



CANADIAN WESTERN BANK GROUP

BANK • TRUST • INSURANCE • WEALTH MANAGEMENT

Larry Pollock, President & CEO

Scotia Capital Financials Summit 2009

September 16, 2009

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, 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.

Canadian Western Bank Group



 **CANADIAN WESTERN BANK**

Banking - 37 branches
Trust Services - 8 locations
Insurance - 2 service centres
Wealth Management – 1 location

85 consecutive profitable quarters, 21+ years

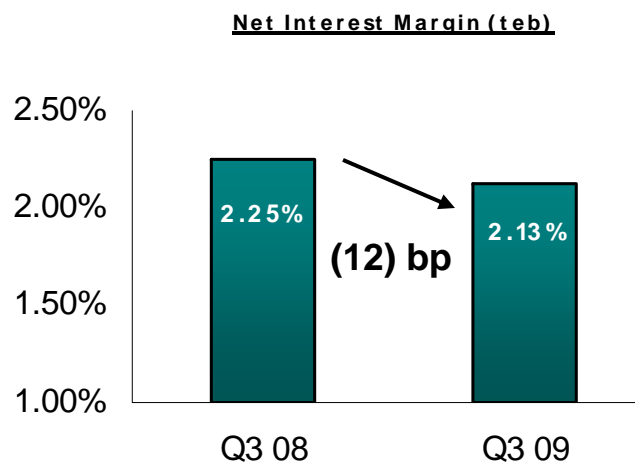
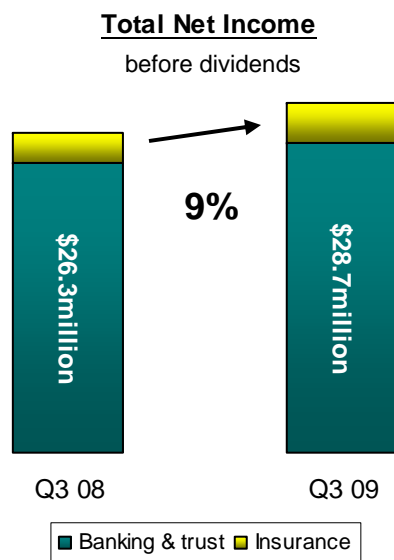


Quarterly Performance (segment)



(\$ thousands)	Q3 09	Q3 08	Change
Net income – Banking & trust	\$ 25,480	\$ 23,824	7 %
– Insurance	3,249	2,503	30
Diluted earnings per share ⁽¹⁾	0.38	0.41	(7)

