
Canadian Western Bank announces intent to issue \$200 million preferred share units

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Edmonton, February 5, 2009 - Canadian Western Bank (TSX: CWB)(the “Bank”) today announced that it has entered into an agreement with a group of underwriters led by Genuity Capital Markets to issue 2,600,000 Preferred Units (the “Public Offering Preferred Units”) on a bought deal basis for total proceeds of \$65 million. The Public Offering Preferred Units each consist of one Non-Cumulative 5-Year Rate Reset Preferred Share, Series 3 (the “Series 3 Preferred Shares”) in the capital of the Bank with an issue price of \$25.00 per share and 1.78 common share purchase warrants (each whole warrant a “Warrant”). Each Warrant will be exercisable at a price of \$14.00 to purchase one common share in the capital of the Bank for five years. The Bank has also granted the underwriters an option to purchase, on the same terms, up to an additional 390,000 Public Offering Preferred Units. This option is exercisable in whole or in part by the underwriters at any time up to 30 days following the closing of the offering. The maximum gross proceeds raised under the public offering would be \$74.75 million should this option be exercised in full.

The Bank has also received commitments from institutional investors, including Fairfax Financial Holdings Limited and certain pension fund clients of Alberta Investment Management Corporation, to purchase 5,400,000 Preferred Units (the “Private Placement Preferred Units”) by way of a private placement for total proceeds of \$135 million. The Private Placement Preferred Units will consist of one Series 3 Preferred Share and 1.7857 Warrants. The Warrants will have the same terms at those issued under the public offering.

The private and public offerings are subject to a number of conditions, including the concurrent closing of the other. The private placement is also subject to the approval of the Minister of Finance.

The Series 3 Preferred Shares yield 7.25% annually, payable quarterly, as and when declared by the Board of Directors of CWB for an initial period ending April 30, 2014. Thereafter, the dividend rate will reset every five years at a level of 500 basis points over the then five-year Government of Canada bond yield. Holders of Series 3 Preferred Shares will, subject to certain conditions, have the option to convert their shares to Non-Cumulative Floating Rate Preferred Shares, Series 4 (the “Series 4 Preferred Shares”) on April 30, 2014 and on April 30 every five years thereafter. Holders of the Series 4 Preferred Shares will be entitled to a floating quarterly dividend rate equal to the 90-day Canadian Treasury Bill Rate plus 500 basis points, as and when declared by the Board of Directors of CWB.

The Preferred Shares Series 3 and the Preferred Shares Series 4 are anticipated to qualify as Tier 1 capital for the Bank and the closing date will be subject to the timing of the approval from the Minister of Finance. CWB will make an application to list the warrants and the Series 3 Preferred Shares as of the closing date on the Toronto Stock Exchange. CWB's Tier 1 capital ratio was 8.9% and its total capital ratio was 13.5% as of October 31, 2008. On the assumption that \$200 million of preferred units are issued through these offerings, the pro forma Tier 1 and total capital ratios as of October 31, 2008 would be approximately 11.2% and 15.8%, respectively.

“We are very pleased to announce this agreement, as execution will significantly augment the Bank's already strong balance sheet and provides considerable flexibility to pursue accretive growth opportunities,” said Larry Pollock, CWB's President and CEO. “We would also like to recognize the premier institutions that participated in the private placement of this deal. We are extremely pleased they have joined our strong base of institutional investors and would like to extend our gratitude for their recognition of CWB's growth potential,” continued Mr. Pollock.

The Warrants, Series 3 Preferred Shares, Series 4 Preferred Shares and Common Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

First Quarter 2009 – Preliminary Results

The Bank's consolidated first quarter financial results will be released on March 5, 2009. Given preliminary indications, management expects financial performance for the first quarter ended January 31, 2009 will be generally consistent with the Bank's fiscal 2009 performance target ranges published in December 2008. Management also expects to be in line with analysts' consensus earnings estimate for the first quarter of \$0.39 per diluted common share. Revenue growth continues to be constrained by a significantly lower net interest margin resulting from consecutive reductions in the prime lending interest rate and elevated deposit costs related to ongoing market disruptions. Gross impaired loans at January 31, 2009 were within the historic range of acceptable levels at 1.2% of total loans, or approximately \$110 million, compared to 1.1%, or approximately \$92 million at October 31, 2008. While the economic environment presents challenges, overall credit quality through the first quarter continued to support management's target provisions for credit losses in the published range of 15 to 18 basis points of average loans.

About Canadian Western Bank

Canadian Western Bank offers highly personalized service through 36 branch locations and is the largest publicly traded Schedule I chartered bank headquartered in Western Canada. The Bank, with total balance sheet assets of more than \$10.5 billion, assets under administration of over \$4.0 billion and assets under management approaching \$1.0 billion, specializes in mid-market commercial lending and offers a full range of retail banking services. Trust services to independent financial advisors, corporations, income trusts and individuals are provided through the Bank's subsidiaries, Canadian Western Trust Company and Valiant Trust Company. Canadian Direct Insurance Incorporated is a subsidiary providing personal auto and home insurance to customers in BC and Alberta. Subsidiary Adroit Investment Management Ltd. provides wealth management services to individuals, corporations and institutional clients. The common shares of Canadian Western Bank are listed on the Toronto Stock Exchange under the trading symbol 'CWB'. Refer to www.cwbankgroup.com for additional information.

Caution Regarding 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. The forward-looking statements contained in this document include expectations regarding the Bank's fiscal 2009 financial targets and provisions for credit losses and are presented to assist shareholders and other relevant parties with their understanding of the Bank's financial position as at the date of this release, and may not be appropriate for other purposes. 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 assume prolonged economic uncertainty that includes 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.

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