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FIRST QUARTER RESULTS CONFERENCE CALL  
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OPERATOR: Good afternoon, ladies and gentlemen, and thank you for standing by. Welcome to the Canadian Western Bank First Quarter Results Conference Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. If anyone has any difficulties hearing the conference, please press the \* key followed by 0 for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded today, Thursday, March 8, 2007, at 3:30 p.m. Eastern time, for replay purposes.

I would now like to turn the conference over to Ms. Tracey Ball, Chief Financial Officer. Ms. Ball, please go ahead.

TRACEY C. BALL (Executive Vice President and Chief Financial Officer, Canadian Western Bank): Thanks, Patrick, and good afternoon, everybody, and welcome to our first quarter results conference call.

Before we begin, I want to quickly note a few items in addition to what Patrick already stated.

This presentation is being broadcast via the Internet as well as via conference call. Our conference call graphs are available in PDF format on our website at [cwbankgroup.com](http://cwbankgroup.com) under "Webcast Events" in the Investor Relations section.

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Our quarterly press release and supplemental financial information are also available in the Investor Relations section, under "Financial Reports."

I'd also like to draw your attention to our forward-looking advisory statement on Slide 14.

Slide 2 shows the agenda for today's call. Joining me for the presentation is Larry Pollock, President and Chief Executive Officer. Also in attendance are Bill Addington, Executive Vice President, whose responsibilities include credit risk management; Brian Young, President and Chief Executive Officer of Canadian Direct Insurance, and Executive Vice President of Canadian Western Bank, whose responsibilities include our insurance and trust operations. We have Randy Garvey, Senior Vice President of Corporate Support, whose responsibilities include Treasury and Systems; and we have Chris Fowler, Senior Vice President of Credit Risk Management.

I would now like to draw your attention to Slide 3, and ask Larry to begin our presentation with an overview of our first quarter results.

LARRY POLLOCK (President and Chief Executive Officer, Canadian Western Bank): Good afternoon. Thank you, Tracey.

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We are pleased to report strong results to start 2007. This marked our 75th consecutive profitable quarter, a period spanning almost 19 years.

We achieved 6 percent loan growth in the quarter, and surpassed a new milestone of \$6 billion in total loans outstanding.

Our Banking and Trust segment continued to perform very well, with earnings up 35 percent over last year. Record banking and trust earnings mitigated the effect of lower insurance revenues in the quarter, which were impacted by unusually severe wind and rain storms in British Columbia.

Credit quality continued to be excellent, and new deal flow remains healthy.

CWB's performance reflects Western Canada's continued economic strength as well as the success of our proven business plan.

Our disciplined strategy to build high-quality assets will remain front and centre, as we continue to expand within our markets.

Another highlight this quarter was CWB's recognition as one of Canada's 50 Best Employers for 2007 by the *Globe & Mail Report on Business* magazine. This was the first time CWB participated in this survey, which makes our placement among the top 50 even more satisfying.

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Today, our Board of Directors declared a quarterly dividend of \$0.08 per share. Adjusted for the previously announced stock dividend, this dividend is consistent with the previous quarter, and is 33 percent higher than the quarterly dividend declared one year ago.

Total return to shareholders in the last 12 months was 37 percent, including reinvested dividends.

I'll now turn things over to Tracey, who will discuss our financial performance in more detail, beginning with Slide 4.

TRACEY C. BALL: Thanks, Larry.

Net income for the first quarter was \$20.5 million, a 24 percent increase over the same quarter last year, and diluted earnings per share of \$0.32 were up 23 percent.

These results reflect the 7th consecutive quarter of record income from Banking and Trust operations, and a minimal contribution from Canadian Direct Insurance, which experienced abnormally high claims.

Total revenues on a taxable equivalent basis were a record \$61.7 million, an increase of 18 percent.

Our return on equity was 15.5 percent, 140 basis points higher than the first quarter last year, and return on assets was 1.10 percent, compared to 1.11 percent a year earlier.

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Net income was down 4 percent from the previous quarter, reflecting a combination of lower insurance income and a tax benefit that increased fourth quarter net income by \$2 million.

Excluding the impact of the fourth quarter tax benefit, net income was up 7 percent.

The next few slides provide an overview of the highlights for our Banking and Trust operations, beginning with Slide 5.

The next few slides provide an overview of the first quarter highlights for our Banking and Trust operations, beginning with Slide 5.

Net income was up 35 percent over the first quarter last year, and, compared to the fourth quarter, net income increased 5 percent, or 17 percent, excluding the previously mentioned tax benefit.

Total revenues on a taxable equivalent basis grew 24 percent, and continued to noticeably outpace growth in non-interest expenses.

