



CANADIAN  
WESTERN BANK  
GROUP

BANK • TRUST • INSURANCE • WEALTH MANAGEMENT

# Corporate Presentation

## First Quarter 2012



## Forward-looking Statement

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.

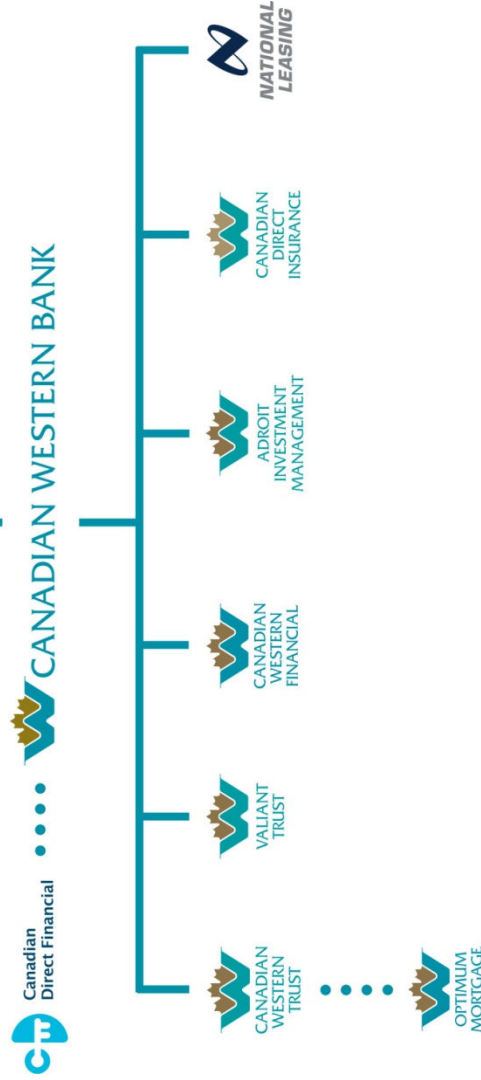
These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause the Bank's actual results to differ materially from the expectations expressed in such forward looking statements. 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 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 the European debt crisis. Management's assumptions at the end of the first quarter remained relatively unchanged compared to those at the 2011 fiscal year end. Major risks that would have a material adverse impact on the Bank's economic expectations include a global economic recession spurred by the European debt crisis, a prolonged recession in the U.S., or a meaningful slowdown in China's economic growth.

**CGAAP** – Canadian Generally Accepted Accounting Principles

**IFRS** – International Financial Reporting Standards

# Canadian Western Bank Group



## Lines of Business

- Business banking
- Personal banking
- Commercial equipment leasing
- Alternative mortgage lending
- Corporate trust
- Personal trust
- Wealth management
- Auto and home insurance

**Bank** – 40 branches (+ equipment leasing)  
**Trust** – 8 locations  
**Insurance** – 2 service centres  
**Wealth management** – 1 location

### January 31, 2012

Total assets: ~\$15.5 billion  
 Market capitalization (TSX: CWB): ~\$2.0 billion  
 95 consecutive profitable quarters

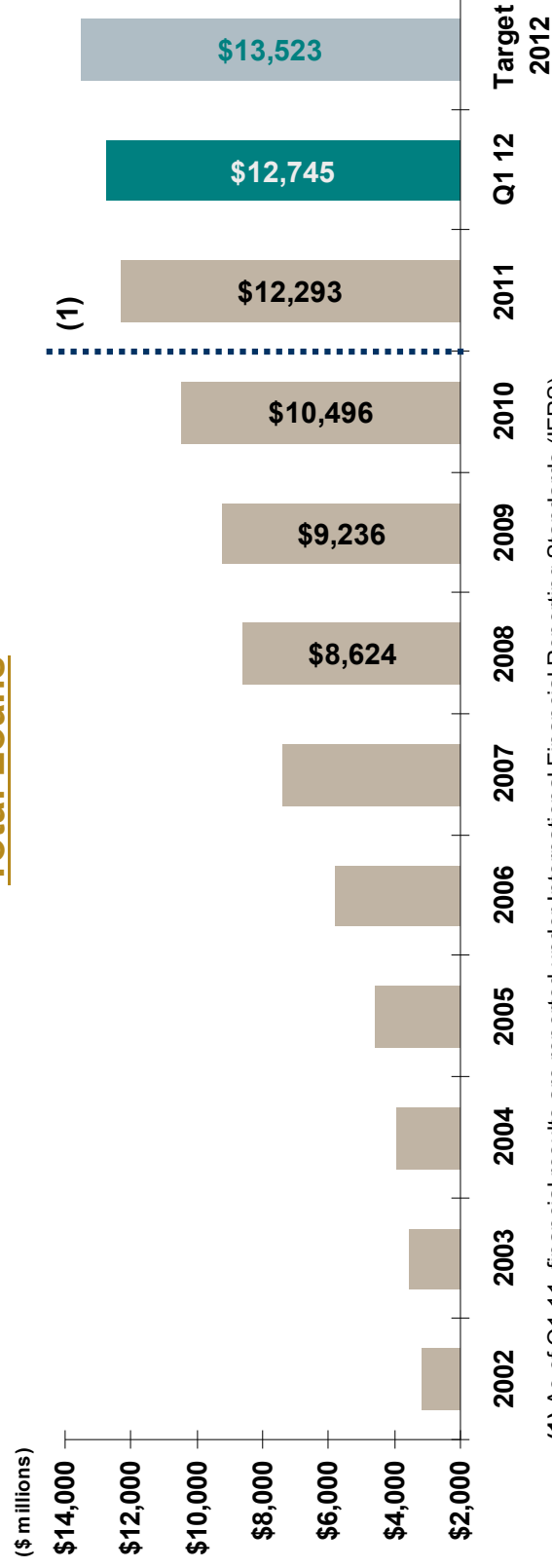


# Financial Performance – History (CGAAP)

## Historical Growth (five-year increments)

YEAR	TOTAL ASSETS (\$ millions)	% ASSET GROWTH	NET INCOME BEFORE TAXES (\$ thousands)	% NET INCOME GROWTH BEFORE TAXES	NET INCOME AFTER TAXES (\$ thousands)
1991	\$486		\$1,309		\$1,233
1996	\$1,754	261%	\$13,953	966%	\$12,822
2001	\$3,440	96%	\$46,582	234%	\$30,145
2006	\$7,268	111%	\$105,443	126%	\$72,007
2011	\$14,772	103%	\$235,325	123%	\$178,149

## Total Loans



# Strategic Priorities – Focus 2012

Do what we do,  
only better.

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

➤ **Build on existing competitive strengths**

- client-focused; business banking; niche lending areas

➤ **Maintain disciplined underwriting and secured lending practices**

➤ **Optimize capital position and evaluate available deployment opportunities**

➤ **Invest in people/infrastructure/technology to support growth and improve efficiency**

- Ongoing expansion of branch network
- Enhance and diversify base of core retail deposits

➤ **Increase total revenues by building on cross-partnership opportunities between CWB Group companies/divisions (offer more products to existing clients)**

➤ **Support the development and growth of complementary business lines to increase non-interest (fee-based) income and further diversify sources of net interest income**

- Equipment financing and leasing
  - Alternative mortgages
  - Trust services
  - Insurance
  - Wealth management
- Strong returns and high growth potential

# Performance Objectives 2013 (CGAAP)

## Five-year Targets (established at the beginning of fiscal 2009)

▲ **Surpass \$200 million of net income**

▲ **Achieve 30% earnings contribution from non-interest sources**

▲ **Double income contributions from all CWB operating affiliates**

▲ **Enhance personal banking franchise (grow core deposits and branch network)**

▲ **Increase industry and geographic diversification (specific business units)**

**On-track to meet or beat target**

**Achievement of target will be difficult**

# 2012 Minimum Performance Targets (IFRS)

	2012 Minimum Target – IFRS	2012 Year-to-date Performance
Net income available to common shareholders growth <sup>(1)</sup>	10%	10%
Total revenue growth (teb) <sup>(1)</sup>	7%	4%
Loan growth <sup>(2)</sup>	10%	15%
Provision for credit losses <sup>(3)</sup>	0.20% – 0.25%	0.20%
Efficiency ratio (teb) <sup>(4)</sup>	46%	43.7%
Return on common equity <sup>(5)</sup>	15%	15.5%
Return on assets <sup>(6)</sup>	1.05%	1.07%

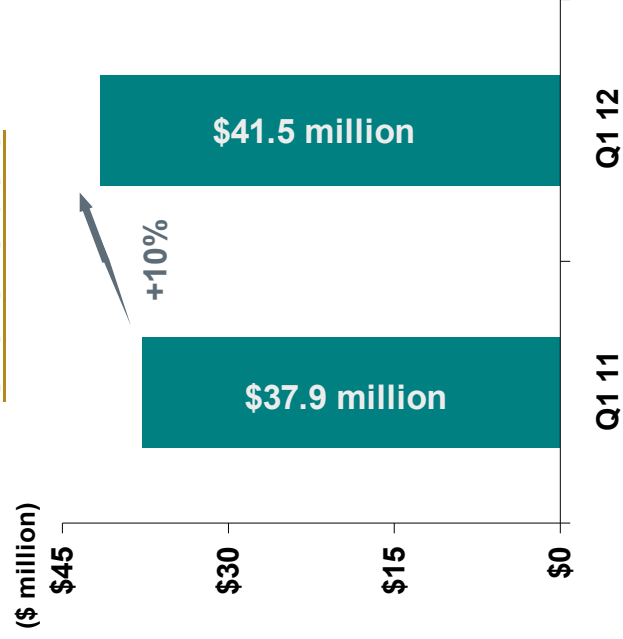
(1) Year-to-date performance for earnings and revenue growth is the current year results over the same period in the prior year. (2) Loan growth is the increase over the past twelve months. (3) Year-to-date provision for credit losses, annualized, divided by average total loans. (4) Efficiency ratio (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 early in the year to meet or surpass all 2012 minimum performance targets

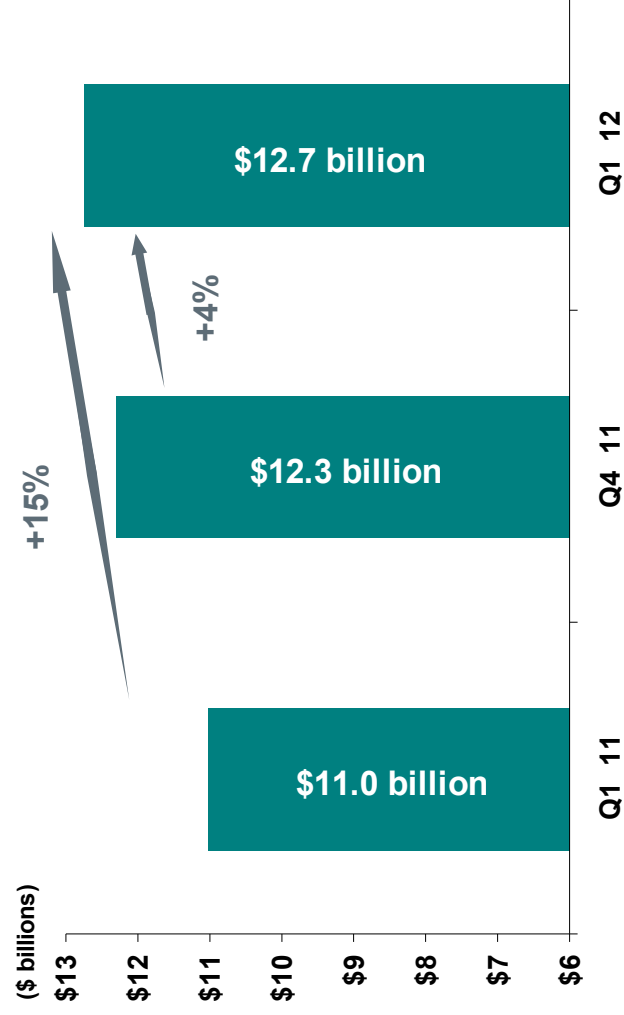
# Financial Performance – Q1 12 (IFRS)

