



**CANADIAN WESTERN BANK GROUP**

BANK • TRUST • INSURANCE • WEALTH MANAGEMENT

**First Quarter  
Conference Call**

March 4, 2010

[www.cwbankgroup.com](http://www.cwbankgroup.com)



## **1. First Quarter Review**

Tracey Ball, Executive Vice President & CFO

## **2. Outlook & Strategy**

Larry Pollock, President & CEO

## **3. Questions & Answers**

# First Quarter Highlights



## Exceptional first quarter financial performance (Q1 10 compared to Q1 09)

- Record net income of \$40.0 million, up 56%
- Record total revenues (teb) of \$100.7 million, up 31%
- Record diluted earnings per common share of \$0.52, up 30%
  - includes the impact of preferred units issued in Q2 09
- Recovery of net interest margin (teb) to 2.56%
  - represents a return to more normal historical levels
  - recovery came earlier in the year than management anticipated
  - further meaningful improvement unlikely without a material increase in prime rate
- Very strong other income
  - record contribution from Canadian Direct Insurance
  - high level of realized gains on sale of securities

**87 consecutive  
profitable quarters**



## **Announced acquisition of National Leasing Group Inc. (National Leasing)**



- Completed on February 1, 2010
- Established presence across Canada with more than 50,000 customers
- Premier equipment leasing company for small and mid-sized transactions
- Will be reported as part of the banking and trust segment for Q2 10

## **Strong capital position**

- Tier 1 ratio of 11.6%; total capital ratio of 15.1%
- 30 basis point increase in the Tier 1 ratio compared to Q4 09 (earnings retention)

## **Moderated lending Activity**

- Modest quarterly loan growth; total loans up 3% over Q1 09
- Challenging economic environment
- Expected and unexpected paybacks (particularly in real estate construction and equipment financing portfolios)

## **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 2010 Minimum Performance Targets



	<b>2010 Minimum Target</b>	<b>2010 Year-to-date Performance <sup>(1)</sup></b>
<b>Net income growth <sup>(2)</sup></b>	<b>12%</b>	<b>56%</b>
<b>Total revenue growth (teb)</b>	<b>12%</b>	<b>31%</b>
<b>Total loan growth</b>	<b>10%</b>	<b>3%</b>
<b>Provision for credit losses</b>	<b>0.15% - 0.20%</b>	<b>0.16%</b>
<b>Efficiency ratio (teb)</b>	<b>48%</b>	<b>40.0%</b>
<b>Return on equity <sup>(3)</sup></b>	<b>13%</b>	<b>18.0%</b>
<b>Return on assets <sup>(4)</sup></b>	<b>0.90%</b>	<b>1.25%</b>

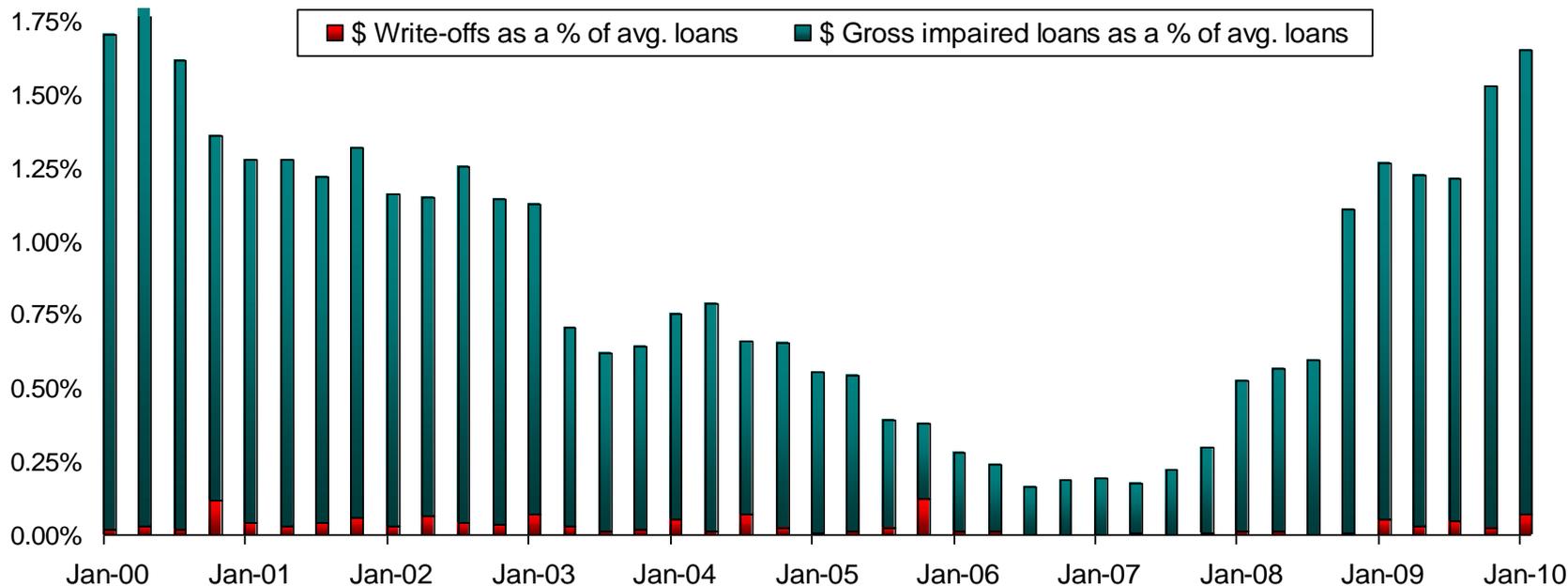
(1) 2010 year-to-date performance for earnings and revenue growth is the current year results over the same period in the prior year, loan growth is the increase over the past twelve months, and performance for ratio targets is the current year-to-date results annualized. (2) Net income, before preferred share dividends. (3) Return on common equity calculated as annualized net income after preferred share dividends divided by average common shareholders' equity. (4) Return on assets calculated as annualized net income after preferred share dividends divided by average total assets.