Net interest income was up 24 percent, year over year, reflecting 26 percent growth in average loan balances, partially offset by a 5-basis-point decrease in the net interest margin.

Compared to the fourth quarter, net interest income was up 7 percent, due to strong loan growth and a 5-basis-point improvement in net interest margin.

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Non-interest income increased 24 percent over one year ago, and 18 percent, compared to the previous quarter, driven by strong increases in credit-related and Trust services fees.

A new benchmark for the efficiency ratio was established in the quarter, at 44.3 percent, a 230-basis-point improvement over the same period last year, and 90 basis points better than the previous quarter.

Slide 6 shows total loan growth of 6 percent in the quarter, and 25 percent in the past year.

This increase reflects continued growth in both Alberta and B.C., with Saskatchewan also showing solid results.

The largest quarterly gains by sector were recorded by the Real Estate Lending and Equipment Financing division.

Credit quality remained excellent, and the first quarter provision for credit losses was unchanged from previous quarters, at \$2.6 million.

Measured as a percentage of average loans, the provision was 17 basis points, compared to 18 basis points last quarter, and 22 basis points a year ago.

First quarter net interest margin of 2.65 percent was down 5 basis points from last year, largely due to changes in the deposit mix and the flat yield curve, partially offset by lower debenture costs. And the 5-basis-point

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improvement in net interest margin over the previous quarter was mainly a result of reduced liquidity levels.

Slide 7 details the progress we have made in generating additional deposits through our branch network and Canadian Western Trust.

Total branch-generated deposits increased 5 percent in the quarter, and 27 percent over the past year. Branch-generated deposits, as a percentage of total deposits, remained consistent with last year, at 67 percent.

A portion of this branch deposit growth includes larger commercial balances, which can be subject to noticeable fluctuations, and reflect the continued high levels of liquidity in the market.

Within branch deposits, the demand-and-notice component was up 7 percent in the quarter, and a strong 36 percent over the past year. These deposits, which typically represent our lowest-cost form of funding, comprised 27 percent of total deposits, compared to 25 percent a year ago. These balances include the low-cost float generated by Canadian Western Trust, which continues to realize strong growth in its Personal and Corporate Trust business.

Slide 8 provides the financial highlights for our Insurance segment. Canadian Direct's first quarter net income was minimal at \$271,000, as a

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result of unusual high claims in the B.C. home product line, due to a series of severe wind and rain storms. The claims loss ratio in this product line was 160 percent in the first quarter, compared to 53 percent in the same quarter last year, and led to an overall claims loss ratio of 79 percent for the Company.

None of the individual storm events in the quarter aggregated sufficient claims for a recovery on the Company's reinsurance program.

Net earned premiums were up 17 percent over last year, as a result of the elimination of quota-share reinsurance in November 2006, and an increase in the number of policies outstanding.

Net earned premium growth continued to be constrained by pricing pressures from the Insurance Corporation of British Columbia.

In Alberta, new policy growth remained strong.

The combined ratio of 103 percent for the quarter was up from 93 percent last year, reflecting the claims impact from the storms, partially offset by good cost control, as evidenced by a 100-basis-point improvement in the expense ratio to 24 percent.

Slide 9 details our performance targets for 2007, along with our performance to date, and shows that we have had a strong start to the year, and are currently on track to achieve all of our targets.

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I'll now turn things back to Larry, who is going to provide comments and outlook on strategy, beginning on Slide 10.

LARRY POLLOCK: Thanks, Tracey.

Our outlook for this year remains very positive. A key earnings driver within our Banking and Trust segment is loan growth, which was already up 6 percent in only 3 months. This result exceeded expectations, and puts us in an excellent position to achieve our 2007 target of 14 percent.

Achieving this growth in the first quarter provides a solid boost to net interest income for the remainder of the year.

Western Canada's economic landscape continues to be strong, and this is reflected in our new deal flow, which remains robust.

Each of our lending divisions continues to perform well, and we anticipate solid loan growth through the rest of this year.

New deal flow from B.C. has been particularly active, and could potentially provide our strongest source of growth in '07.

In terms of credit quality, our experience continues to be excellent. Gross impaired loans remain at exceptionally low levels, and we currently have more than 4 times coverage with total reserves.

We continue to closely monitor the credit environment, and remain very well positioned for any unforeseen turns in the credit cycle.

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Trust services continue to be a very important part of our overall business, providing good growth opportunities and income diversification.

We anticipate continued strong performance from both our Trust subsidiaries through the rest of the year.

Moving to Slide 11, our outlook for Canadian Direct Insurance remains positive, notwithstanding our recent claims experience in B.C. We view the series of severe B.C. storms that impacted our first quarter results as very unusual, and expect a much improved contribution through the rest of this year.