	Q1 12	Q1 11	Change
<i>(\$ thousands)</i>			
Net income available to common shareholders	\$ 41,478	\$ 37,852	10 %
Diluted earnings per share	0.54	0.50	8
Adjusted cash earnings per share	0.57	0.55	4

## Net Income Available to Common Shareholders



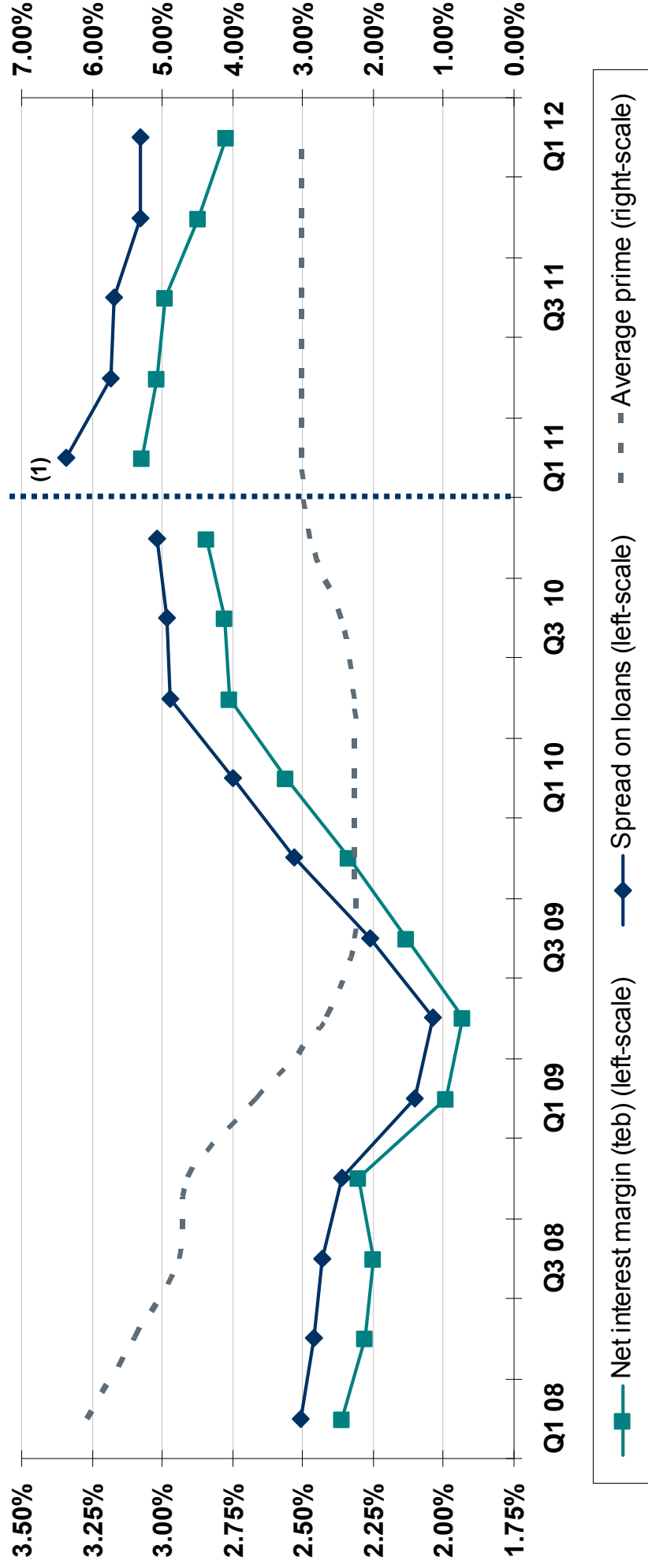
## Total Loans





# Financial Performance – Margin

## Net Interest Margin (teb) and Spread on Loans

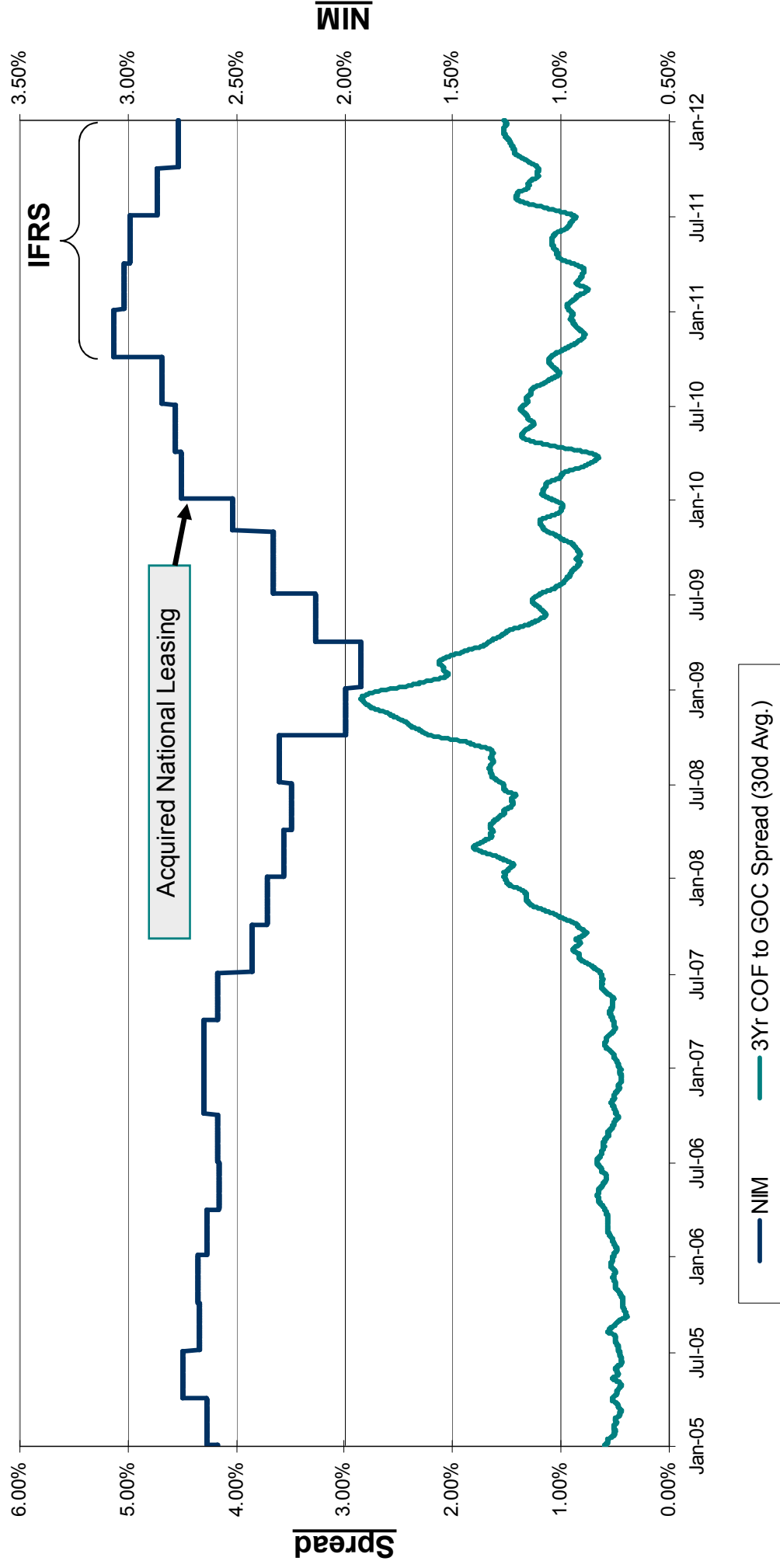


(1) As of Q1 11, financial results are reported under International Financial Reporting Standards (IFRS)

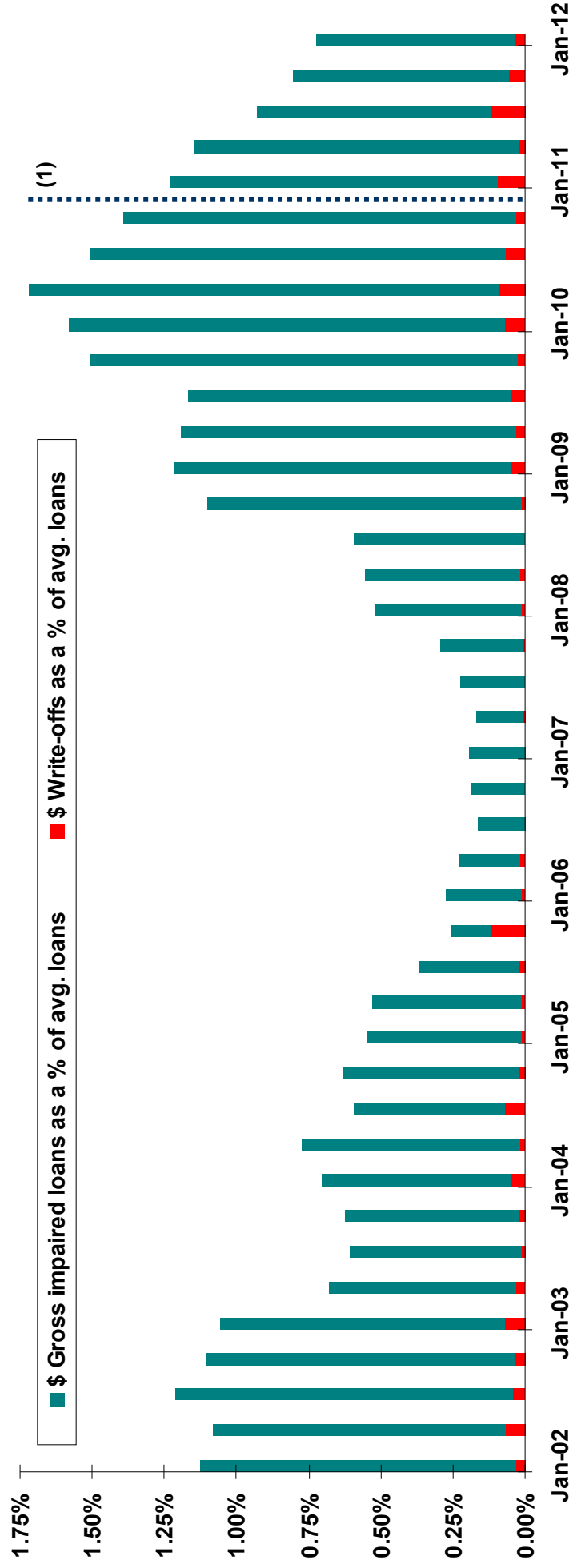
➤ Recent downward pressure on net interest margin expected to moderate despite the combined impacts of a very low interest rate environment, flat interest rate curve and increased competition in some areas

