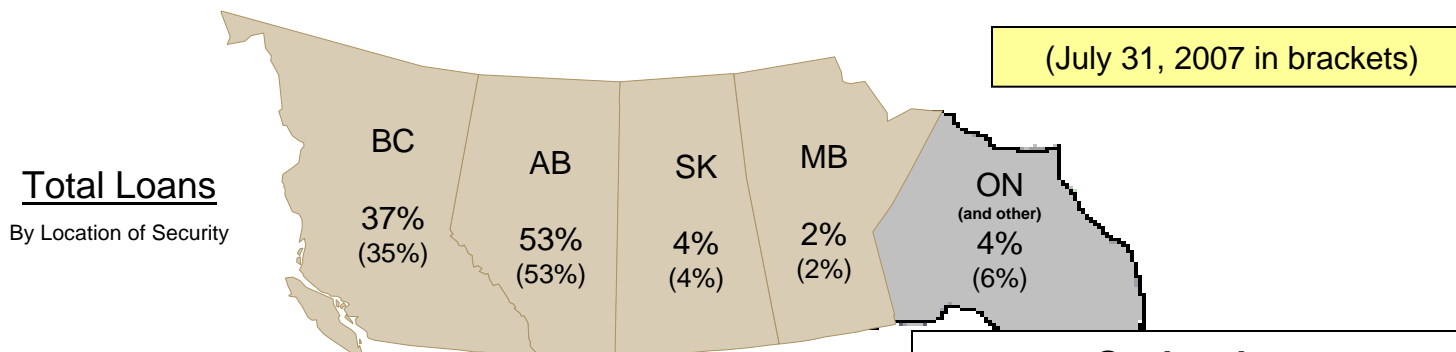


- Strategy to enhance relationship-based commercial banking; emphasis on niche areas of general commercial, equipment financing, real estate project and oil & gas production lending

Outlook



Distribution of loans - Western footprint



British Columbia

- Lowered corporate tax rate to 11% – phase-out of financial institution capital tax
- 2010 Olympics
- Natural gas (North East)
- Gateway to Asia
- Port of Prince Rupert
- 2008 real GDP +2.2% (fcst*)
- 2009 real GDP +2.9% (fcst*)

Alberta

- Corporate tax rate of 10%
- Large scale capital projects (oil sands, refining, etc.)
- Highest disposable income per capita
- 2008 real GDP +3.1% (fcst*)
- 2009 real GDP +3.0% (fcst*)

Saskatchewan

- World-leading producer of uranium and potash
- Oil & gas development
- Lowered corporate tax rate to 12%
- 2008 real GDP +3.7% (fcst*)
- 2009 real GDP +3.8% (fcst*)