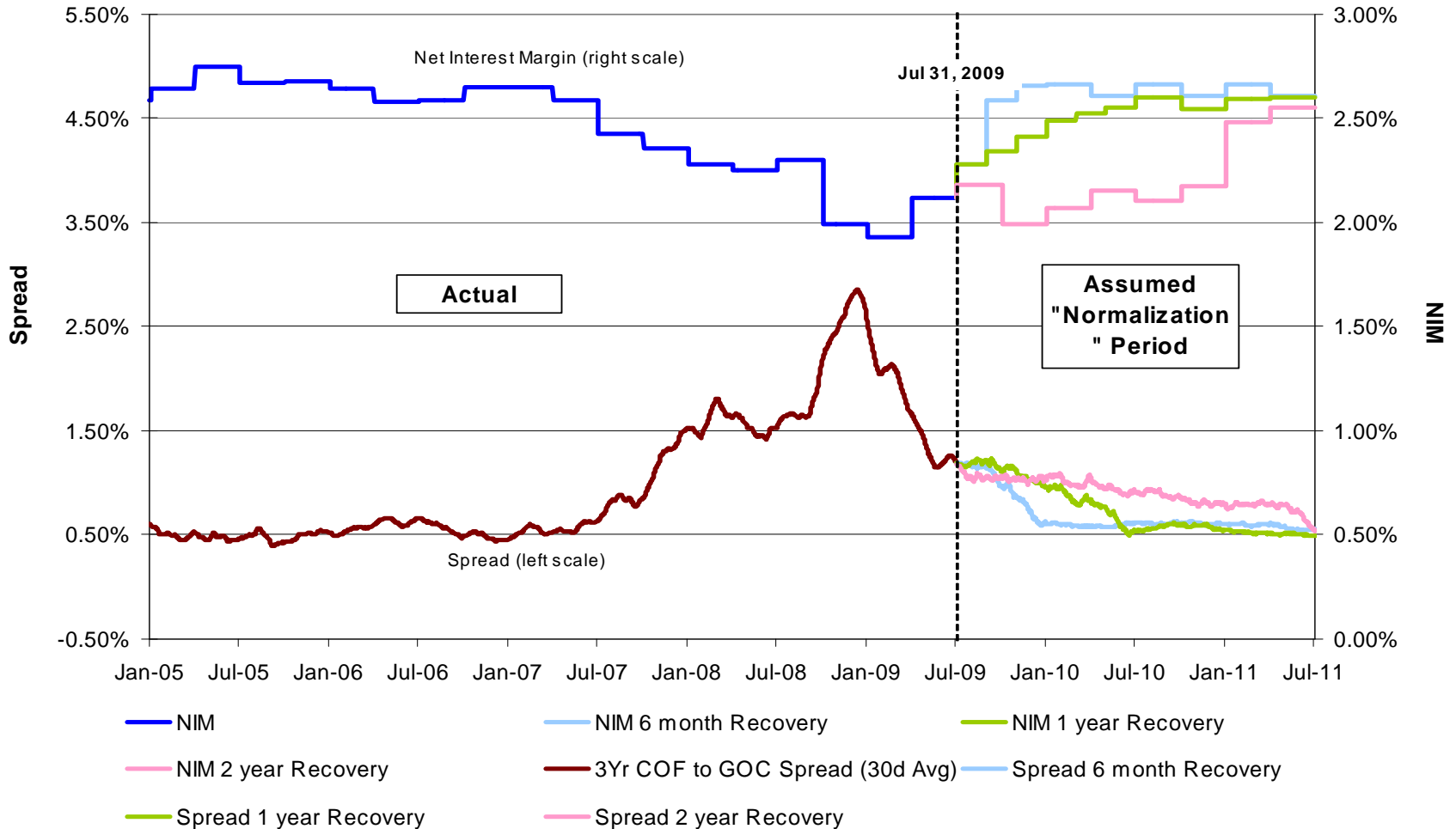
⁽¹⁾ Q3 09 diluted earnings per share includes the net impact of preferred shares issued in March 2009