# Financial Performance – Margin

**Net Interest Margin (NIM) vs. CWB Cost of Funds (COF) (spread over 3 year GOC bond)**



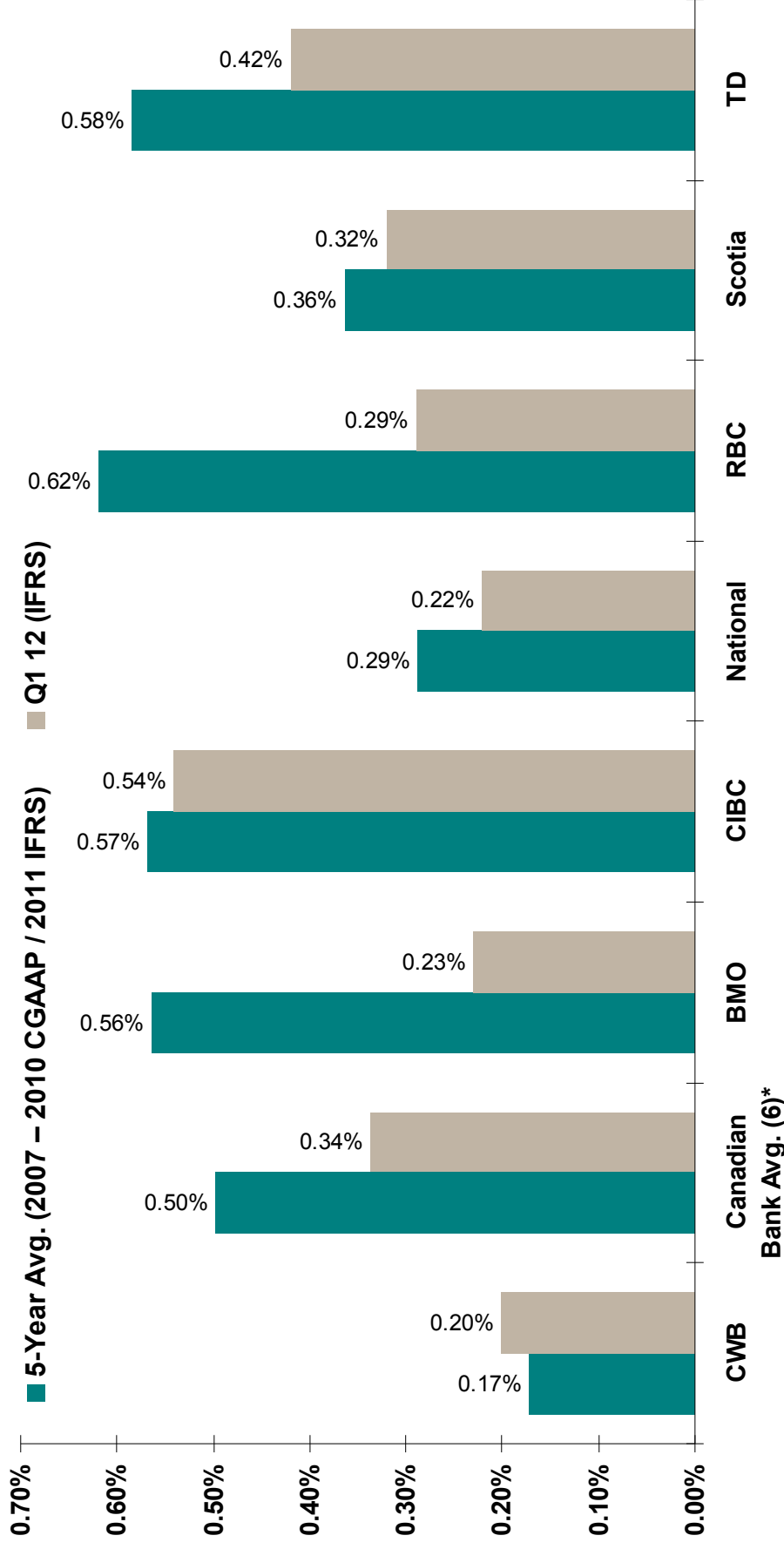
## Gross Impaired Loans & Write-offs (as a percentage of average loans)



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

- Low write-offs relative to the level of gross impaired loans reflects secured lending practices and disciplined underwriting
- Dollar level of gross impaired loans expected to fluctuate around the current level

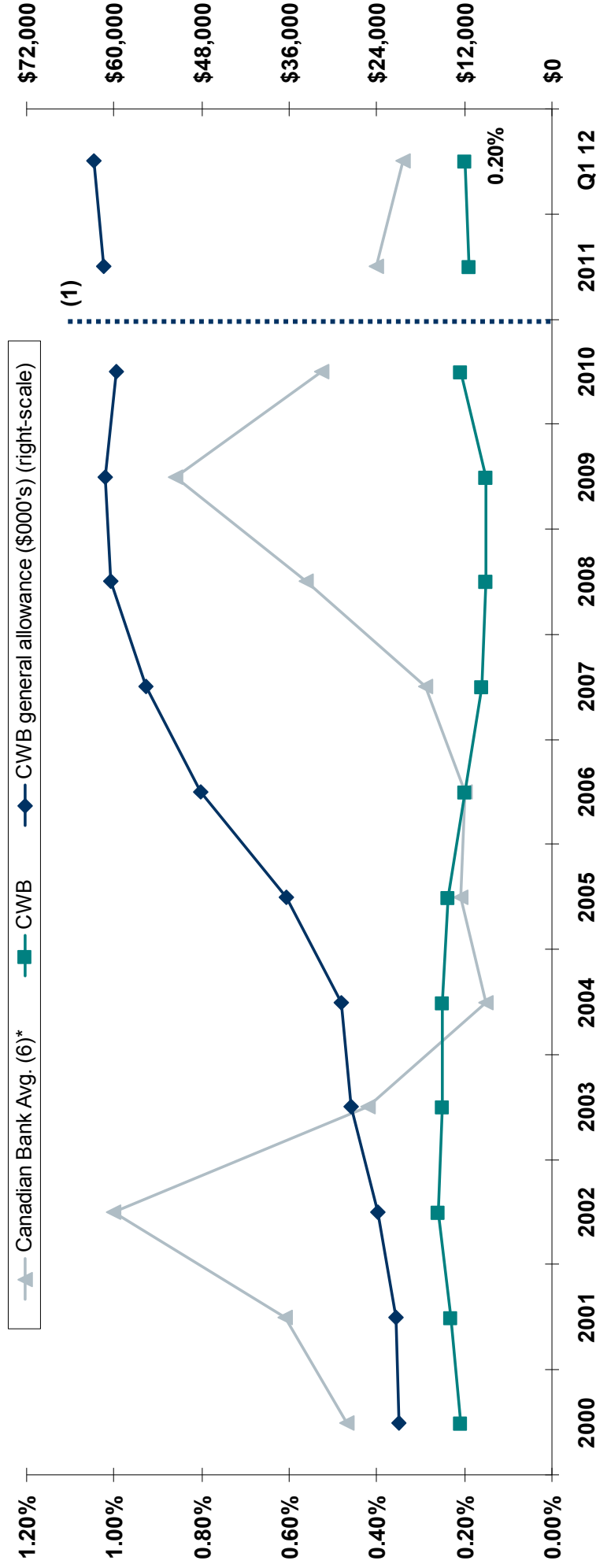
## Annual Provision for Credit Losses (as a percentage of average loans)



➤ Demonstrated history of low credit losses relative to the six largest Canadian banks

\* "Canadian Bank Avg. (6)" as referenced within this presentation is calculated based on information contained in the publicly available company reports of Canada's six largest banks (TSX trading symbols: BMO, BNS, CM, NA, RY, TD)

## Provision for Credit Losses (as a percentage of average loans)



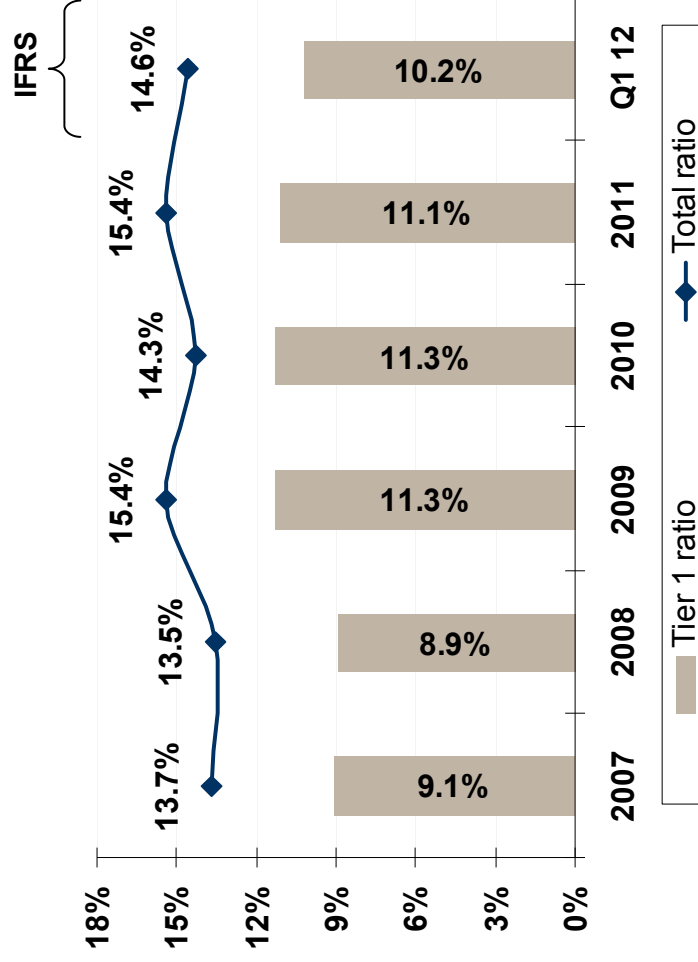
(1) As of Q1 11, financial results are reported under International Financial Reporting Standards (IFRS)

➤ Provision for credit losses in Q1 12 at the low end of the fiscal 2012 target range

\* "Canadian Bank Avg. (6)" as referenced within this presentation is calculated based on information contained in the publicly available company reports of Canada's six largest banks (TSX trading symbols: BMO, BNS, CM, NA, RY, TD)

# Financial Performance – Capital Ratios

## CWB Historical Capital Ratios (Basel II)



<u>Compared to Peers (Q1 12)</u>		
	(Basel II)	
	<u>Tier 1</u>	<u>Total</u>
BMO	11.7%	14.6%
CIBC	14.3%	18.1%
<b>CWB</b>	<b>10.2%</b>	<b>14.6%</b>
National	12.7%	15.2%
RBC	12.2%	14.5%
Scotia	11.4%	13.2%
TD	11.6%	14.7%

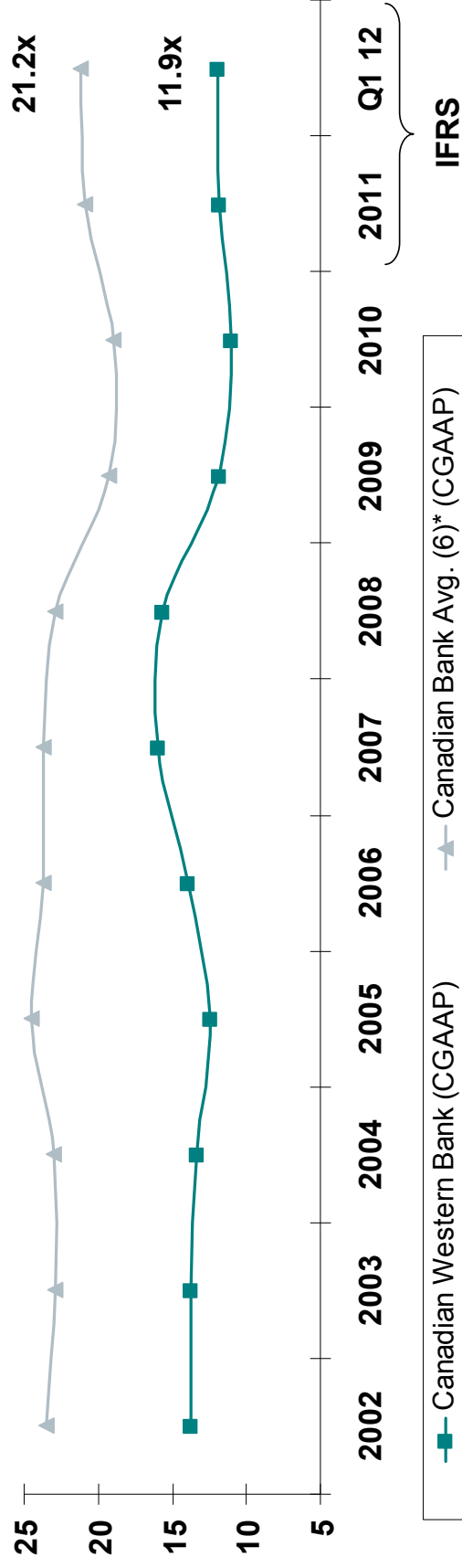
➤ Solid capital position expected to support ongoing growth while providing flexibility to both capitalize on opportunities and manage future challenges

