



CANADIAN WESTERN BANK GROUP

BANK • TRUST • INSURANCE • WEALTH MANAGEMENT

Third Quarter 2009

Conference Call

September 3, 2009

www.cwbankgroup.com



1. Third Quarter Overview

Tracey Ball, Executive Vice President & CFO

2. Outlook & Strategy

Larry Pollock, President & CEO

3. Questions & Answers



Third Quarter Highlights



- Solid performance in a challenging and uncertain operating environment
 - record total revenues (teb)
 - marked improvement in net interest margin compared to Q2 09 (up 20 bps)
 - positive future outlook for net interest margin
- Net income of \$28.7 million, up 9% compared to Q3 08
 - loan growth of 1% in the quarter, 6% year-to-date and 12% over the past year
 - moderated lending activity since Q1 09
 - very strong other income
 - gains on sale of securities
 - record net income from Canadian Direct Insurance
- Credit quality relatively consistent with Q2 09
 - Dollar level of gross impaired loans down slightly - will fluctuate as the credit cycle progresses
 - based on current view, loan losses expected to remain in an acceptable range
 - secured lending practices and disciplined underwriting

Third Quarter Highlights (continued)



- Canadian Western Trust appointed as trustee for a major Canadian investment dealer
 - substantial increase in notice deposits at Q4 09
 - confirms an expanding trust services presence, including Ontario
- Quarterly common dividend of \$0.11 per share declared, unchanged from both the previous quarter and the dividend declared a year earlier
- Quarterly dividend declared for Series 3 preferred shares
- Introduction of a dividend reinvestment plan, subsequent to quarter-end
- Adopted a Restricted Share Unit Plan





Third Quarter Results

(compared with Q3 08)

- Net income of \$28.7 million, up 9%
 - positive impact from strong loan growth and increased other income
 - partially offset by a lower net interest margin (teb) and higher non-interest expenses
- Diluted earnings per common share of \$0.38, down 7%
 - reflecting the net impact of the preferred shares issued in March 2009
- Other income up 29%
 - gains on sale of securities up \$5.6 million
 - net insurance revenues up \$1.1 million
 - partially offset by \$1.7 million lower credit related fee income – reduced loan volumes
- Record total revenues (teb) of \$85.5 million, up 12%
 - positive impacts from loan growth and very strong other income, partially offset by the compressed net interest margin



Third Quarter Results

(compared with Q3 08)

- Return on common shareholders' equity (ROE) of 13.4%, down 260 basis points
- Return on assets (ROA) of 0.87%, down 16 basis points
- Profitability measures impacted by compressed net interest margin and the net impact of the preferred shares

(compared with Q2 09)

- Net income up 33%
 - marked 20 basis point improvement in net interest margin (teb) to 2.13%
 - increased other income
 - three additional revenue earning days

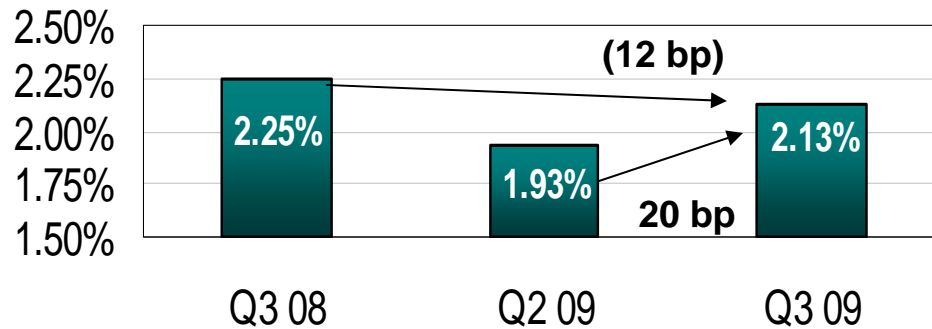
Year-to-date Results

(compared with same period in 2008)

- Net income of \$75.9 million, down 2%
- Total revenues (teb) of \$237.9 million, up 6%