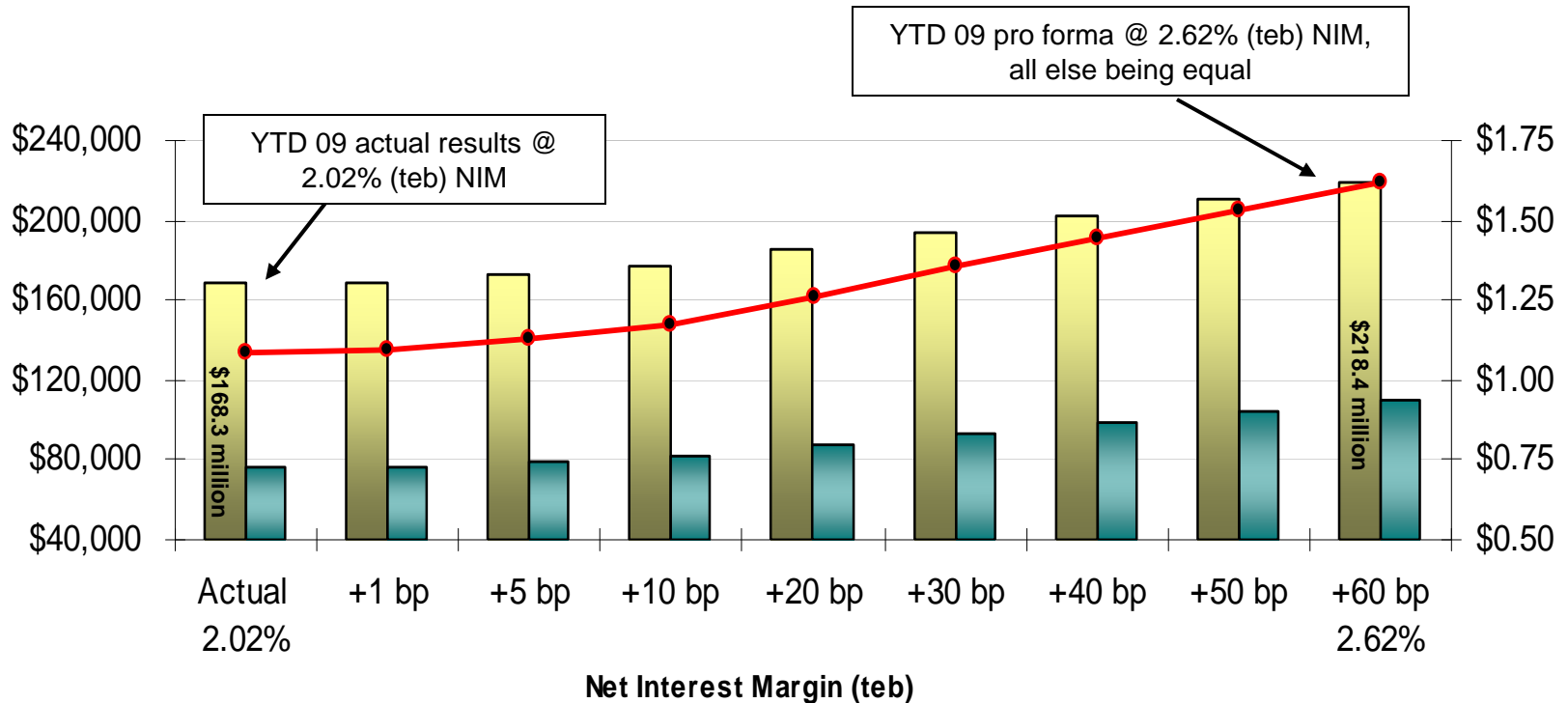
Financial Performance – Margin



Net Interest Margin (NIM) Vs. Cost of Funds (COF) spread to GOC 3-year bond



Financial Performance – Margin