Manitoba

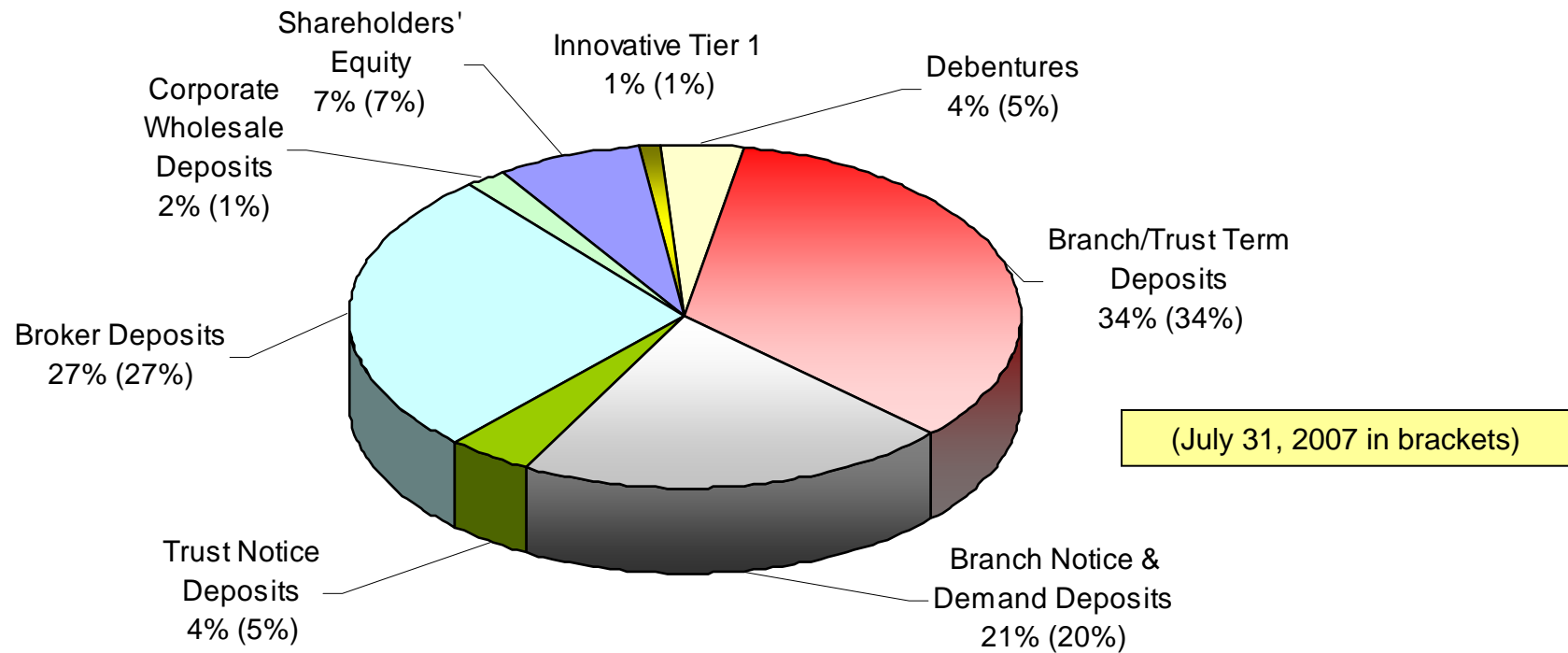
- Lowered corporate tax rate to 13%
- 2008 real GDP +2.7% (fcst*)
- 2009 real GDP +2.7% (fcst*)

* Source for real GDP forecasts: RBC Provincial Outlook, July 2008

Funding Sources



(as at July 31, 2008)



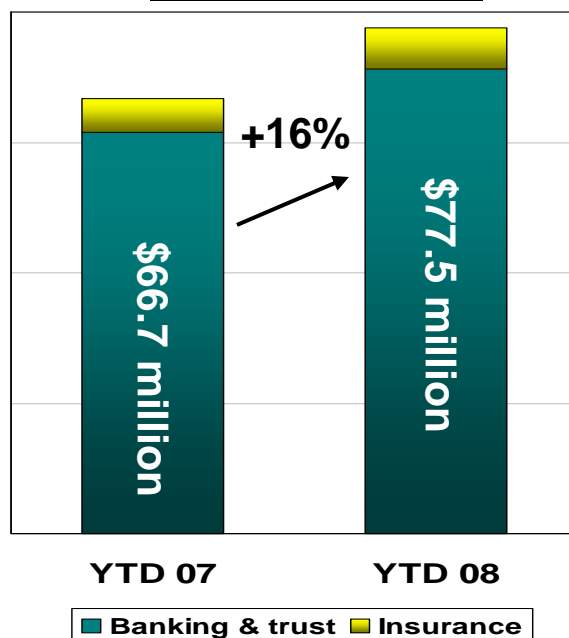
- Strategy to expand core branch-raised deposits to further diversify funding sources and support net interest margin