# Financial Performance – Capital & Leverage

## Regulatory Capital Structure

	Q1 12 (Basel II) Actual	Regulatory Minimum	Q1 12 (Basel III) Pro Forma	Regulatory Minimum
Tangible common equity / CET1	8.2 %	—	7.5 %	7.0 %
Tier 1 capital	10.2	7.0 %	8.2	8.5
Total capital	14.6	10.0	11.9	10.5

## Low Leverage (total assets-to-equity)



\* "Canadian Bank Avg. (6)" as referenced within this presentation is calculated based on information contained in the publicly available company reports of Canada's six largest banks (TSX trading symbols: BMO, BNS, CM, NA, RY, TD)

# Financial Performance – Capital & Leverage

## Capital Ratios and Risk-Weighted Assets (RWA)

Estimated Common Equity Tier 1 Ratio (Basel III) <sup>(1)</sup>

Estimated risk weightings by category <sup>(2)</sup>

Residential mortgages

Other retail loans <sup>(3)</sup>

Business loans <sup>(4)</sup>

Pro forma CWB and LB assuming 20% reduction in RWA from AIRB

Pro forma six largest banks assuming 20% increase in RWA from standardized

	Standardized		Advanced Internal Rating Based (AIRB)							Average (AIRB banks)	CWB Variance (from Average)
	CWB	LB	BMO	BNS	CM	NA	RY	TD			
	7.9%	6.6%	6.9%	5.8%	8.2%	7.2%	7.6%	6.6%	7.0%	83 bp	
	34.9%	18.2%	17.0%	7.3%	4.5%	10.6%	5.8%	10.7%	9.3%	25.6%	
	75.9%	61.2%	23.7%	34.9%	31.4%	45.3%	20.0%	49.4%	34.1%	41.8%	
	96.3%	98.6%	52.7%	65.7%	36.9%	58.2%	59.9%	44.6%	53.0%	43.3%	
	9.8%	8.2%	6.9%	5.8%	8.2%	7.2%	7.6%	6.6%	7.0%	280 bp	
	7.9%	6.6%	5.7%	4.9%	6.8%	6.0%	6.3%	5.5%	5.9%	200 bp	

(1) "Estimated Common Equity Tier 1 Ratio (Basel III)" calculated as at Oct 31, 2011 based on analysis by Macquarie Capital Markets Canada Ltd. - stated estimates exclude adjustments for IFRS and other relevant changes since the 2011 FYE

(2) "Estimated risk weightings by category" based on Oct 31, 2011 company reports of Canada's seven publicly traded Schedule 1 banks.

(3) Other retail includes personal loans, credit cards and small business loans treated as retail.

(4) Business includes corporate, commercial, medium-sized enterprises and non-bank financial institutions.

## Provision for Credit Losses (measured as a % of average loans)

CWB

Canadian Bank Average (6)\*

Variance

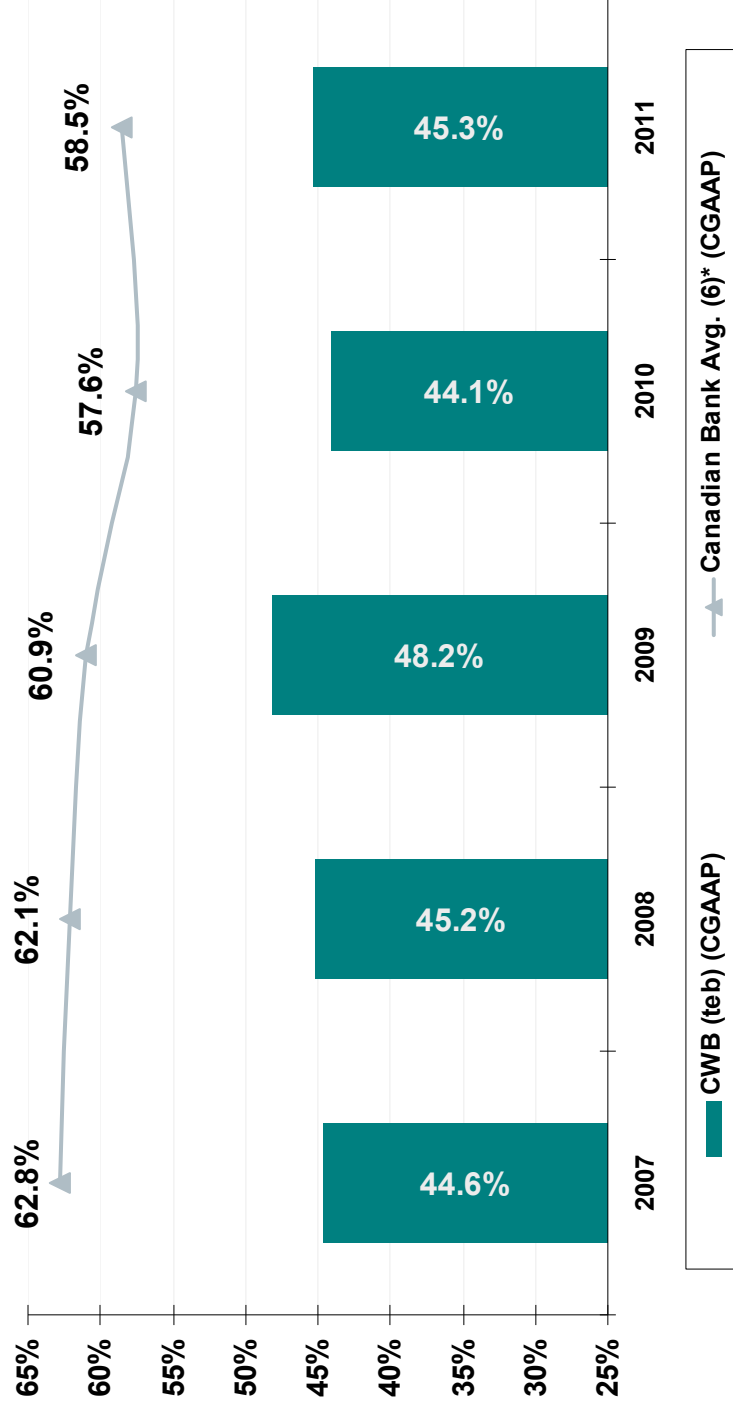
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10 YR Average
	0.26%	0.25%	0.25%	0.24%	0.20%	0.16%	0.15%	0.15%	0.21%	0.20%	0.21%
	1.00%	0.42%	0.15%	0.21%	0.20%	0.29%	0.56%	0.86%	0.53%	0.38%	0.46%
	-0.74%	-0.17%	0.10%	0.03%	0.00%	-0.13%	-0.41%	-0.71%	-0.32%	-0.18%	-0.25%

\* "Canadian Bank Avg. (6)" as referenced within this presentation is calculated based on information contained in the publicly available company reports of Canada's six largest banks (TSX trading symbols: BMO, BNS, CM, NA, RY, TD)



# Financial Performance – Efficiency

## Efficiency Ratio (non-interest expenses as a % of total revenues (teb))

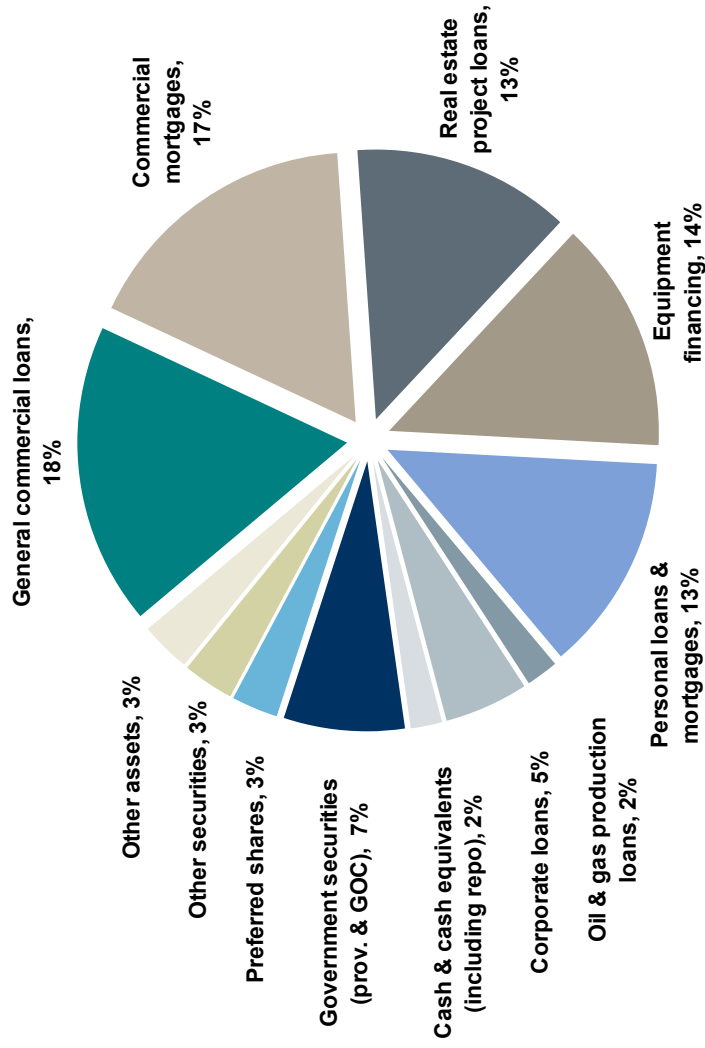


➤ Exceptional efficiency relative to the six largest Canadian banks – demonstrated ability to effectively control costs while supporting sustained growth

\* "Canadian Bank Avg. (6)" as referenced within this presentation is calculated based on information contained in the publicly available company reports of Canada's six largest banks (TSX trading symbols: BMO, BNS, CM, NA, RY, TD)

# Composition of Assets

## Composition of Assets (as at January 31, 2012)



## Total Assets



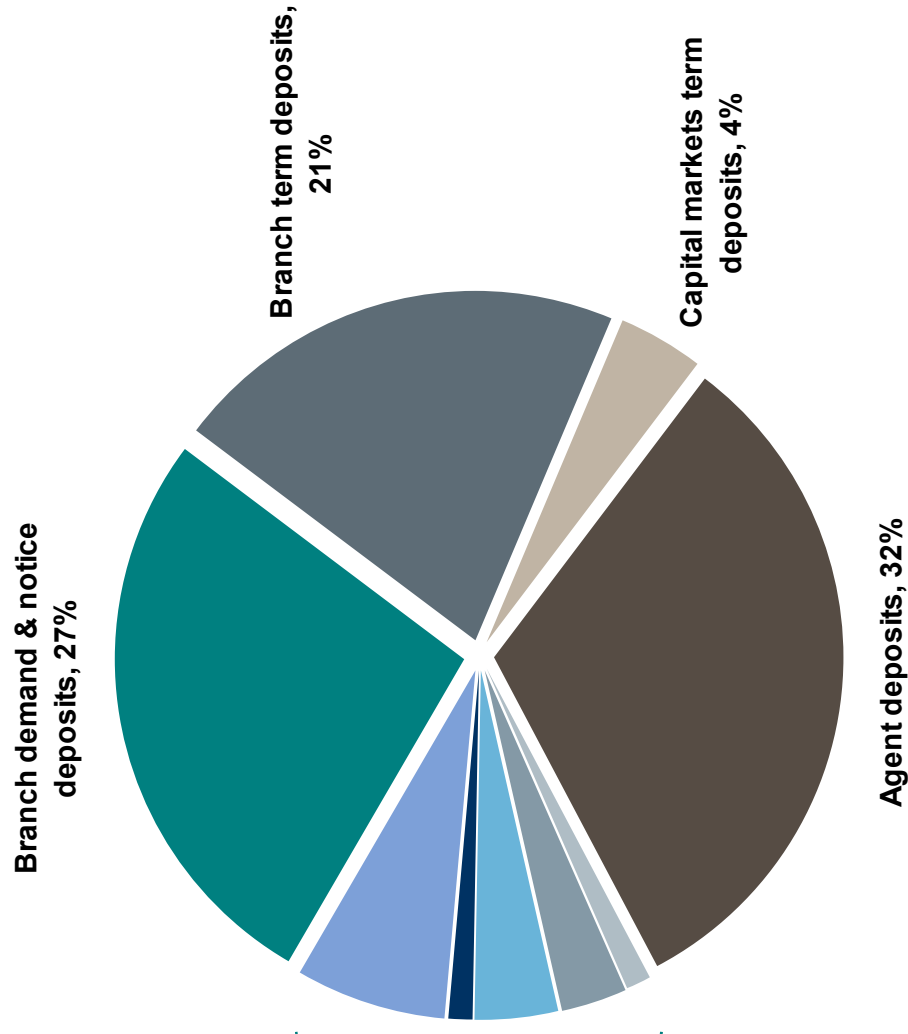
(\$ millions)	Change from Q4 2011	
	Q1 12	Q4 11
Commercial mortgages	\$ 2,702	\$ 2,691
General commercial	2,786	2,598
Real estate project loans	1,962	1,888
Personal loans & mortgages	2,095	2,020
Equipment financing	2,152	2,097
Corporate loans	761	709
Oil & gas production loans	361	362
<b>Total loans outstanding</b>	<b>\$ 12,819</b>	<b>\$ 12,365</b>
		\$ 454
		%
Commercial mortgages		11
General commercial		188
Real estate project loans		74
Personal loans & mortgages		75
Equipment financing		55
Corporate loans		52
Oil & gas production loans		(1)
<b>Total loans outstanding</b>		<b>4%</b>