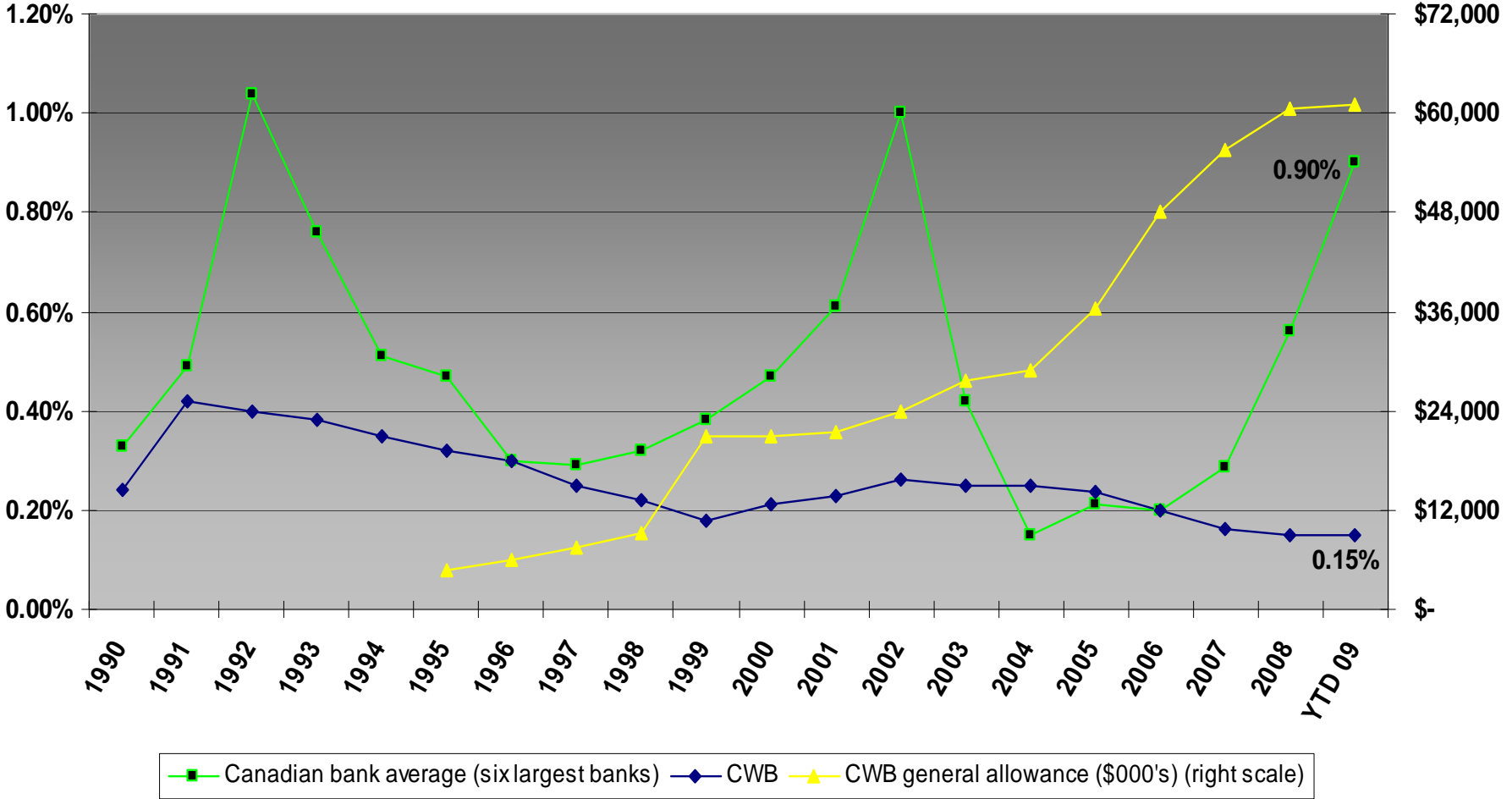


Net interest income (teb) (left scale)
 Net Income (left scale)
 Diluted EPS (right scale)

CWB 10-year average annual net interest margin (teb) of 2.59% (1999 - 2008)

