



CANADIAN
WESTERN BANK
GROUP

BANK • TRUST • INSURANCE • WEALTH MANAGEMENT

Third Quarter Results Conference Call August 30, 2012

www.cwbankgroup.com



Agenda

Third Quarter Financial Highlights

Tracey Ball, Executive VP & CFO

- **Review of Third Quarter Results**
- **Fiscal 2012 Performance Targets**
- **Regulatory Capital**
- **Net Interest Margin**



Outlook & Strategies

Larry Pollock, President & CEO

- **Credit**
- **Strategic Priorities and Outlook**



Questions and Answers

Performance Highlights

97 consecutive profitable quarters (over 24 years)

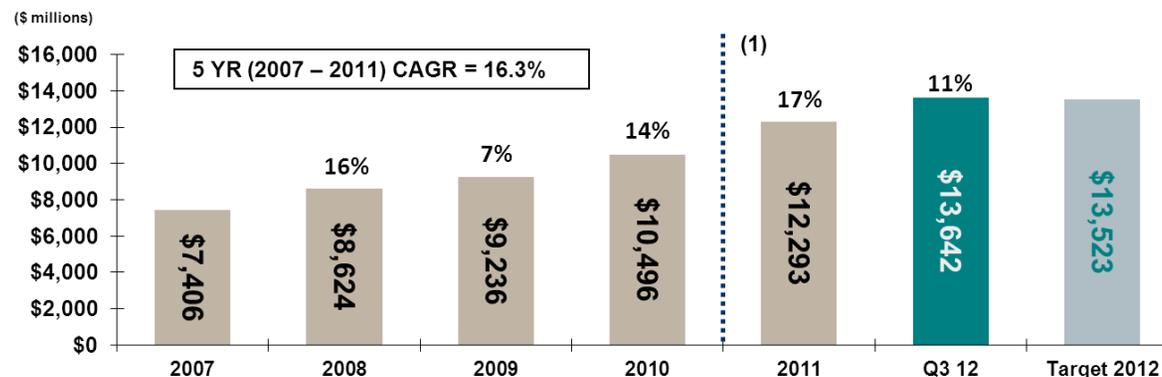
Loan growth of 3% in the quarter, 11% year-to-date and 13% over the past twelve months

- Total assets surpassed the \$16 billion milestone

Financial results – (Q3 12 compared to Q3 11)

- Record net income available to common shareholders of \$48.0 million, up 24% (\$9.2 million)
 - Diluted earnings per common share of \$0.61, up 22%
 - Adjusted cash earning per common share of \$0.63, up 17%
- Record quarterly total revenues (teb) of \$138.2 million, up 13% (\$15.4 million)
 - Benefit of very strong growth in loans and other income partially offset by a 14 basis point reduction in net interest margin
- Other income of \$22.9 million, up 28% (\$5.1 million)
 - Q3 12 elimination of contingent consideration related the 2010 acquisition of National Leasing
 - \$1.9 million gain on the sale of a \$50 million residential mortgage portfolio within Optimum Mortgage

Total Loan Growth



(1) As of Q1 2011, CWB's financial results are reported under International Financial Reporting Standards (IFRS)

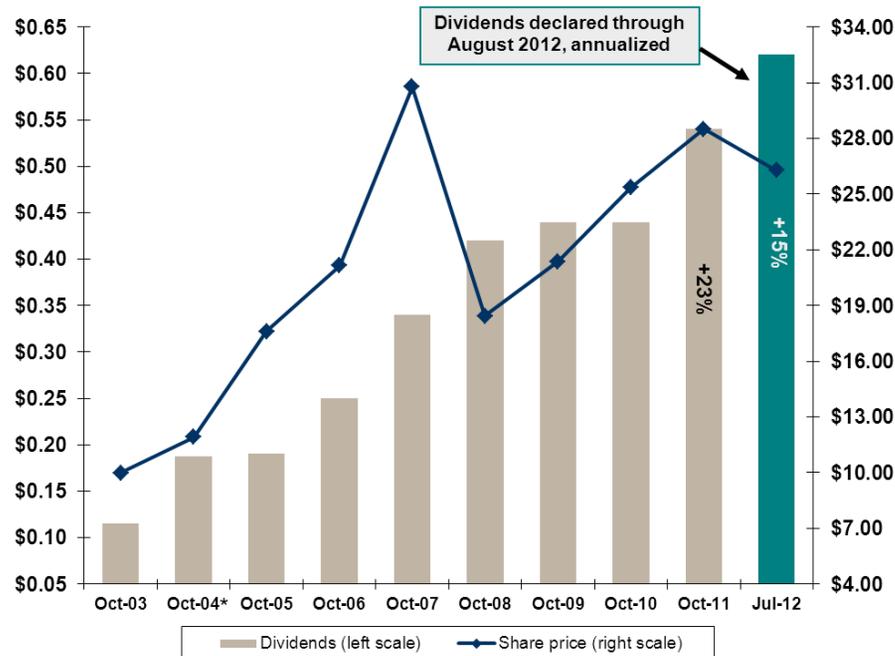
Performance Highlights (continued)