Current Performance – YTD

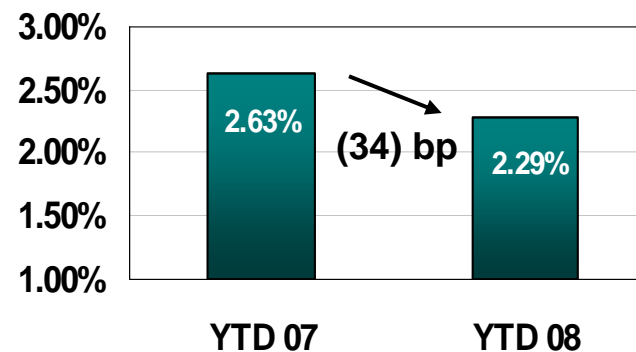


(\$ thousands)	YTD 08	YTD 07	Change
Net income – Banking & trust	\$ 71,337	\$ 61,560	16 %
– Insurance	6,197	5,150	20
Diluted Earning per share	1.20	1.04	15

Total Net Income



Net Interest Margin (teb)



Current Performance – Q3



81st consecutive profitable quarter (20+ years)

<i>(\$ thousands)</i>	Q3/08		Q3/07		Change
Net income – Banking & trust	\$	23,824	\$	21,816	9 %
– Insurance		2,503		2,217	13
Total net income		26,327		24,033	10
Diluted earnings per share		0.41		0.37	11
Return on common equity		16.0		17.1	(110) bp
Net interest margin (teb)		2.25		2.59	(34)
Total loans	\$	8,169	\$	7,091	15 %
Claims loss ratio		62%		64%	200 bp
Combined ratio		91%		92%	100

Performance Targets & Outlook



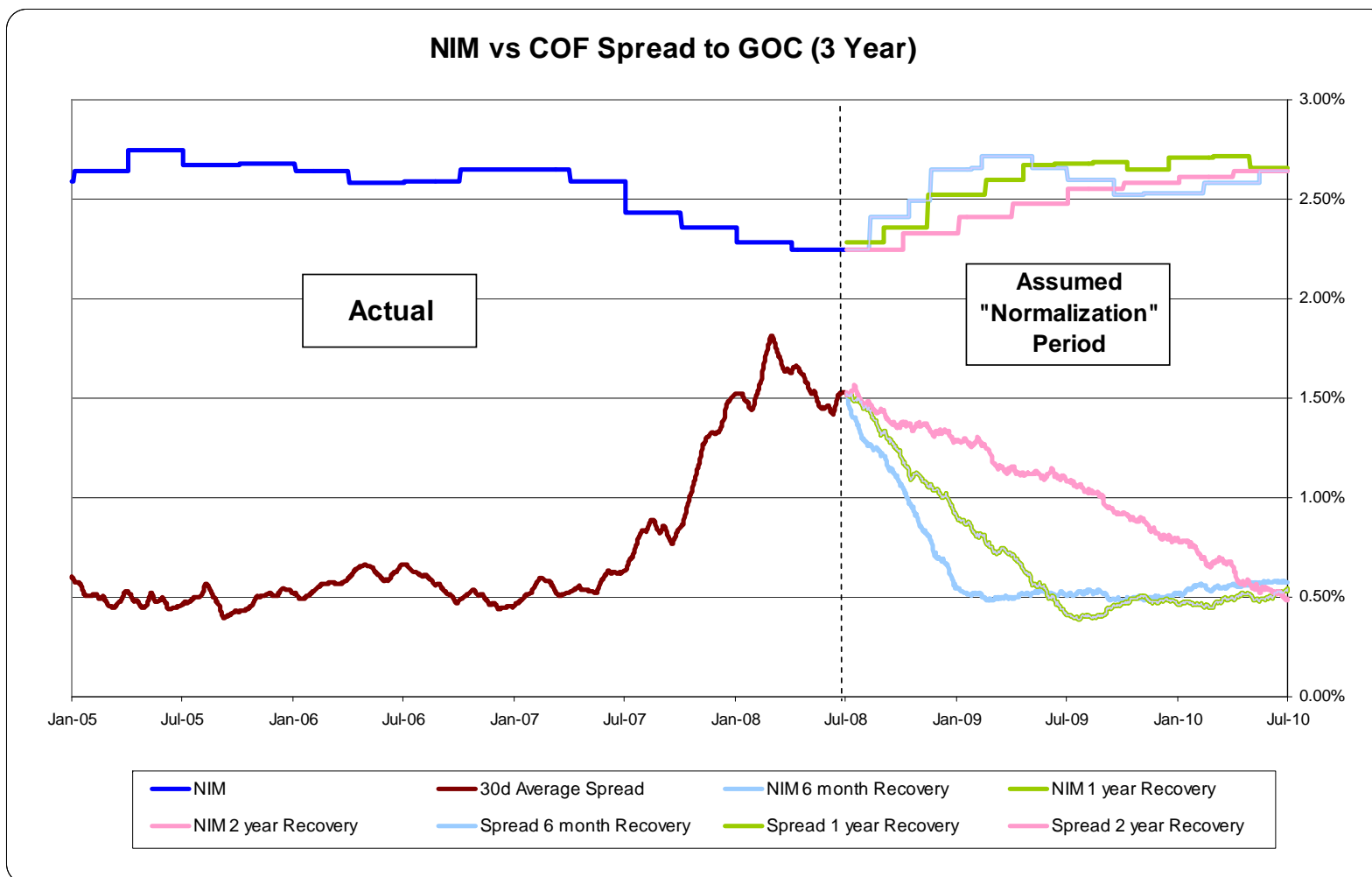
	2008 Target	YTD 2008 Performance ⁽¹⁾
Net income growth	15%	16%
Total revenue growth (teb)	17%	13%
Total loan growth	15%	15%
Provision for credit losses	0.15%	0.15%
Efficiency ratio (teb)	45%	44.4%
Return on equity	17%	16.3%
Return on assets	1.10%	1.05%