We are finding that, with our enhanced Internet distribution capability, more and more customers are choosing to use this highly efficient option to purchase and renew their auto insurance policies. The Internet now accounts for more than 30 percent of new auto policy sales in B.C., and 20 percent of total new auto policy sales.

We also proceeded with plans to add an alternative distribution channel this quarter, where Canadian Direct will manufacture a distinct B.C. optional auto product that will be distributed through our broker network. This strategy provides a new growth opportunity for us, and is a good complement to our existing business.

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We have continued to increase policy sales in both Alberta and B.C., despite ongoing regulatory challenges, and are forecasting moderate growth in both policies outstanding and net earned premiums through the rest of 2007.

On Slide 12, the next two slides summarize Canadian Western Bank's current strategic priorities, which encompass the four pillars of our strategic plan: Infrastructure, People, Process, and Business Enhancement.

Our infrastructure plans include new branches and further improvements to existing facilities. The new branch recently opened in South Calgary has been a great success, and we'll open our new location in Abbotsford, B.C., next quarter.

Two additional new branches in the Edmonton area are currently scheduled for 2007 and 2008.

Our goal, moving forward, is to add at least one new branch per year within each of our three regions.

Managing our strong growth within Western Canada's economies presents challenges, one of which is expanding our complement of top-quality staff. CWB's recognition as one of Canada's 50 best employers was especially gratifying because results were based on feedback from

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our own employees. We plan to use the information from this survey to further distinguish ourselves as an employer of choice.

Our renewed emphasis on process will support ongoing growth, and will be reflected by further improvements in both our service delivery and efficiency.

Business enhancement initiatives in the Bank are focused on maintaining strong organic growth within our markets, as well as diversifying income through further development of our Trust and insurance businesses.

A continued emphasis on generating branch-raised deposits is important, as our success in this area provides key support for net interest margin.

Moving to Slide 13, Optimum Mortgage continues to build momentum. Total outstandings within our alternative mortgage business increased 19 percent this quarter, to \$275 million. Optimum continues to show excellent profitability, and we remain comfortable with its overall risk profile.

Our alternative mortgage business in Canada is quite different than the United States, as all mortgages are low loan-to-value, averaging 70 percent, and have standard amortizations.

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Our return on equity, at 15.4 percent, has progressed very well over the past year, and we expect this to continue.

High-quality asset growth will be supported by a strong capital position, and much more efficient structure than we achieved in the early years of our development.

Favorable economic conditions, along with top-quality people, and our disciplined business plan, have us well positioned for sustained success.

We remain very optimistic and expect this year will add to our long history of strong financial performance.

I'll now turn things back to Tracey.

TRACEY C. BALL: Thank you, Larry. And that concludes our formal presentation for today's call. At this time, I'll ask Patrick to begin the question-and-answer period.

OPERATOR: Thank you. One moment, please, for the first question.

Your first question comes from Sumit Malhotra from Genuity Capital Markets. Please go ahead.

SUMIT MALHOTRA: Good afternoon.

TRACEY C. BALL: Hi, Sumit.

LARRY POLLOCK: Hello, Sumit.

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SUMIT MALHOTRA: I wanted to start in the insurance business. If I look at your claims ratio, ex of this quarter, since you've had the business in Q3 '04, you've had an average claims ratio of 64 to 65 percent. When you say that, in the final three quarters of 2007, results from the segment should improve significantly, are we looking for the claims ratio to back into that historical range? I guess what I mean is, all the issues related to the storm, are you confident that they're behind you as you go forward for the rest of the year?

BRIAN YOUNG (President and Chief Executive Officer, Canadian Direct Insurance): Sumit, this is Brian. The last part of the question, the answer is yes, we're confident that all of the issues related to the storms are now behind us. And, barring any other unforeseen weather events, we would expect to return to more traditional claims ratio patterns that you've seen in the past.

SUMIT MALHOTRA: Okay, so that 64 to 65 percent range I referenced, that's... And usually, Q1 is your worst quarter, anyway, from a seasonal perspective, so...

BRIAN YOUNG: That's correct.

SUMIT MALHOTRA: Okay. Next one, I think, is for Tracey. I think the most positive surprise in the quarter, from my perspective, was the

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jump in net interest margin. You've talked about the liquidities in the past, more from a negative perspective, that they've hampered the margin somewhat, as you try and manage through these. What changed, this quarter, that you were able to post that surprising 6-basis-point sequential upward move? What was the change in liquidity management?

RANDY GARVEY (Senior Vice President, Corporate Support): It's Randy Garvey here. I think we did a little bit of fine-tuning on our methodology for calculating liquidity, and we included, as sources of liquidity, some assets that we previously had excluded. And so, that allowed us to reduce the amount of liquidity we require.