Net Interest Margin (teb)



- Compressed net interest margin mainly reflects unusual market conditions, including historic low prime lending interest rate
- Marked improvement in net interest margin compared to Q2 09 reflects a combination of:
 - stable prime lending interest rate
 - lower deposit costs
 - more normal market spreads
 - positive impacts from the Bank's pricing actions on new and renewal loans
- Management expects the net interest margin (teb) will continue to improve into fiscal year 2010

Fiscal 2009 Performance Target Ranges



	2009 Target Ranges	2009 Performance ⁽¹⁾
Net income growth⁽²⁾	2% - 5%	(2%)
Total revenue growth (teb)	5% - 8%	6%
Total loan growth	10%	12%
Provision for credit losses	0.15% - 0.18%	0.15%
Efficiency ratio (teb)	46% - 49%	49.0%
Return on common equity (ROE)	14% - 16%	13.0%⁽³⁾
Return on assets (ROA)	0.90% - 1.05%	0.84%⁽⁴⁾

⁽¹⁾ 2009 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

⁽²⁾ Net income, before preferred share dividends.

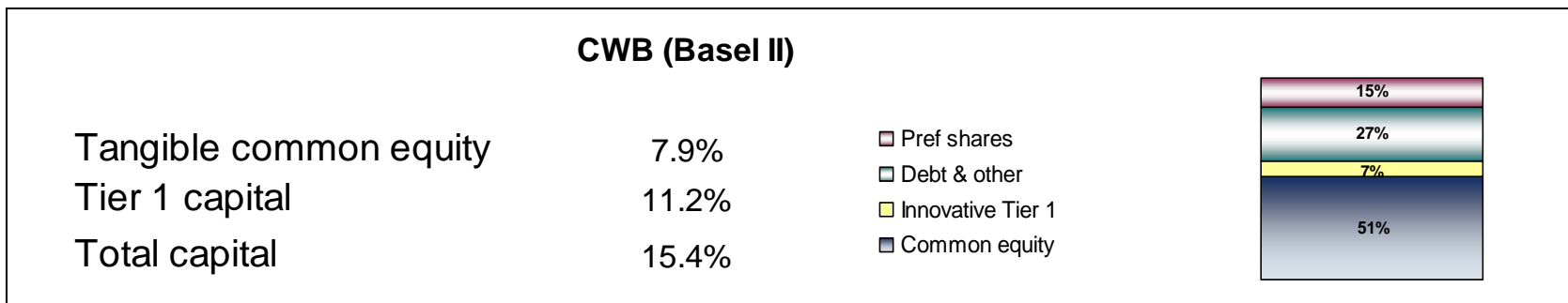
⁽³⁾ Return on common equity calculated as annualized year-to-date net income after preferred share dividends divided by average common shareholders' equity.

⁽⁴⁾ Return on assets calculated as annualized year-to-date net income after preferred share dividends divided by average total assets.

- Compressed net interest margin and recessionary environment has impacted performance more than expected when target ranges were set in 2008
 - further impacted by the impact on the recently issued preferred shares
- Ultimate achievement of profitability targets is unlikely; the Bank will be challenged to meet 10% annual loan growth target; expect modest improvement to the efficiency ratio (positive revenue growth and discretionary expense control)
- Based on the current credit quality, the provision for credit losses is expected to remain in the targeted range for this year