(1) Year-to-date (YTD) 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.

Achievement of fiscal 2008 total revenue (teb) and earnings growth targets doubtful

- growth in total revenues (teb) and profitability impacted by a significantly lower net interest margin attributed to ongoing disruptions in financial markets.

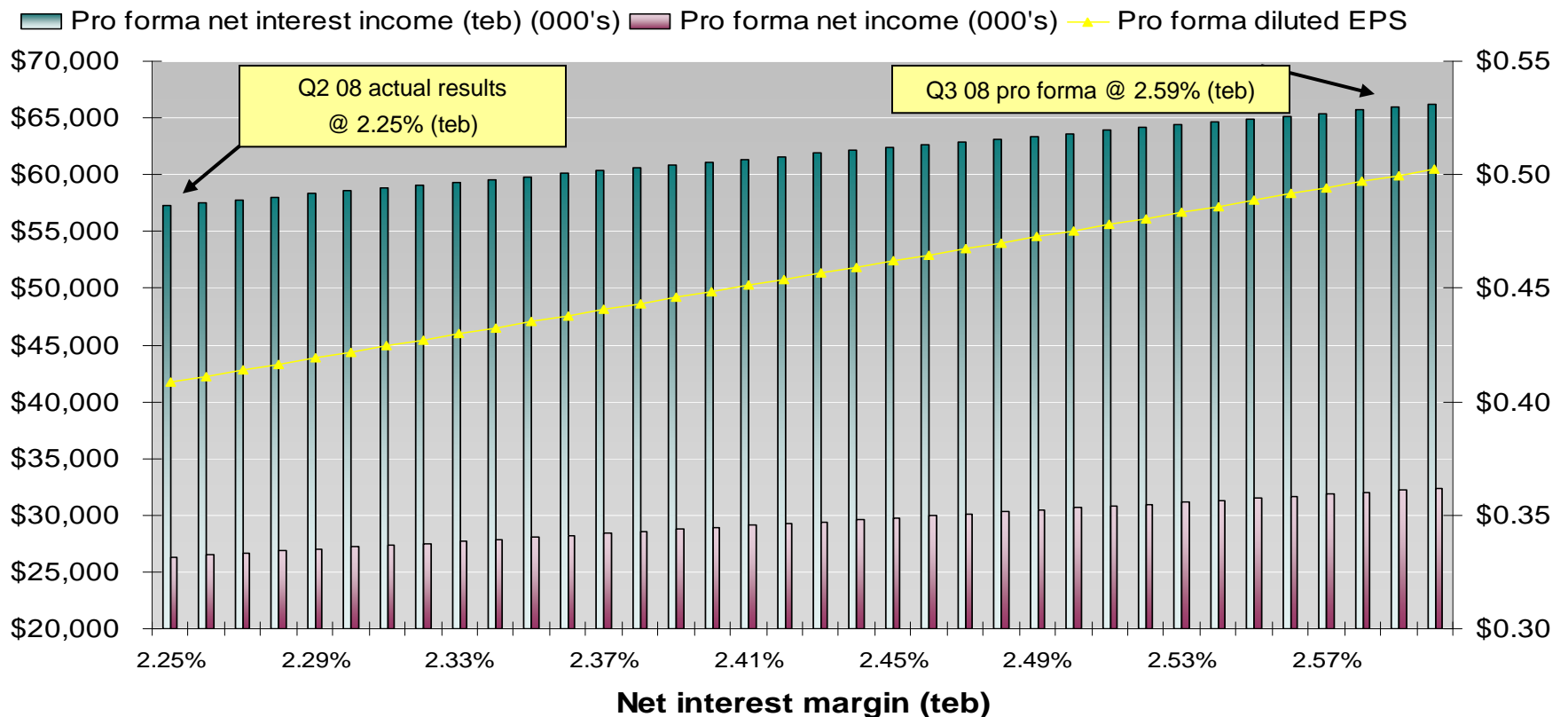
Financial Performance - Margin