## Loans by Lending Sector\*

\*Loans by lending sector exclude the allowance for credit losses

# Composition of Liabilities and Equity

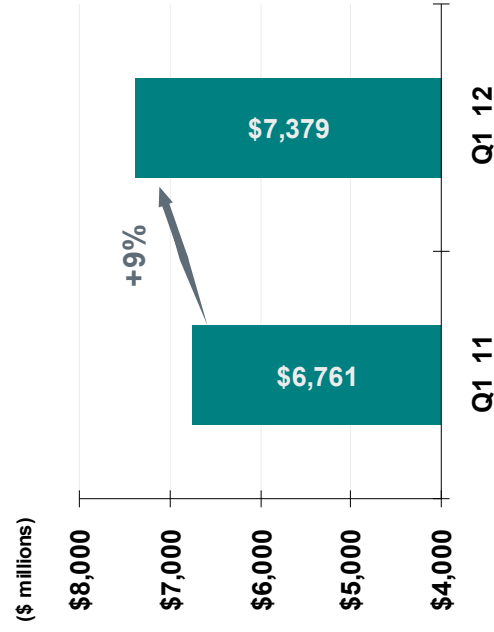
## Composition of Liabilities & Equity (as at January 31, 2012)



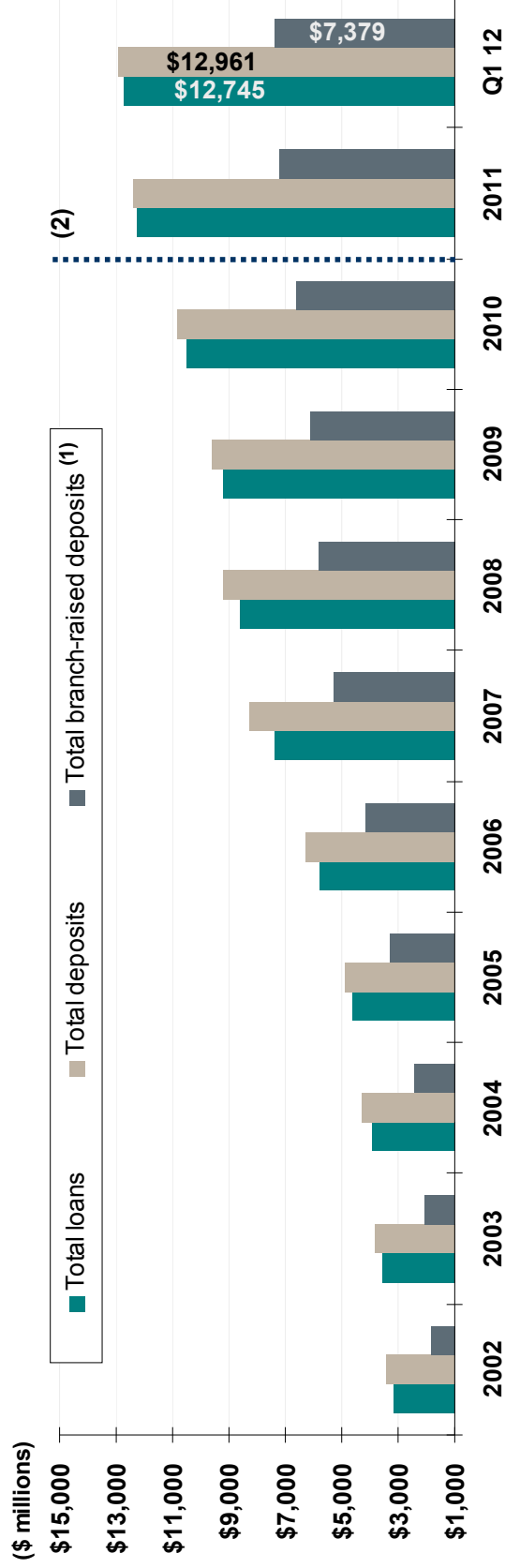
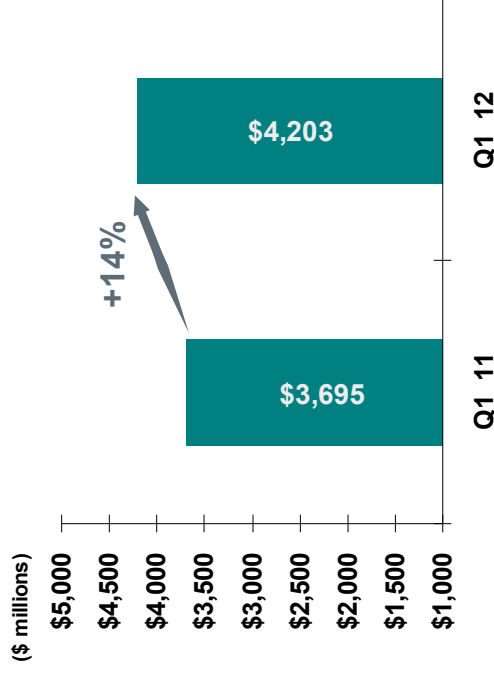
	% Weight of Total
Common equity	7%
Other liabilities	1%
Preferred equity	4%
Subordinated debt	3%
Non-controlling interest equity	1%
<b>Total</b>	<b>16%</b>

# Funding Sources – Deposits

## Total Branch-raised Deposits (1)



## Total Demand and Notice Deposits



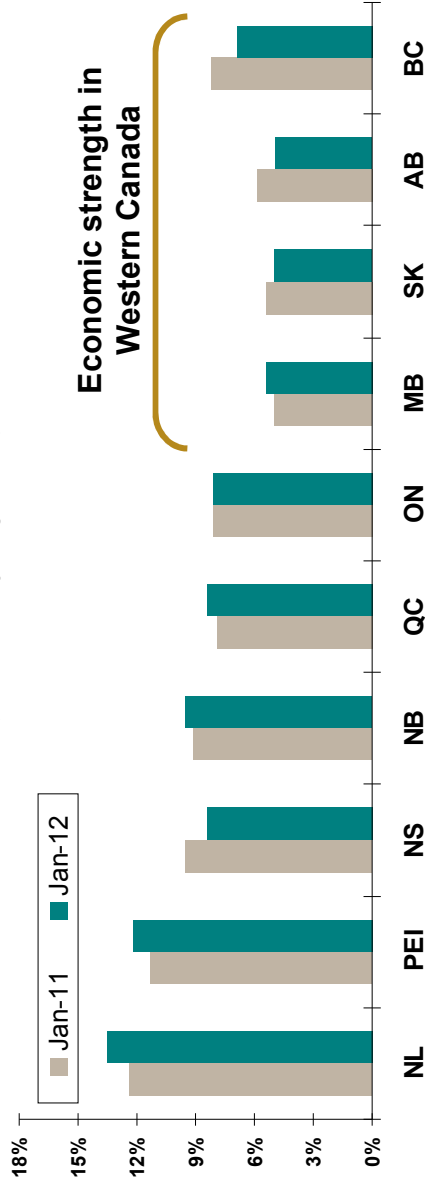
(1) Branch-raised deposits include deposits raised through CWB's trust businesses, Canadian Western Trust and Valiant Trust

(2) As of Q1 11, financial results are reported under International Financial Reporting Standards (IFRS)

# Economic Outlook

## Provincial Unemployment Rates

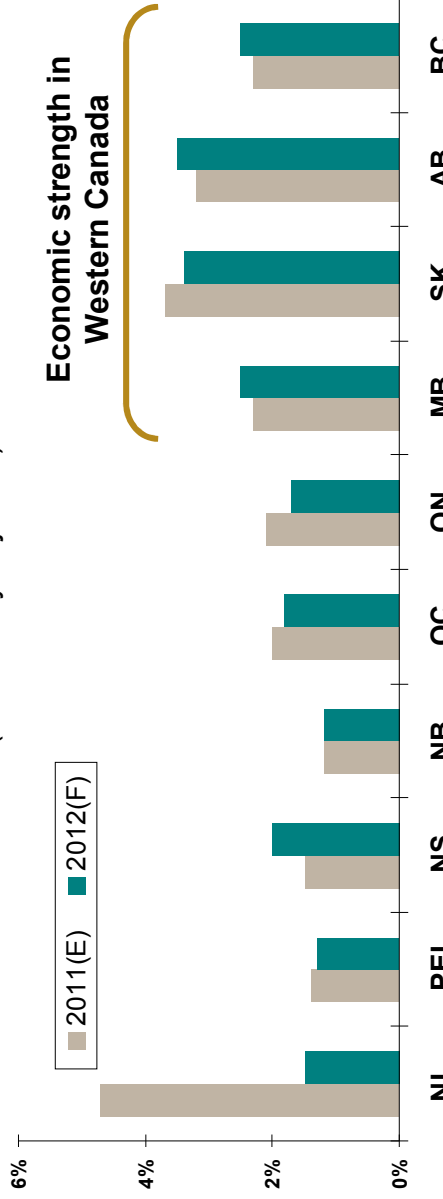
(seasonally adjusted)



SOURCE: Statistics Canada

## Gross Domestic Product (GDP)

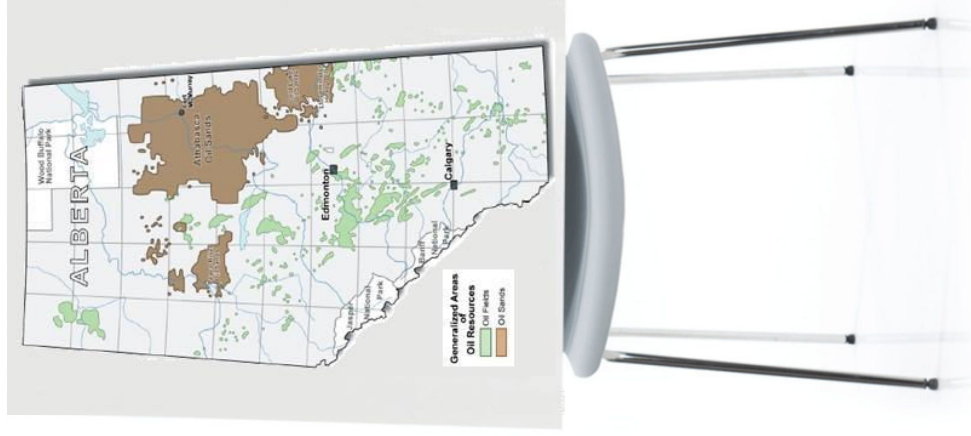
(seasonally adjusted)



SOURCE: 2011(E) - GDP estimates published by Statistics Canada  
2012 (F) - GDP forecasts of Canada Mortgage and Housing Corporation (CMHC) as published in its Q1 2012 "Housing Market Outlook"