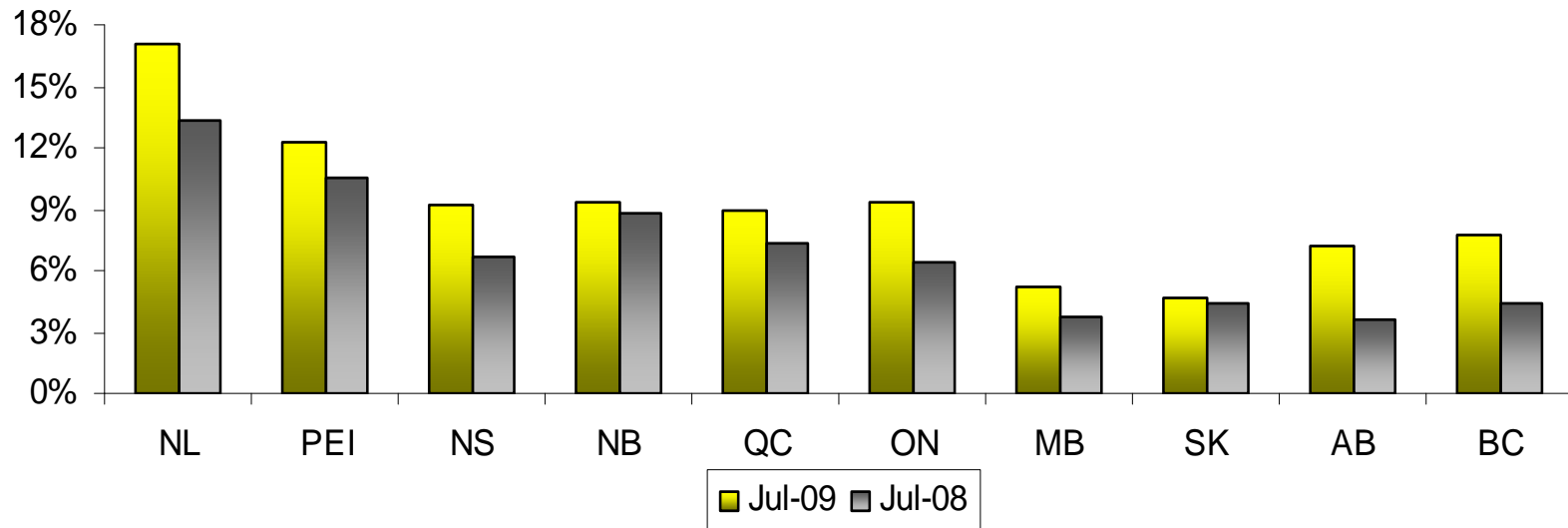
- Some positive indicators but some challenges are expected to continue until economic recovery ensues
 - market activity tied to certain resource prices
 - ongoing and renewed capital investment due to a reduction in operating costs
 - improvement in commercial and residential real estate
 - uncertain outlook for natural gas and forestry industries
- Well positioned to capitalize on opportunities and manage the spinoff effects of a recessionary environment
 - preferred share issue
 - committed to prudently leveraging new capital for the benefit of all stakeholders





- Western Canada well positioned relative to the rest of Canada
 - some positive indicators (government stimulus, lower unemployment, lower operating costs, etc.)
- Ongoing fiscal discipline
 - spending consistent with long-term strategic plan (infrastructure program)

