



CANADIAN WESTERN BANK GROUP

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Fourth Quarter and Annual Results Conference Call

December 3, 2009

www.cwbankgroup.com



1. Fourth Quarter & Fiscal 2009 Overview

Tracey Ball, Executive Vice President & CFO

2. Strategy & Outlook

Larry Pollock, President & CEO

3. Questions & Answers





Record net income and total revenues (Q4 09 compared to Q4 08)

- Net income of \$30.4 million, up 24%
- Total revenues (teb) of \$90.1 million, up 22%
- Diluted earnings per common share of \$0.39, up 3%
- Improved net interest margin (teb) to 2.34%
 - first year-over-year increase in net interest margin since Q3 07
 - positive outlook for net interest margin in 2010
- Very strong other income, including \$4.1 million of realized gains on securities

Record net income and total revenues (fiscal 2009)

- Net income of \$106.3 million, up 4%
- Diluted earning per common share of \$1.47, down 7% reflecting the impact of preferred share dividends and dilution from the outstanding warrants
- Strong capital ratios – Tier 1 ratio of 11.3%; total capital ratio of 15.4%



Moderated lending activity

- Loan growth of 1% in the quarter and 7% over the past year
- Ongoing uncertainty regarding both the timing and strength of an economic recovery
- Paybacks on existing accounts, particularly in the real estate project and equipment financing portfolios

Credit Quality remained within expectations

- Considerable increase in the dollar level of impaired loans with the net increase over last quarter (~\$34 million) reflecting two accounts
- Impaired loans expected to fluctuate up and down as the credit cycle progresses
- Actual loan losses expected to remain in an acceptable range
 - secured lending practices
 - demonstrated history of lower loss given default compared to the industry

Dividends Declared

- 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

Fiscal 2009 Performance Target Ranges



	2009 Target Ranges	2009 Performance
Net income growth ⁽¹⁾	2% - 5%	4%
Total revenue growth (teb)	5% - 8%	10%
Total loan growth	10%	7%
Provision for credit losses	0.15% - 0.18%	0.15%
Efficiency ratio (teb)	46% - 49%	48.2%
Return on common equity	14% - 16%	13.2% ⁽²⁾
Return on assets	0.90% - 1.05%	0.86% ⁽³⁾

⁽¹⁾ Net income, before preferred share dividends.

⁽²⁾ Return on common equity calculated as annualized year-to-date net income after preferred share dividends divided by average common shareholders' equity.

⁽³⁾ Return on assets calculated as annualized year-to-date net income after preferred share dividends divided by average total assets.

- Achieved or surpassed four of the seven performance targets - unprecedented market conditions and a recessionary environment impacted results much more than expected when target ranges were set in 2008
 - Profitability ratios further impacted by preferred shares
- Very strong other income, including \$25.2 million of gains on sale of securities, helped offset the significant revenue impact of a 20 basis decline in net interest margin (teb)

Fiscal 2010 Minimum Performance Targets



	2010 Minimum Targets
Net income growth ⁽¹⁾	12%
Total revenue growth (teb)	12%
Total loan growth	10%
Provision for credit losses	0.15% - 0.20%
Efficiency ratio (teb) ⁽²⁾	48.0%
Return on common equity ⁽³⁾	13.0%
Return on assets ⁽⁴⁾	0.90%

⁽¹⁾ Net income, before preferred share dividends.

⁽²⁾ Efficiency ratio (teb) is calculated as non-interest expenses divided by total revenues (teb) – a lower efficiency ratio represents better performance and the 2010 target is to achieve 48% or less.

⁽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.

- Improved market conditions and a more positive economic outlook expected compared to fiscal 2009 – elevated challenges expected from continued uncertainty regarding both the timing and the strength of an economic recovery
 - Western Canada well positioned to benefit once major global economies show a sustained period of growth
 - Expect double-digit loan growth while maintaining strong credit discipline
 - Positive outlook for net interest margin – expect lower gains on sale of securities compared to 2009.
 - Modest improvements expected in the efficiency ratio (teb) - continued investment in ongoing development initiatives (people, infrastructure, technology)



- Key goal to leverage the Bank's strong capital position (acquisitions)
 - Objective to achieve growth across all lending areas
 - Emphasis on residential mortgages (Optimum Mtg.) and equipment financing
 - Focus on diversification and growth of lower cost retail deposits
 - Strong potential for both Canadian Western Trust and Valiant Trust (ongoing market expansion, particularly in Ontario)
 - Further develop insurance distribution channels – expect continued growth
 - Look for opportunities to increase presence in wealth management services
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- An overall positive, albeit cautious, outlook
 - Expect to extend the Banks long history of strong financial performance





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 2010 and how it will affect CWB's businesses are material factors the Bank considers when setting its objectives. In setting minimum performance targets for fiscal 2010, management's expectations assume: moderate economic growth in Canada aided by positive relative performance in the four western provinces; stable or slightly higher energy and commodity prices; sound credit quality with actual losses remaining within the Bank's range of acceptable levels; modest inflationary pressures; and, an improved net interest margin resulting from lower deposit costs, a stable prime lending interest rates, favourable yields on both new lending facilities and renewal accounts and relatively stable investment returns reflecting high quality assets held in the securities portfolio, partially offset by a reduction in the level of gains on the sale of securities compared to fiscal 2009.

Q & A / Executive Management