Financial results – (Q3 12 compared to Q2 12)

- Net income available to common shareholders up 21% (\$8.3 million)
 - Positive revenue impact of a slightly improved net interest margin, two additional revenue earning days, ongoing loan growth and very strong other income

Dividends declared

- Quarterly dividend declared of \$0.16 per common share, unchanged from the previous quarter and up 14% from the quarterly dividend declared a year earlier
- Quarterly dividend declared for Series 3 preferred shares



Dividend Payout Ratios**:

Fiscal 2009:	~29%
Fiscal 2010:	~19%
Fiscal 2011:	~24%
Target payout range:	25 – 30%

* Dividends paid in 2004 appear unusually high as they included the last semi-annual dividend and three quarterly dividends

** Dividend payout ratios represent common share dividends (including shares issued under CWB's dividend reinvestment plan (DRIP)) measured as a percentage of net income available to common shareholders

2012 Minimum Performance Targets (IFRS)

	2012 Minimum Targets	2012 Year-to-date Performance
Net income available to common shareholders growth ⁽¹⁾	10%	14%
Total revenue (teb) growth ⁽¹⁾	7%	8%
Loan growth ⁽²⁾	10%	13%
Provision for credit losses as a percentage of average loans ⁽³⁾	0.20% – 0.25%	0.20%
Efficiency ratio (teb) ⁽⁴⁾	46%	44.2%
Return on common shareholders' equity ⁽⁵⁾	15%	15.4%
Return on assets ⁽⁶⁾	1.05%	1.10%

(1) Year-to-date performance for earnings and revenue growth is the current year results over the same period in the prior year. (2) Loan growth is the increase over the past twelve months. (3) Year-to-date provision for credit losses, annualized, divided by average total loans. (4) Efficiency ratio (teb) calculated as non-interest expenses divided by total revenues (teb), excluding the non-tax deductible change in fair value of contingent consideration. (5) Return on common shareholders' equity calculated as annualized net income available to common shareholders divided by average common shareholders' equity. (6) Return on assets calculated as annualized net income available to common shareholders divided by average total assets.

Well positioned to meet or surpass all 2012 minimum performance targets

The achievement of double-digit loan growth in 22 of the past 23 years – the volume in the pipeline for new loans remains encouraging

Minimum performance targets for 2013 to be published in December 2012 with the release fourth quarter and fiscal year results

Regulatory Capital

Regulatory Capital Structure

	Q3 12 (Basel II) Actual	Regulatory Minimum	Q3 12 (Basel III) Pro Forma	Regulatory Minimum
Tangible common equity / CET1	8.7 %	—	8.0 %	7.0 %
Tier 1 capital	10.5	7.0 %	9.6	8.5
Total capital	13.7	10.0	12.8	10.5