- Positioned early in the year to surpass all minimum performance targets, except for loan growth, by a considerable margin
  - will be challenging to maintain exceptional first quarter results for the balance of the year, particularly the continued high level of gains on sale of securities
- Double-digit loan growth for fiscal 2010 is still an achievable target, but will be a challenge without a sustained economic recovery
  - including National Leasing, pro forma consolidated loan growth at Q1 10 was ~7%

# Outlook – Financial Performance



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



- Credit quality within expectations for the current operating environment
  - bulk of net new specific provisions attributed to one account
  - level of impaired loans will continue to fluctuate through the bottom of the credit cycle
  - actual losses expected to remain at acceptable levels
- Level of the general allowance for credit losses is deemed sufficient in view of current expectations for credit quality and the secured nature of the loan portfolio



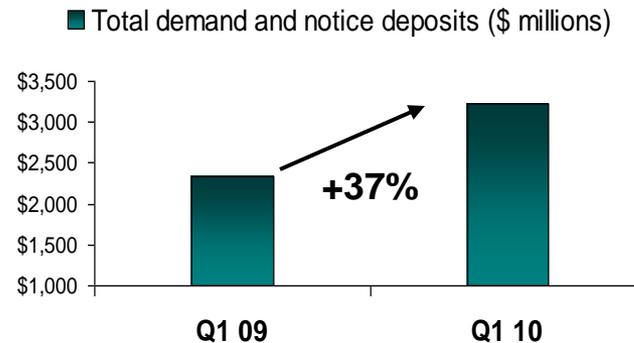
## Objective to grow across all lending areas

- Work closely with clients to ensure a fair and profitable return
- Enhance business development initiatives
- Expand market presence and stimulate growth in certain market segments