## 2012 Planned Capital Expenditures\*

Total Canadian oil and gas sector: ~\$55 billion  
(Canadian oil sands: ~\$20 billion, or ~36% of total)



\* "2012 Planned Capital Expenditures" as estimated in December 2011 by the Canadian Association of Petroleum Producers (CAPP)

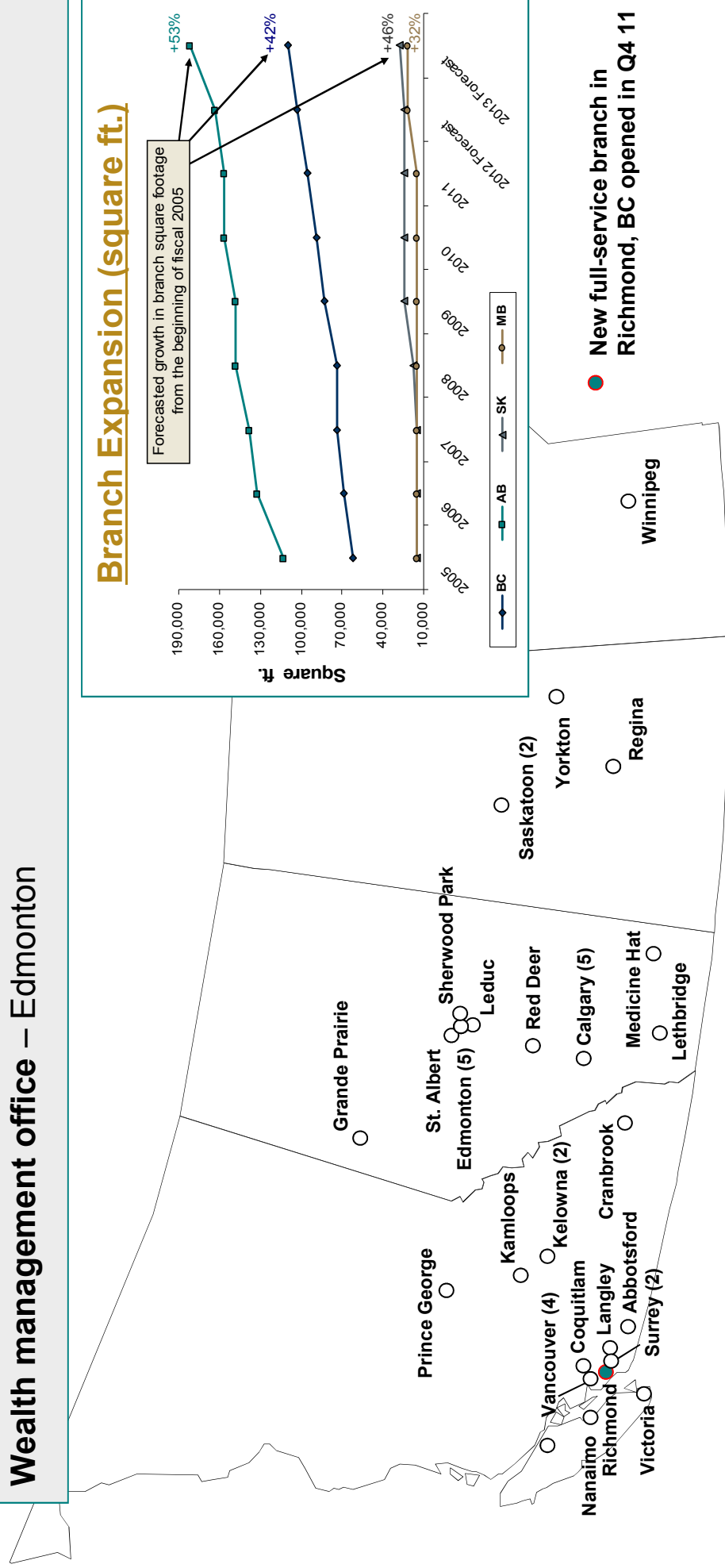
**Banking branches** – across Western Canada

**Equipment leasing centre** – headquartered in Winnipeg (satellite offices across Canada)

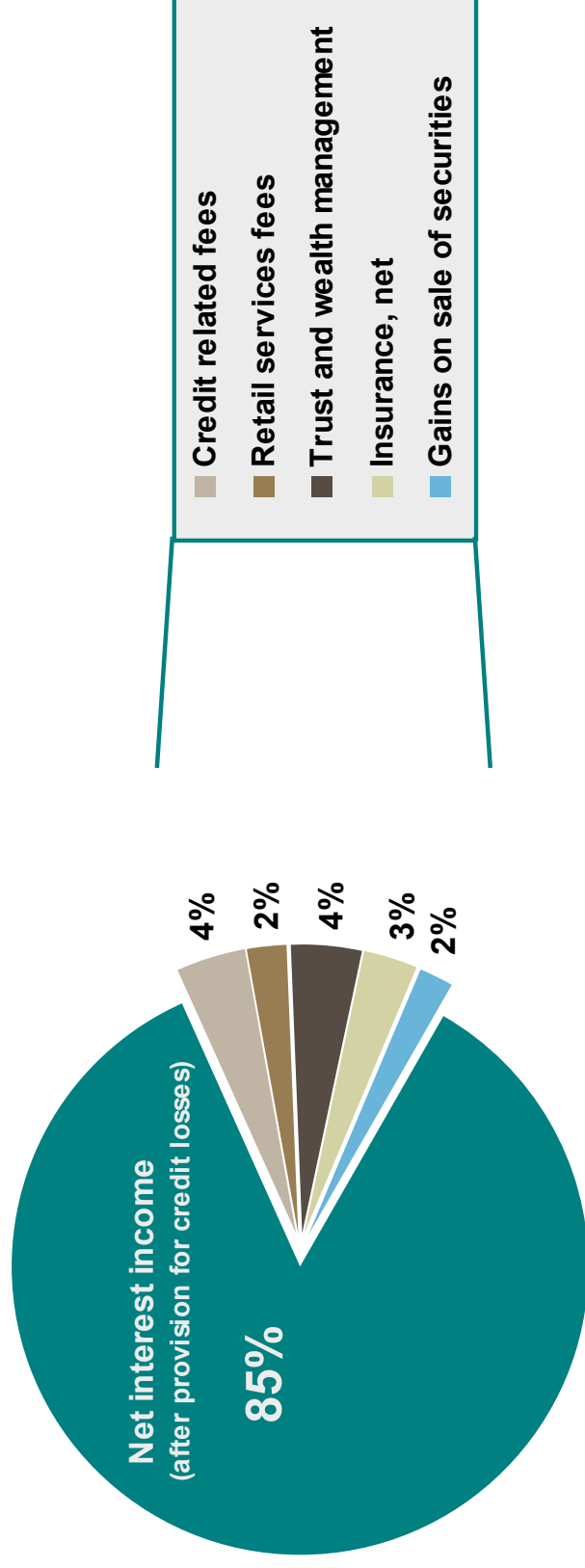
**Trust services offices** – Vancouver, Calgary, Edmonton, Toronto

**Insurance call centres** – Vancouver, Edmonton

**Wealth management office** – Edmonton



# Diversification – Total Revenues (teb)



- Objective to grow other income to encompass a greater proportion of total revenues
  - Banking and leasing fee income
  - Trust services
  - Wealth management
  - Insurance
- Enhance product offerings
- Evaluate potential acquisitions (accretive and complementary)

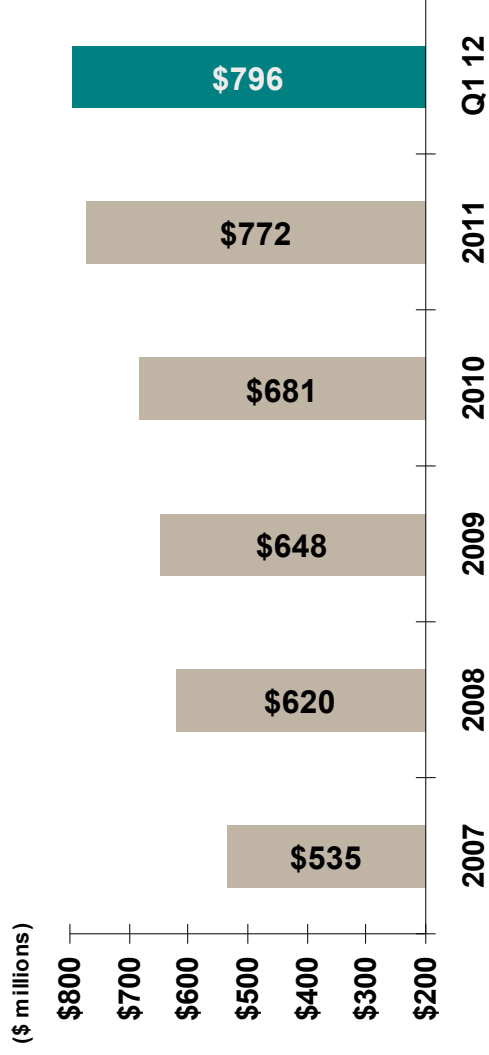
# Diversification – Equipment Leasing



- Industry leader in small- and mid-ticket equipment leasing
- Proven management team and ~300 employees
- Long history of strong performance (30+ years in business)
  - Approximately 60,000 active leases providing diversification by geography,
  - industry and equipment type
  - Established presence across Canada
  - Synergies with existing banking/lending operations (funding, growth, technology)

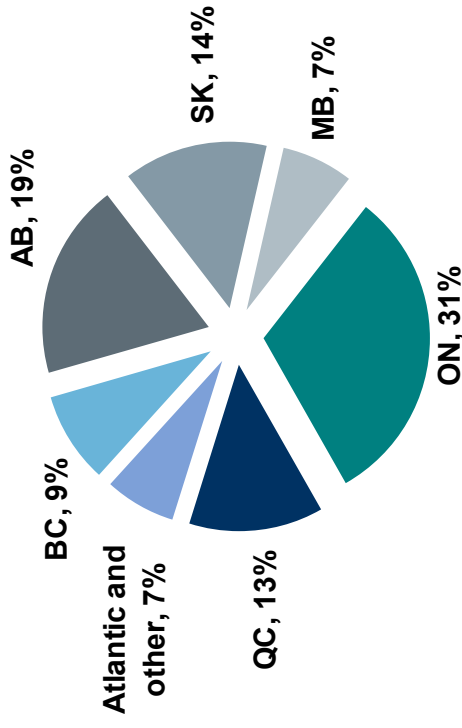
## Total Leases (including securitized portfolios)

(as at January 31, 2012)



## Provincial Breakdown of Leases

(as at January 31, 2012)





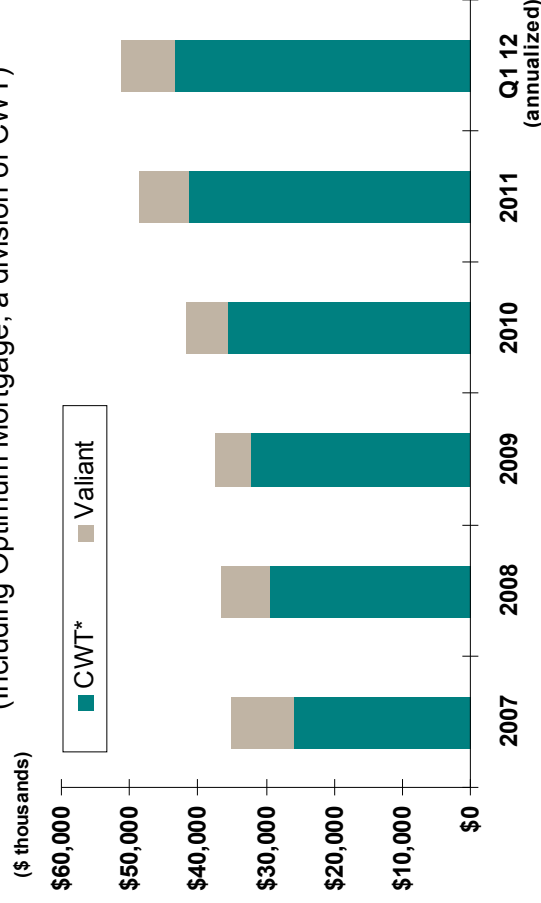
# Diversification – Trust Services

- Trust offices in Vancouver, Calgary, Edmonton and Toronto
- Trust assets under administration approaching \$7 billion and lower cost deposits of more than \$1 billion
  - Over 48,000 CWT investment accounts
- Scalable growth opportunities that offer both geographic and product expansion
- Stable source of fee-based revenues (less cyclical than core banking system)