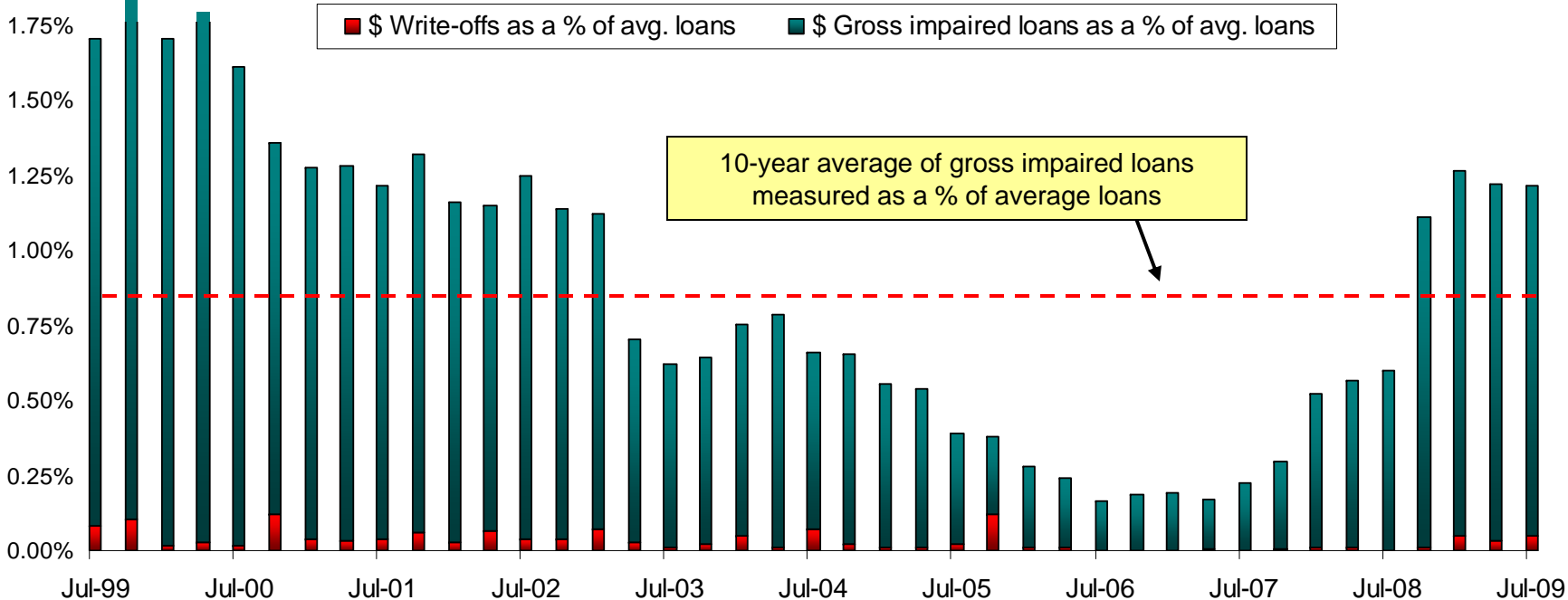
Financial Performance – Credit History

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



Financial Performance – Credit History

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



- Gross impaired loans measured against total loans represented 114 basis points at July 31, 2009, compared to the 10-year average (Nov 1/98 – Oct 31/08) of 83 basis points
- CWB 10-year average net new specific provisions for credit losses (1999-2008) were 13 bp of average loans

CWB Capital Structure



Regulatory capital structure (as at July 31, 2009)



	CWB (Basel II)	Canadian Bank Avg. (six largest banks)
Tangible common equity	7.9%	
Tier 1 capital	11.2%	11.5%
Total capital	15.4%	14.5%

- Completed offerings for a total of 8,390,000 preferred share units for gross proceeds of \$209.8 million
 - very strong capital position provides flexibility to pursue accretive growth opportunities and manage through current challenges

Performance Targets & Outlook



	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.

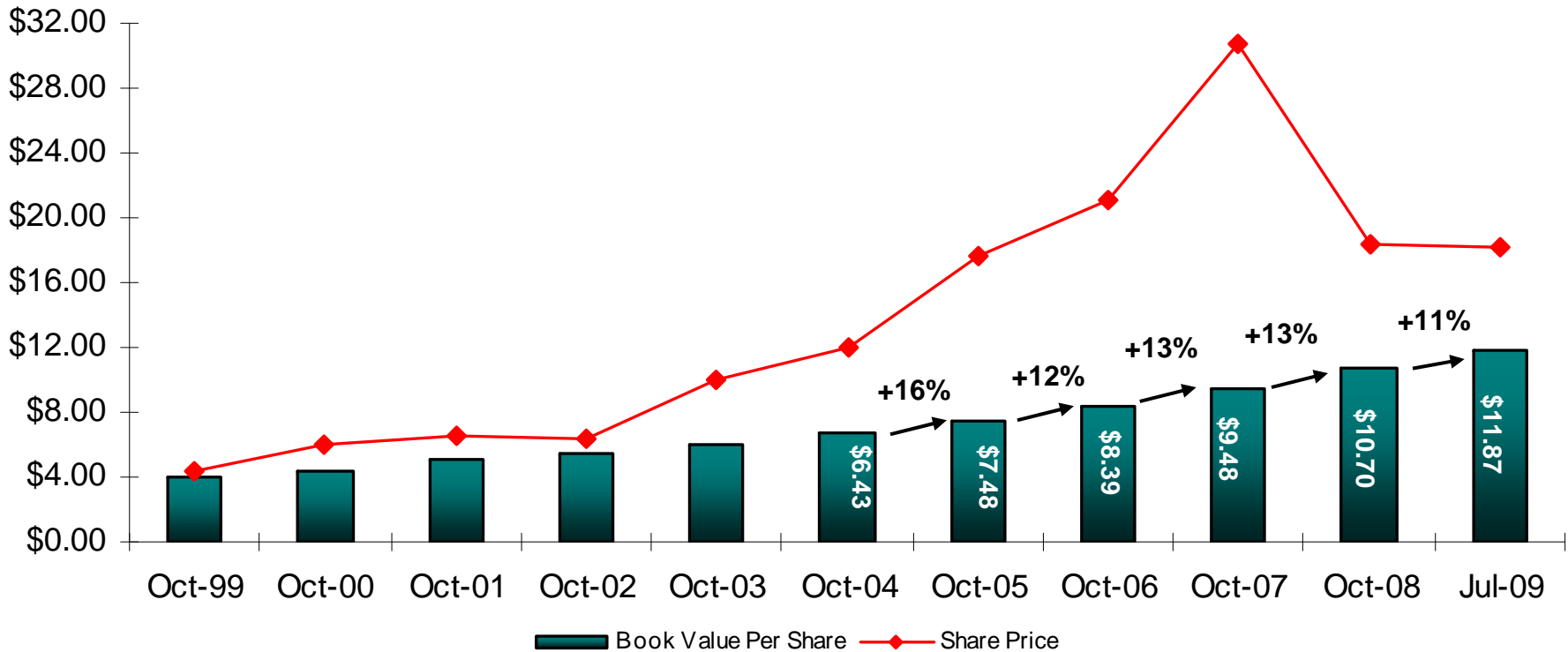
⁽⁴⁾ Return on assets calculated as annualized year-to-date net income after preferred share dividends divided by average total assets.