## Ongoing development of subsidiaries

- Insurance
- Trust services
- Wealth management

## Focus on diversification and growth of lower cost retail deposits



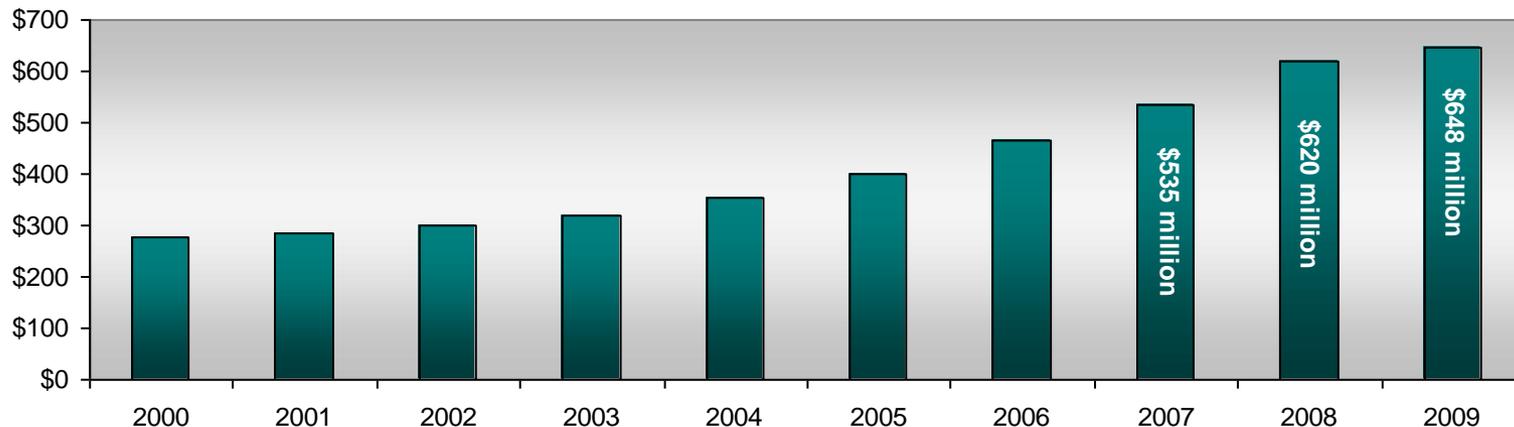


## Strategic acquisition completed February 1, 2010

- Very strong management and almost 300 employees (client and growth focused)
- Great organizational culture
- Strong source of diversification (geographic, industry, equipment type)
- Complements existing banking/lending operations
  - significant synergies expected (funding, growth, culture, technology, etc.)
- Generates much higher margins compared to CWB's core banking business; partially offset by increased provisions for credit losses

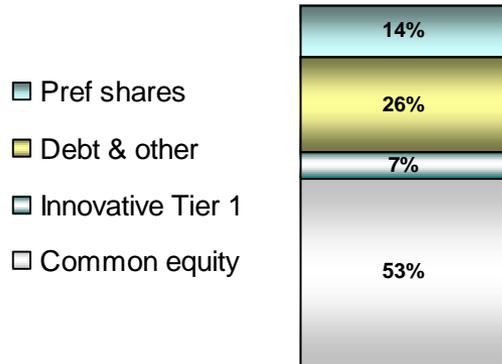


Total Leases Under Management (\$ millions)



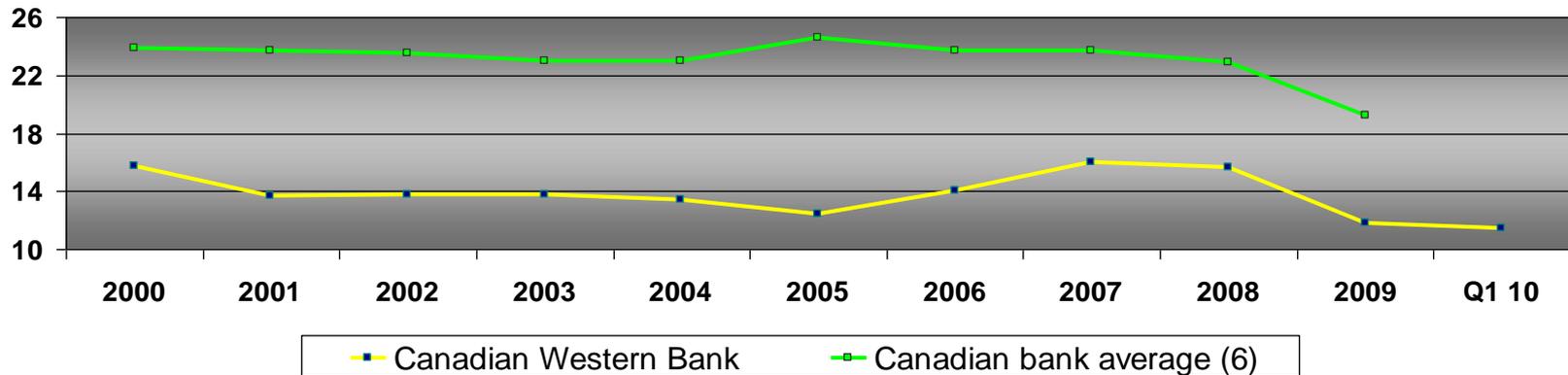


## Capital strength



Tangible common equity	8.4%
Tier 1 capital	11.6%
Total capital	15.1%

## Low leverage (assets to equity)





## 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 rate, 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