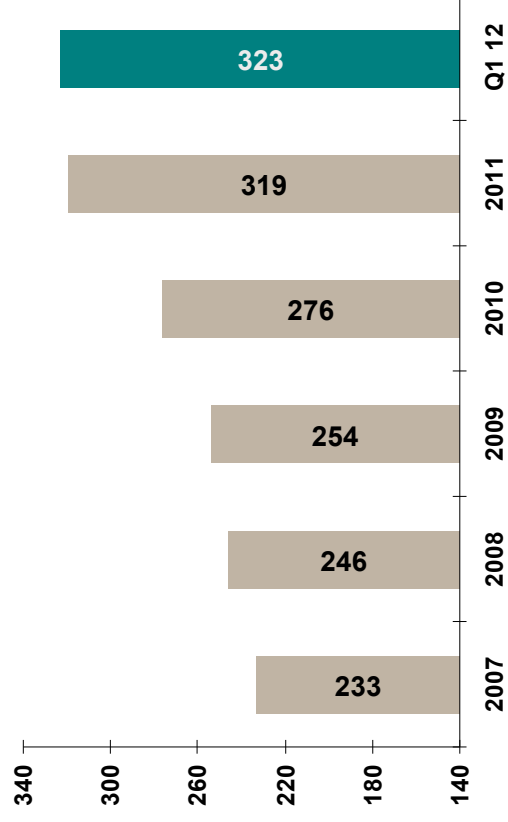
## Total Revenues (teb)

(Including Optimum Mortgage, a division of CWT)



\* Total revenues (teb) for CWT include net interest income plus other income, excluding changes in fair value of intercompany swaps

## Total # of Clients (Valiant Trust)

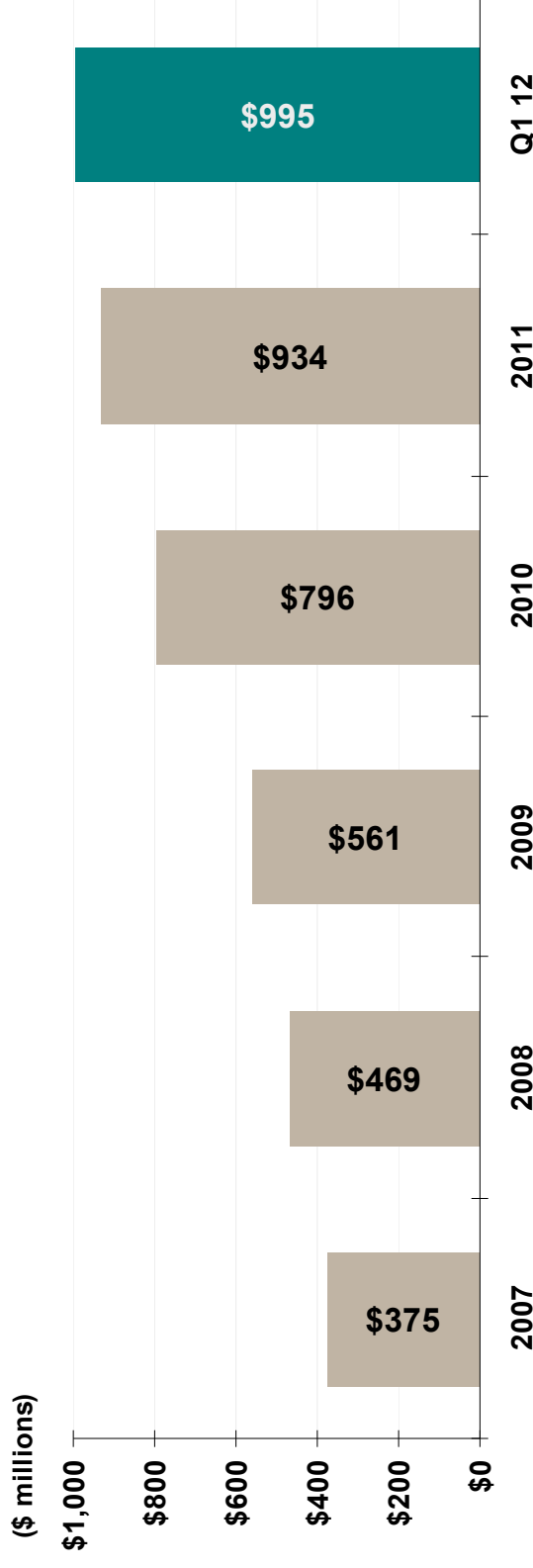


# Diversification – Alternative Mortgages

- Broker-driven model providing residential mortgages across Western Canada and in select regions of Ontario
- Underwrites alternative mortgages and higher ratio insured mortgages
  - As of Q1 12, alternative mortgages represented ~61% of Optimum’s portfolio and carry a weighted average loan-to-value at initiation of ~70%
- Solid source of loan growth and profitability (blend of fee-based income and interest revenues)
- Considerable future growth opportunities

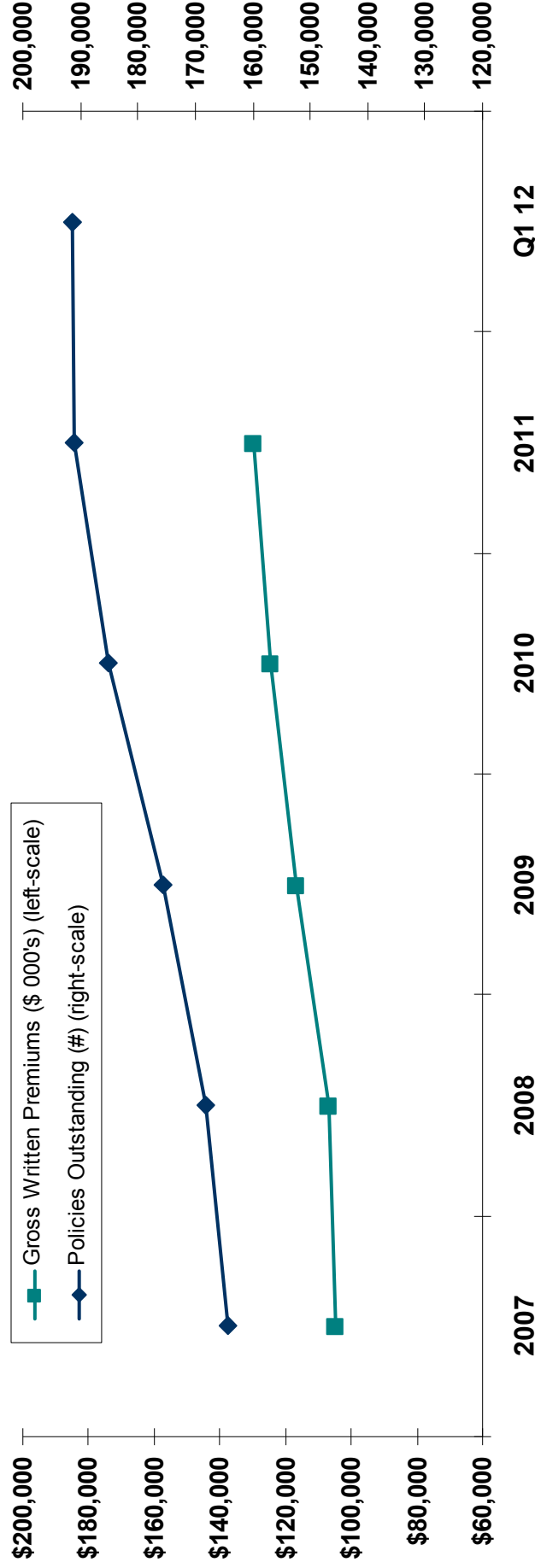


## Total Optimum Mortgages



# Diversification – Insurance

- Personal auto and home insurance in Western Canada (British Columbia and Alberta)
- Distribution of policies through telephone, internet and broker network
- Offers steady source of revenue independent of economic volatility
  - Average combined ratio over the past five years (2007 – 2011) of 93%
- Over 190,000 policies outstanding (solid growth profile)

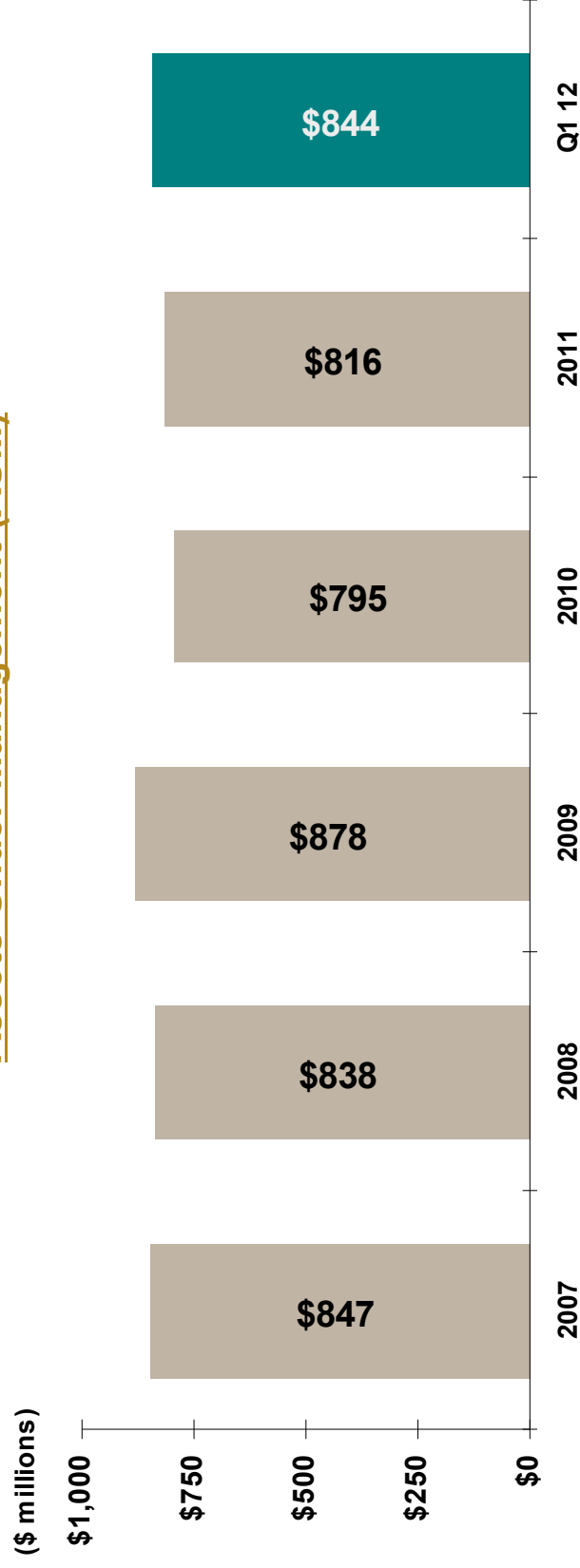


# Diversification – Wealth Management

- Specializes in wealth and portfolio management
- Complementary business line with good growth potential
  - Additional synergies with banking and fiduciary trust operations
- Relatively stable source of fee-based income with low capital investment