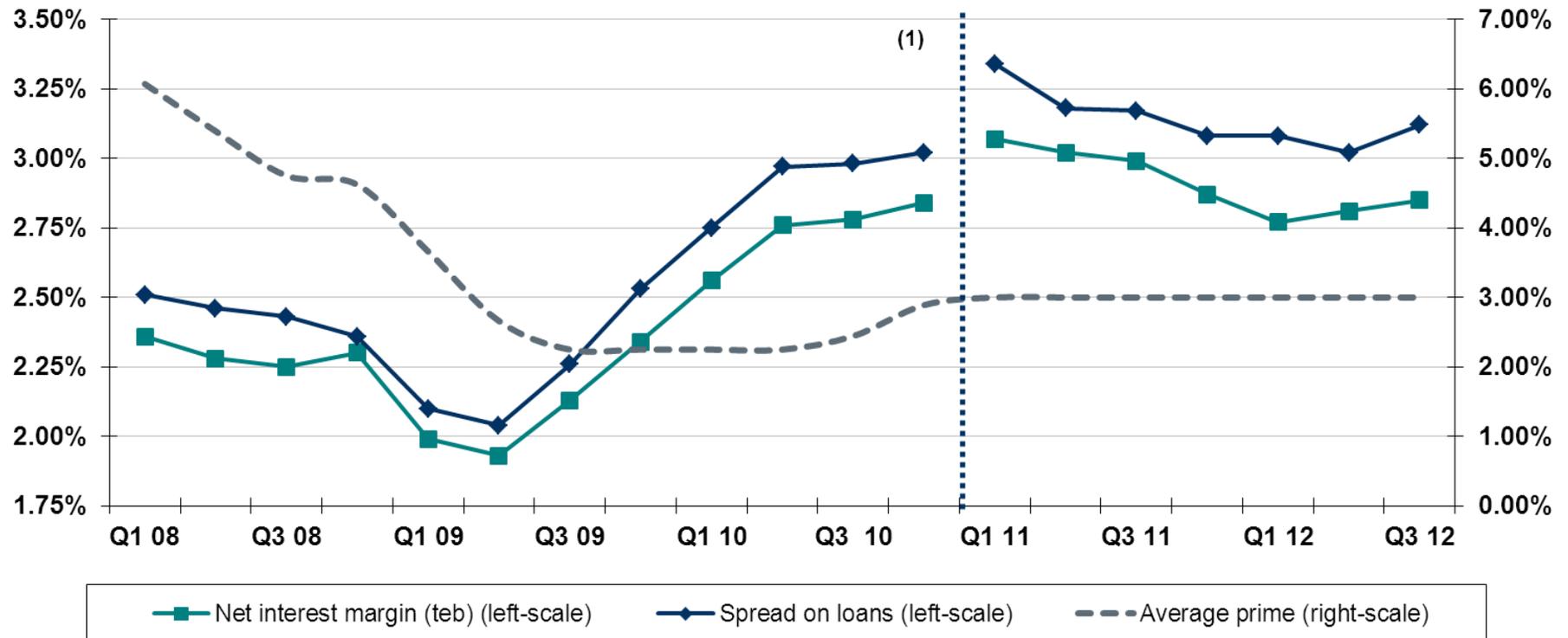
(1) Pro forma application of the proposed 2019 Basel III standards to the Bank's financial position at April 30, 2012, including the \$63.5 million of CWB common equity issued in May 2012 to settle the National Leasing contingent consideration

Solid Basel II capital ratios are well above both regulatory minimums and internal targets

All-in Basel III capital ratios also above regulatory minimums - well positioned for the transition to Basel III capital rules effective January 1, 2013

Net Interest Margin

Net Interest Margin (teb) and Spread on Loans



(1) As of Q1 2011, CWB's financial results are reported under International Financial Reporting Standards (IFRS)

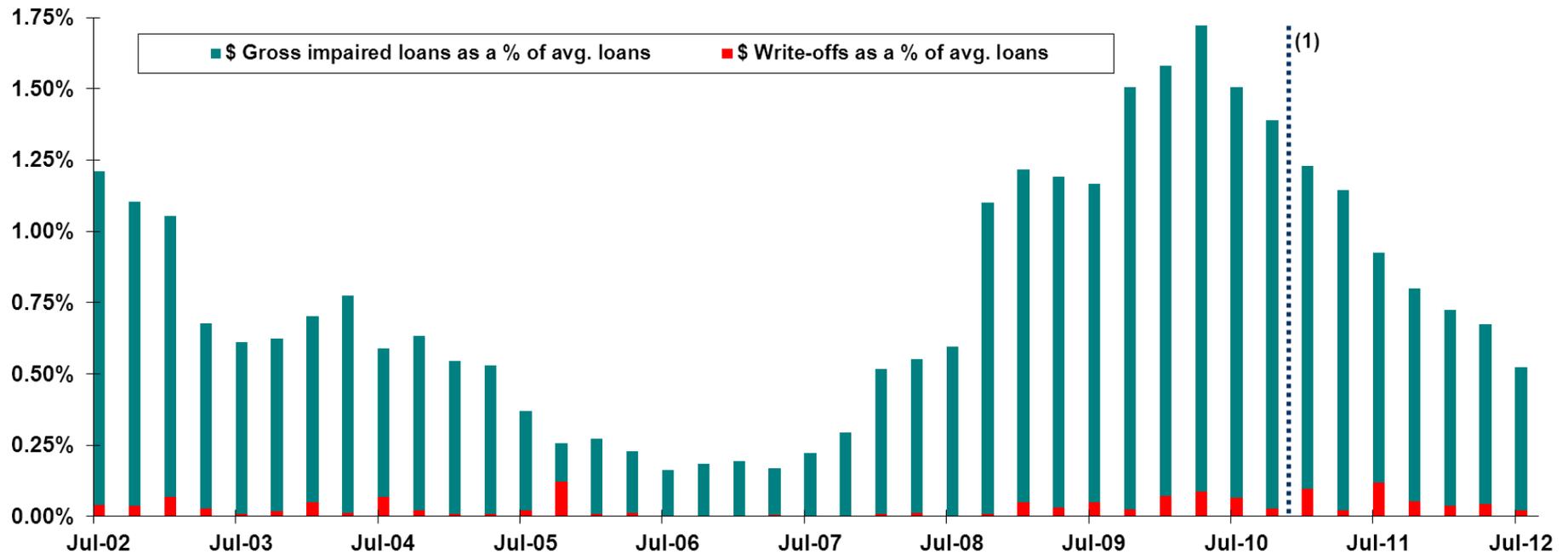
Net interest margin (teb) up four basis points compared to Q2 12; down 14 basis points from Q3 11; down 22 basis points YTD compared to the same period in 2011