Margin – Q3 Incremental Impact



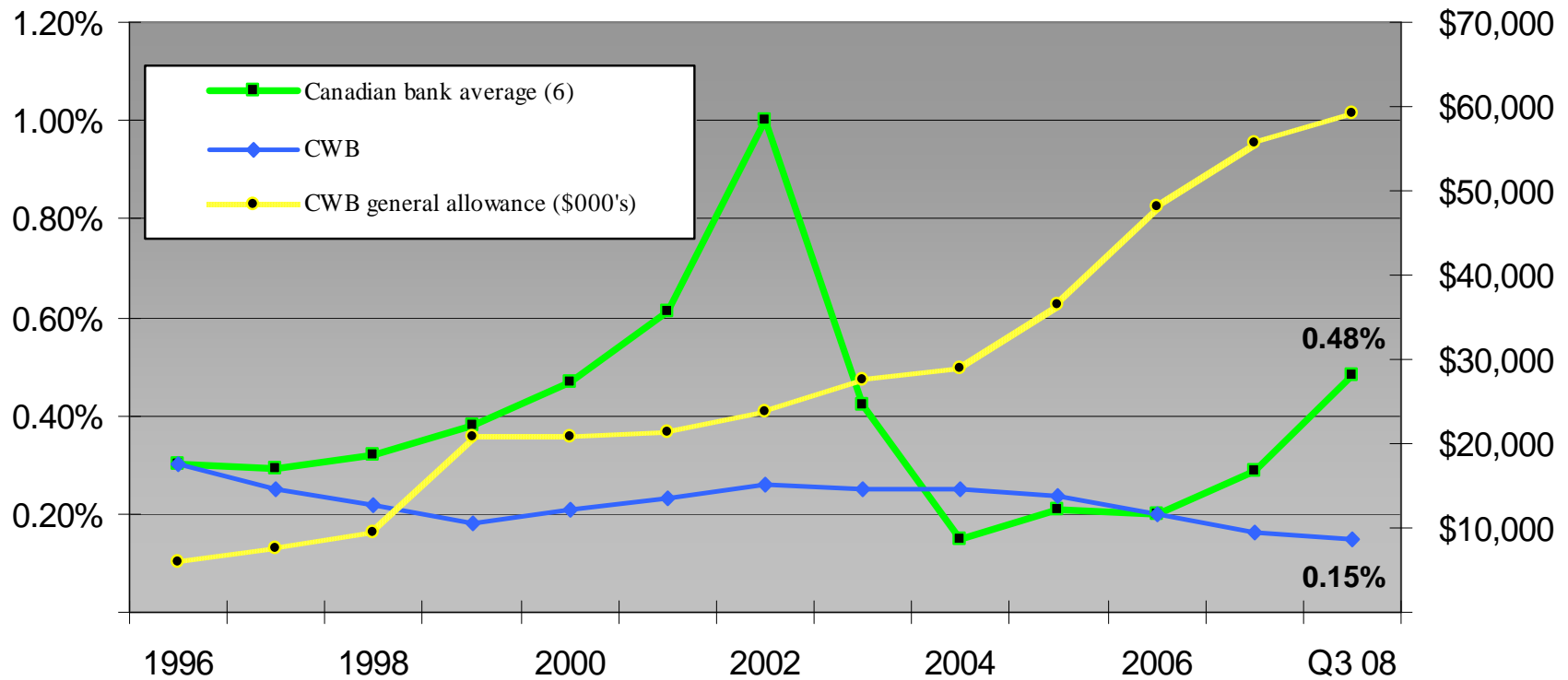
- Based on the Q3 08 balance sheet and income statement, it is estimated that every four basis improvement in net interest margin (teb) would increase net earnings by approximately \$0.01 per diluted share (\$0.7 million), all else being equal. The net interest margin (teb) for the third quarter 2007 was 2.59%.