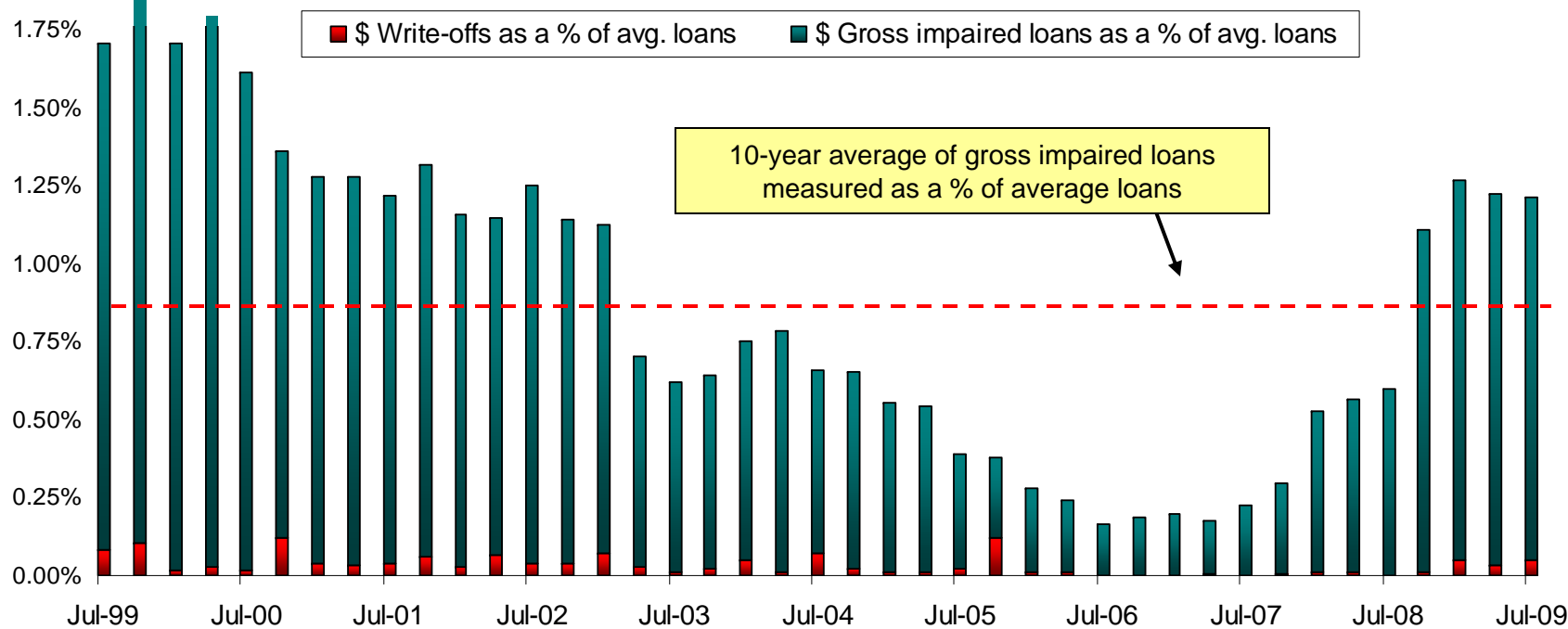
Provincial Unemployment Rates (seasonally adjusted)



SOURCE: *Statistics Canada*



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



- Good overall credit quality in view of recessionary environment
 - resolved some accounts in the quarter – other problem loans in various stages of being worked out
- All current identified losses reflected in specific provisions
 - no material changes to the Bank’s general reserves for credit losses



- **Minimum \$20 billion of high quality assets**
- **Minimum \$200 million net income after taxes**
- **Minimum 30% earnings contribution from non-interest sources**
- **Double current income contributions from all CWB subsidiaries**
- **Enhance retail banking franchise (including core deposits)**
- **Increase geographic diversification (specific business units)**





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, general business and economic conditions in Canada including the volatility and lack of liquidity in financial markets, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, regulatory and legal developments, the level of competition in the Bank's markets, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, 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. It is important to note that 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 as a number of important factors could cause the Bank's actual results to differ materially from the expectations expressed in such forward looking statements. Unless required by securities law, 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.

Assumptions about the performance of the Canadian economy in 2009 and how it will affect CWB's businesses are material factors the Bank considers when setting its objectives. In setting performance target ranges for fiscal 2009, management's expectations assumed prolonged economic uncertainty that included significantly challenged global economies and troubled markets; moderated economic activity in Western Canada; a declining interest rate environment supported by stable inflation partially attributed to lower energy and commodity prices; sound credit quality with actual losses remaining within the Bank's historic range of acceptable levels; and, a compressed net interest margin consistent with elevated deposit costs, reduced prime lending rates, comparatively lower investment returns reflecting high quality assets held in the securities portfolio and the Bank's higher liquidity levels maintained in response to disruptions in financial markets, partially offset by expectations for higher credit spreads and a corresponding increase in loan yields on both new lending facilities and renewal accounts. As stated at the end of the second quarter, interest rates have fallen much more than management anticipated at the onset of fiscal 2009 and a recessionary environment in Western Canada was confirmed.

Q & A / Executive Management