Continued pressure on net interest margin mainly attributed to the combined impact of very low interest rates (including a flat yield curve) and competitive factors

- Near-term improvement in net interest margin (teb) over the 2.81% achieved YTD is unlikely

Credit Performance (IFRS)

Gross Impaired Loans & Write-offs (as a percentage of average loans)



(1) As of Q1 2011 CWB's financial results are reported under International Financial Reporting Standards (IFRS)

Improved credit quality as evidenced by nine consecutive quarters of declining gross impaired loans

- Collective allowance exceeded the total balance of impaired loans, net of specific

Outlook for consolidated loan growth and credit quality remains encouraging

Strategic Priorities and Outlook

Do what we do,
only better.

Make the whole
worth more
than the sum of the parts.

Ongoing investment in people, infrastructure and technology

- Build on competitive advantages to improve client services and increase market share
- Effectively control costs while ensuring CWB Group is positioned to deliver sustained, long-term growth

Maintain solid capital position

- Capital ratios using the Standardized approach for calculating risk-weighted assets are not directly comparable to peers that use an Advanced Internal Ratings Based (AIRB) approach - internal analysis confirms CWB's eventual transition to AIRB is a multi-year process

Economic outlook for 2012 and beyond remains positive despite an increased level of caution

- Continue to monitor global economic headwinds and evaluate liquidity strategies to ensure the Banks remains well positioned

Positive outlook for all affiliate companies and operating divisions

- Objective to increase leadership position in small- and mid-ticket leasing

Well positioned to continue building CWB Group's long history of success

- Evaluate the potential for strategic acquisitions that may become available

Forward-looking Statements

From time to time, Canadian Western Bank (CWB or 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 2012 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 2012, management's assumptions included: modest economic growth in Canada aided by positive relative performance in the four western provinces; relatively stable energy and other commodity prices; sound credit quality with actual losses remaining within the Bank's historical range of acceptable levels; and, a lower net interest margin attributed to expectations for a prolonged period of very low interest rates due to uncertainties about the strength of global economic recovery and potential adverse effects from ongoing developments in the euro zone. Management's assumptions at the end of the third quarter remained relatively unchanged compared to those at the 2011 fiscal year end. Potential risks that would have a material adverse impact on the Bank's economic expectations and forecasts include a global economic recession spurred by unfavourable developments in the euro zone, a recession in the United States, a meaningful slowdown in China's economic growth, or a significant and sustained deterioration in Canadian residential real estate prices. The potential of these risks materially impacting CWB's 2012 fiscal year performance becomes less likely as the year end approaches.

CGAAP – Canadian Generally Accepted Accounting Principles

IFRS – International Financial Reporting Standards

CWB Group – Corporate Structure



Larry Pollock
President & CEO
(22+ years with
CWB Group)



Chris Fowler, COO (22+ years with CWB Group)

- Credit Risk
- Operating Divisions – Banking
- Optimum Mortgage
- Canadian Western Financial



Tracey Ball, Executive VP & CFO (25+ years with CWB Group)

- Finance and Tax
- Investor Relations
- Legal
- Regulatory Compliance



Bill Addington, Executive VP (26+ years with CWB Group)

- Mergers and Acquisitions
- Corporate Initiatives
- Corporate Lending
- Adroit Investment Management Ltd.



Randy Garvey, Executive VP (7+ years with CWB Group)

- Treasury
- Information Services
- Operations
- Human resources
- Marketing & Product Development
- Internal Audit
- Corporate Administration



Brian Young, Executive VP and President & CEO, Canadian Direct Insurance

- Canadian Direct Insurance Incorporated
- Canadian Western Trust Company
- Valiant Trust Company



Nick Logan, President & CEO, National Leasing

- National Leasing Group Inc.