Financial Performance - Credit History



Provisions for credit losses (as a percentage of average loans)

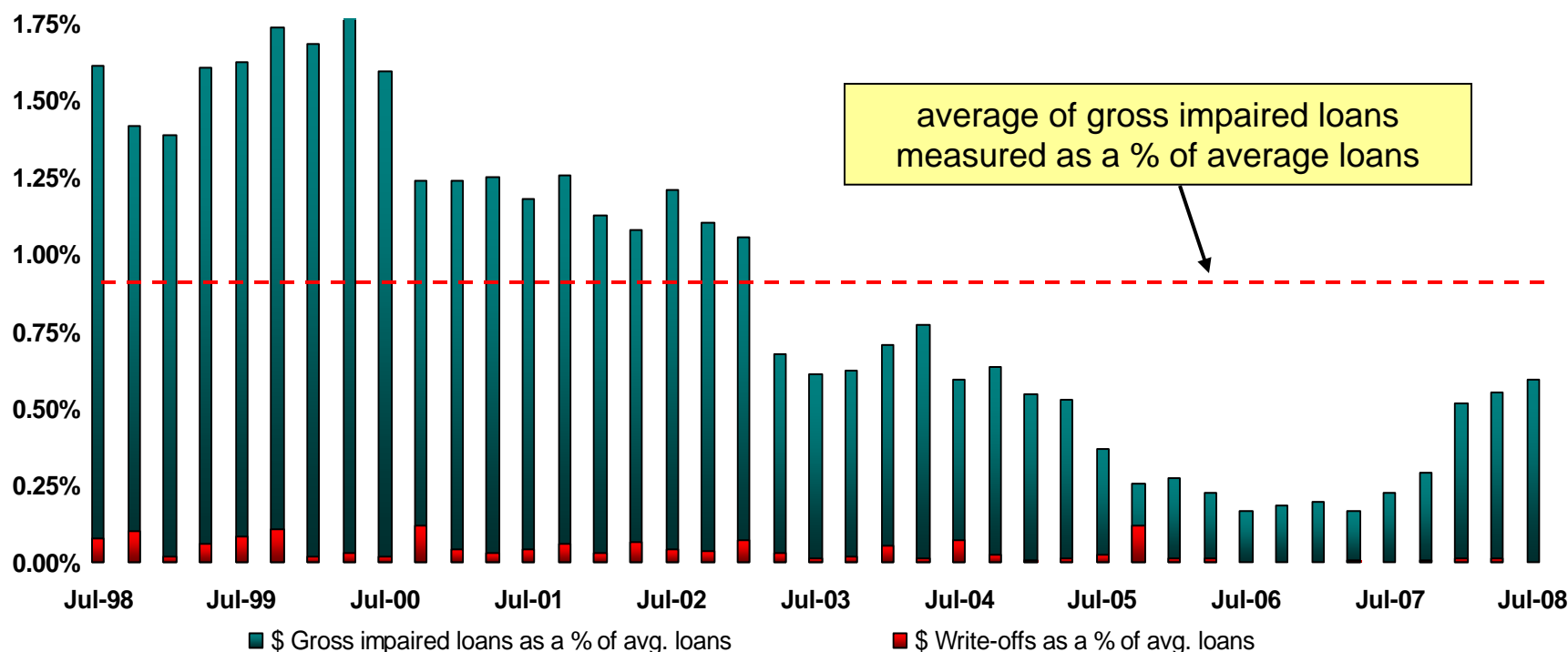


- Q3 08 provision for credit losses represented 15 bp of average loans
- General allowance represented 81 basis points of risk-weighted loans at July 31, 2008

Financial Performance - Credit History

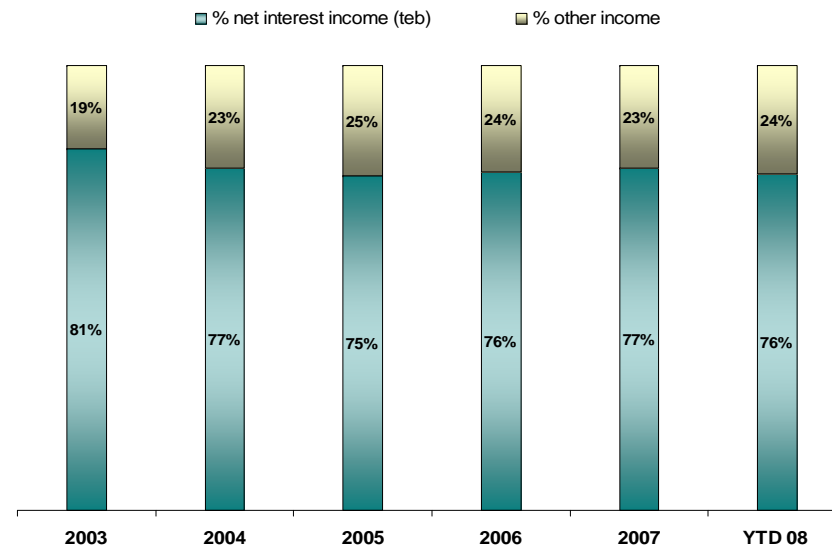


Gross impaired loans & write-offs (as a percentage of average loans)

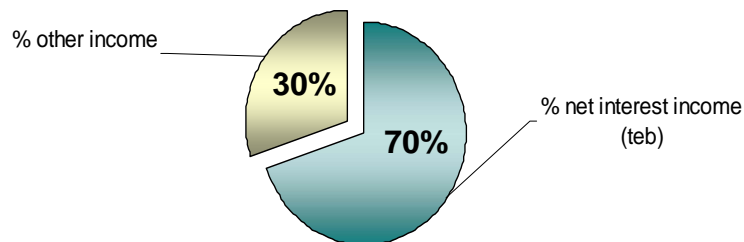


- CWB 10-year average net new specific provisions for credit losses (Nov 1/97 – Oct 31/07) were 13 bp of average loans (including fiscal 2006 where recoveries actually exceeded losses)
- Gross impaired loans measured against total loans represented 58 basis points at July 31, 2008, compared to the ten-year average (Nov 1/97 – Oct 31/07) of 86 basis points