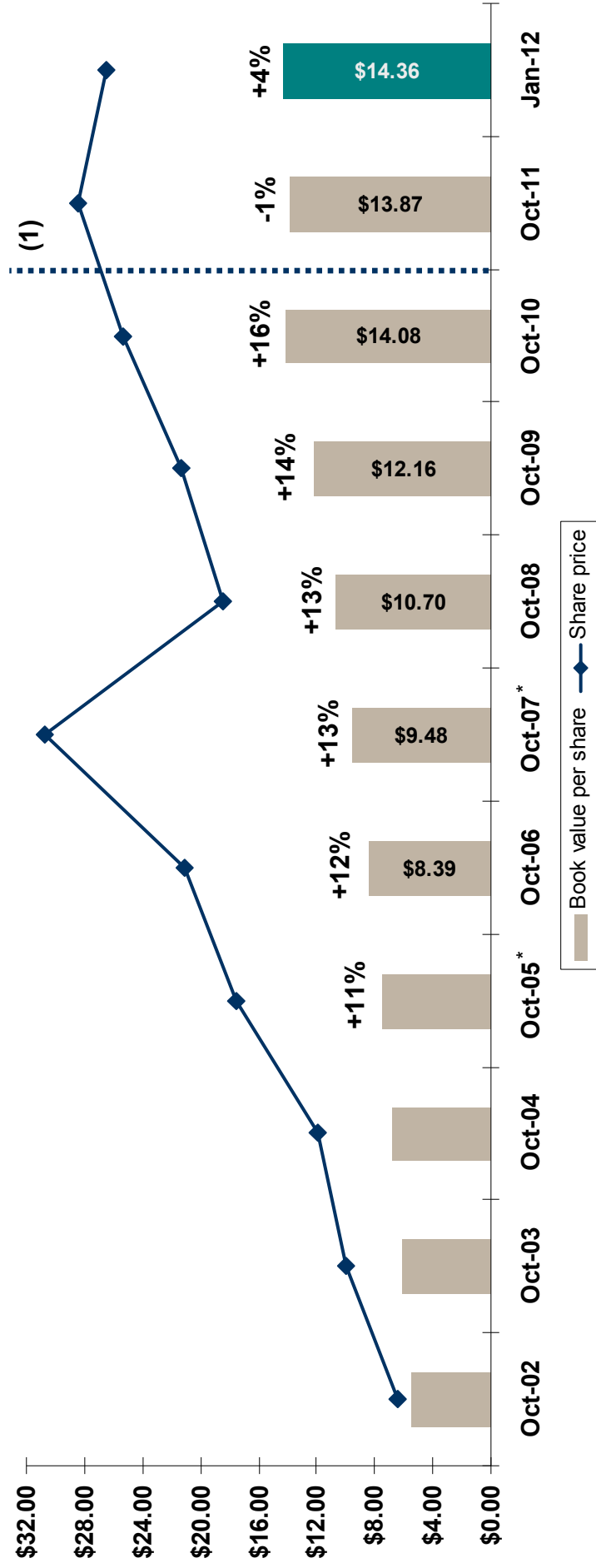


## Assets Under Management (AUM)



# Shareholder Return

## Historical Valuation (share price and book value per share\*)

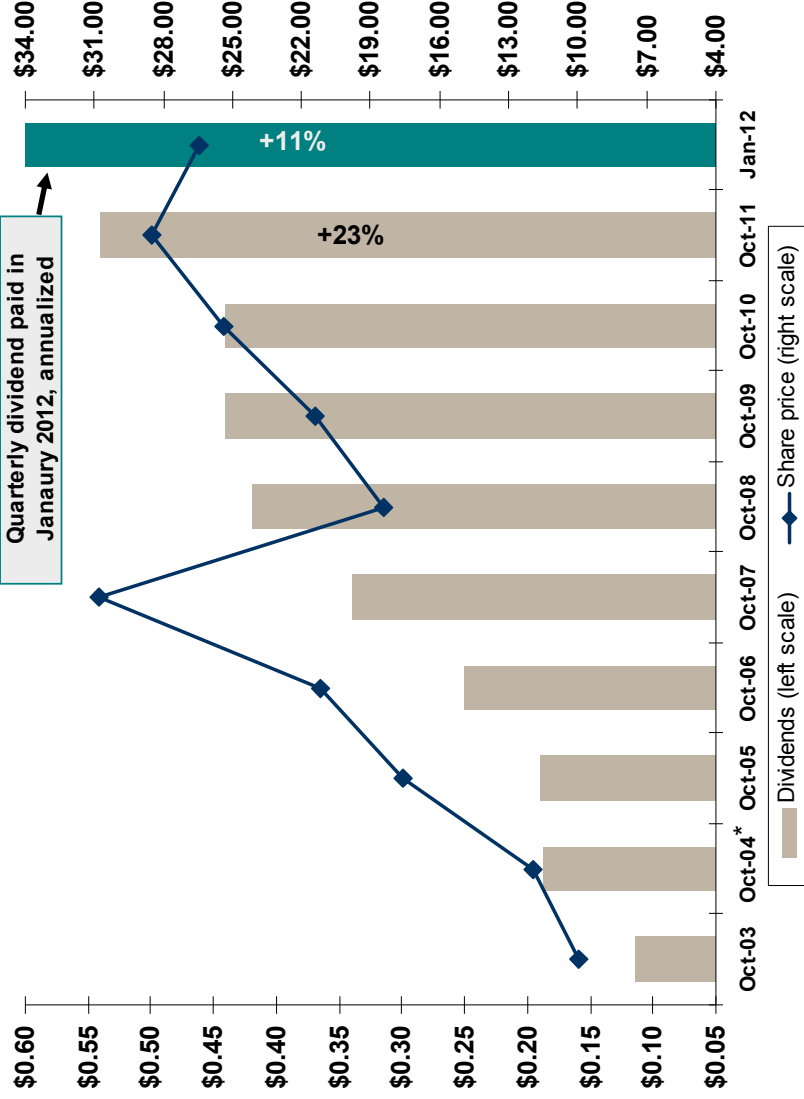


(1) As of Q1 2011 CWB's financial results are reported under International Financial Reporting Standards (IFRS)

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

# Shareholder Return

## Dividend Growth

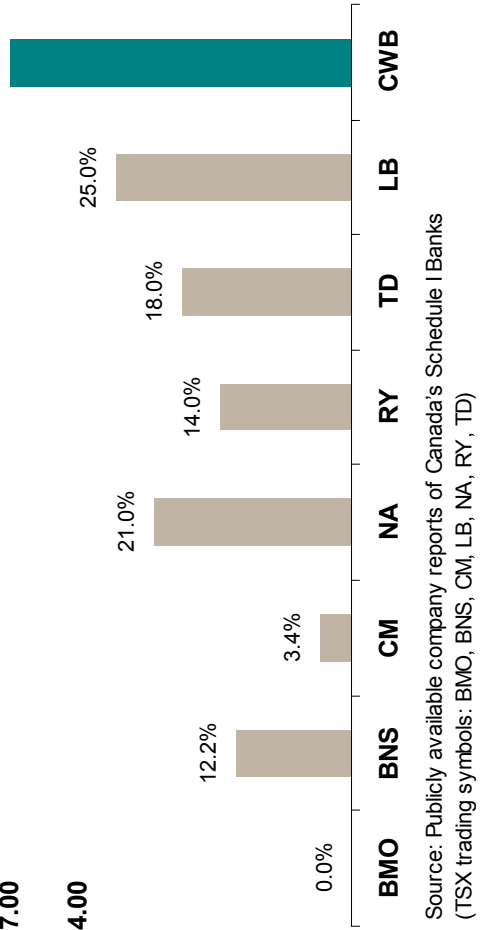


**Dividend Payout Ratios\*\*:**

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

## Canadian Bank Dividend Increases

Post Financial Crisis  
 Q1 2010 – Q1 2012 (declared)

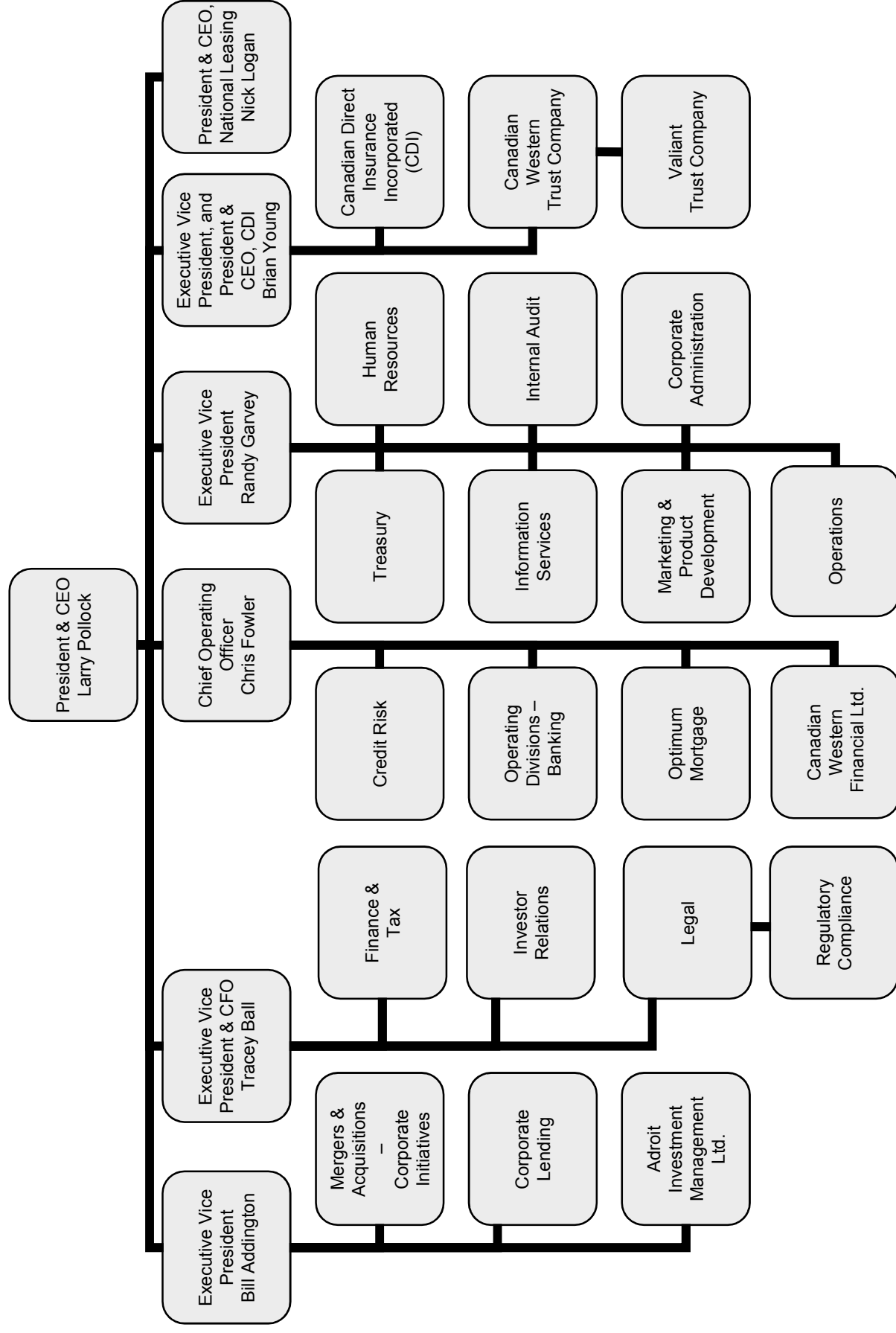


\* Dividends paid in 2004 appear unusually high as they included the last semi-annual dividend and three quarterly dividends

\*\* 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

Source: Publicly available company reports of Canada's Schedule I Banks (TSX trading symbols: BMO, BNS, CM, LB, NA, RY, TD)

# CWB Group – Corporate Structure



# Additional Information

## Shares Outstanding (January 31, 2012)

- 75.7 million common shares (TSX: CWB)
- 8.4 million preferred shares (TSX: CWB.PR.A)

## Employee Share Purchase Plan (ESPP)

- Approximately 94% employee participation

## Investor Inquiries

Canadian Western Bank Place  
Suite 3000 – 10303 Jasper Avenue  
Edmonton, Alberta T5J 3X6

[InvestorRelations@cwbank.com](mailto:InvestorRelations@cwbank.com)

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