- Margin compression and spin-off effects from a recessionary economic environment impacted performance more than management anticipated when target ranges were established in 2008. Performance also reflects the net impact from preferred shares issued in March 2009

Shareholder Return



Historic valuation (share price and book value per share)



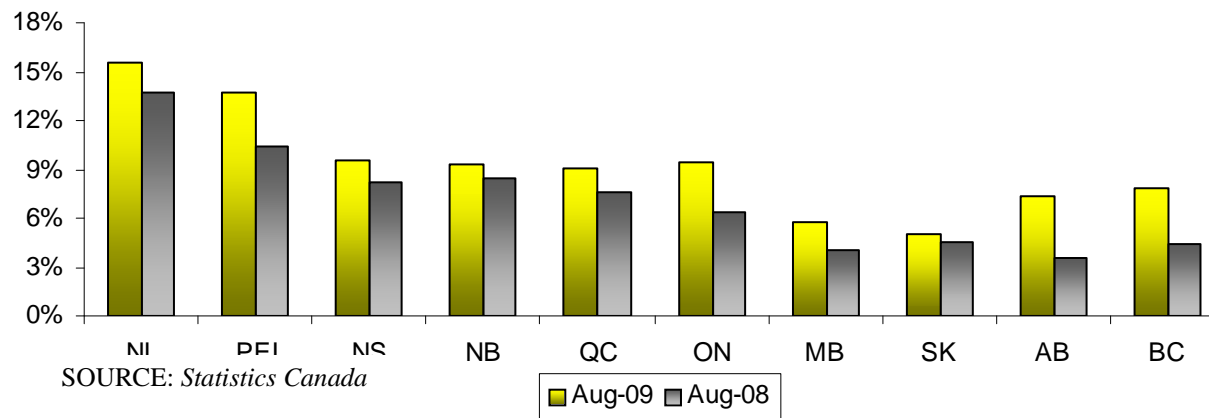
* Values adjusted to reflect 2 for 1 stock dividends paid in both January 2005 and January 2007

Economic Outlook – Western Canada



- Spin-off effects from a recessionary environment expected to persist
- Western Canada well positioned to manage ongoing economic challenges
 - historic provincial budget surpluses (fiscal flexibility)
 - low provincial debt levels (zero in Alberta)
 - decreased inflationary pressures (commodities, construction costs, etc.)
 - current favourable unemployment levels relative to the rest of Canada

Provincial Unemployment Rates (seasonally adjusted)



Strategic Priorities – Focus 2009/2010



- **Continue to improve net interest margin**
 - loan pricing
 - deposit mix
- **Maintain secured lending practices and disciplined credit underwriting**
 - actively manage impaired loans (executive level)
- **Ongoing investment to facilitate business growth and improved efficiency**
- **Expand sources of non-interest income**
- **Evaluate accretive acquisitions (loan portfolios and/or businesses)**
- **Develop retail deposit base (www.canadiandirectfinancial.com)**

Strategic Vision – Five Year Horizon



- **\$20 billion of high quality assets**
- **\$200 million net income after taxes**
- **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)**

Questions?



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