Composition of Income



Medium-term objective to grow other income to encompass 30% of total revenues

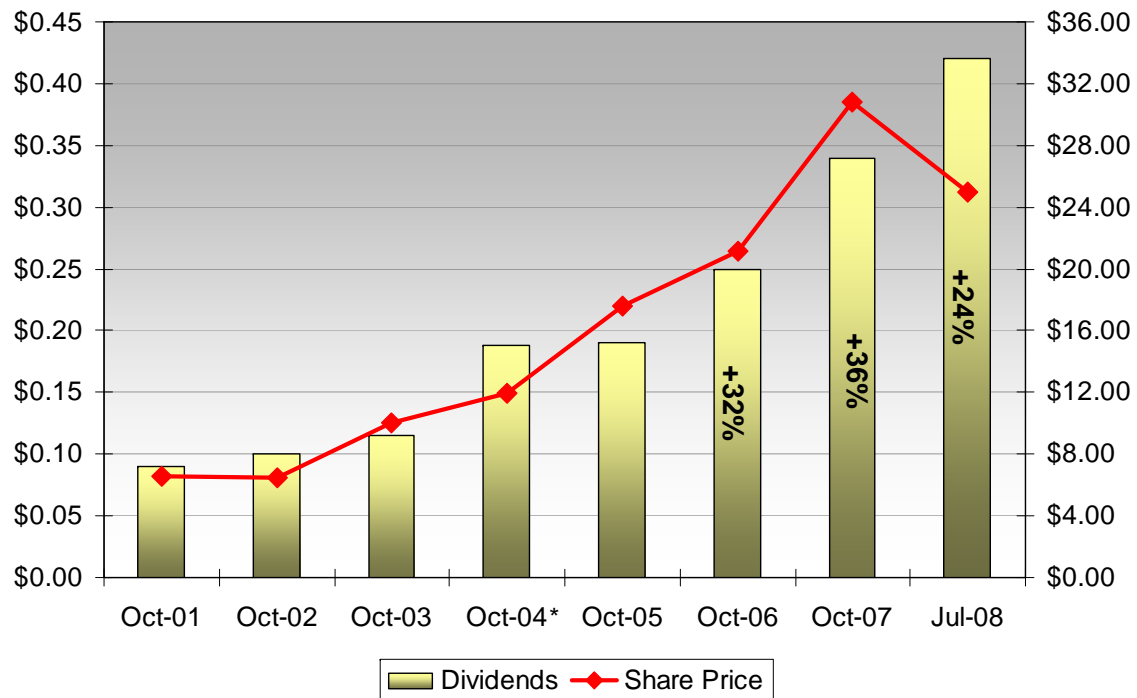


- Trust services
- Insurance
- Other (accretive and complementary)
 - enhance fee-based income
 - fill product gaps

Shareholder Return



Dividend growth trend



Dividend increases:

- June 2008 (+10%)
- December 2007 (+11%)
- June 2007 (+13%)
- December 2006 (+14%)
- September 2006 (+17%)
- December 2005 (+20%)

Payout ratio (2007): 22%

Target payout range: 20-25%

* Dividends paid in 2004 appear unusually high as they included last semi-annual dividend and three quarterly dividends

Summary



Focus 2008-2009

- Improve margin
 - loan pricing
 - deposit mix
- Build infrastructure
 - add six new full service branches (commercial/retail units, 17% increase)
- Expand insurance distribution channels
- Increase trust services contributions
 - market share
 - geographic
- Grow *Optimum Mortgage* business by 100% in two years
- Introduce Internet-based bank (fiscal 2008)
- Fill product gaps and add scale through acquisition



Advisory



FORWARD- LOOKING STATEMENTS

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.