SUMIT MALHOTRA: What are we looking at, there, Randy? Is it the repos? Is it some of the securities? As your cash balance is way down, is that--...?

RANDY GARVEY: Preferred shares.

SUMIT MALHOTRA: Preferred shares -- okay.

TRACEY C. BALL: That was about 3 basis points.

SUMIT MALHOTRA: And this is something you've referenced in the past that is an area that you felt you had to manage better, with the liquidity flowing through the environment. So, you continue to use that language in the press release, that NIM will be maintained in a tight range.

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But I think, given how important interest income is to your total revenue, a move up to this level is somewhat important. So, is this something that's more sustainable, regardless of the interest rate environment, that you're going to see liquidity start to add to NIM as we go forward?

RANDY GARVEY: Well, we believe it's sustainable. We're going to have some challenges, going forward, with some of the interest rate movements that we've had in the last little while, the last two weeks. Some of our repricing opportunities that would have come forward at higher rates have now diminished, but we are continuing to look at our liquidity piece and we think that there may be some opportunities there, to manage that piece a little bit differently.

SUMIT MALHOTRA: Okay. And last question for me is on the gross impaireds. Obviously, the overall ratio is still very accommodating to what you're experiencing in your loan growth, but if I just look at the Personal gross impaireds, given that Personal is such a small part of your overall portfolio, I was surprised to see it double, in terms of impairments. Does this have anything to do with the Optimum product, or is it other parts of the--... I don't think there's too many other parts of your Personal loan portfolio. Any color you could provide there?

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LARRY POLLOCK: It's Larry. We have built that portfolio up significantly now, and I think we have something like eight mortgages in arrears out of around 1,200 or 1,250. So, what you're seeing there is, you're going to see a little bit higher formations of NPL's, because everything, once it goes over 30 days, we throw it in Non-Performing.

And the redemption periods are quite long, especially in B.C., so I don't expect this will translate into any material amount of losses, and we're not alarmed at all by the number of mortgages there. It's still an extremely low number.

SUMIT MALHOTRA: Yes, overall, credit quality is still--

LARRY POLLOCK: Still exceptionally strong.

SUMIT MALHOTRA: On almost any measure, I think you guys are still the best in the industry, so nothing too alarming there. Okay, thanks for your help.

TRACEY C. BALL: Thanks, Sumit.

OPERATOR: Your next question comes from Michael Goldberg of Desjardins Securities. Please go ahead.

MICHAEL GOLDBERG: Thanks. Good afternoon. I also have a question about your credit quality. It looks like your formations were

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actually quite low this quarter. Were there any significant [inaudible] sales or repayments during the quarter?

CHRIS FOWLER (Senior Vice President, Credit Risk Management):

No. This is Chris Fowler speaking. No, there wasn't.

TRACEY C. BALL: There's nothing significant in there.

CHRIS FOWLER: Nothing significant.

LARRY POLLOCK: No.

MICHAEL GOLDBERG: Okay. That's the only question I had.

LARRY POLLOCK: Thanks, Michael.

OPERATOR: Your next question comes from Dennis Westfall of Merrill Lynch. Please go ahead.

DENNIS WESTFALL: Good afternoon. You specifically mention organic growth in your strategic priorities, but don't refer to any acquisitions. Can you talk a bit about the environment there? Has it changed at all? Are asking prices coming down at all, or is this a shift away from talking about growth through acquisitions?

LARRY POLLOCK: No, we really haven't lost our focus on acquisitions. There's just so very little to look at out there, Dennis. There is the odd opportunity presents itself, but when you really look around at the environment, especially in Western Canada, there isn't much to look at.

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But yes, we're still very interested, but our main focus, on a day-to-day basis, of course, is organic growth.

DENNIS WESTFALL: Okay, thank you.

OPERATOR: Your next question comes from Ian De Verteuil of BMO Capital Markets. Please go ahead.

IAN de VERTEUIL: Good day, everyone. A follow-up question on the insurance -- for Brian, I presume. So, Brian, when you look at the insurance position, you think about the impact of the very wet weather and the unique weather, and if you had to put a number on it, how would you start doing that? What's the impact of what you describe as the unusual weather? Is it just taking the difference between the 64 percent and the 79 percent and running that through the P&L?

BRIAN YOUNG: No. We actually quantify the actual cost of all of the storm-related activity, Ian, and in B.C., it was \$4 million. So...

IAN de VERTEUIL: That's after tax?

BRIAN YOUNG: That's pre-tax.

IAN de VERTEUIL: Okay, pre-tax.

BRIAN YOUNG: \$4 million, pre-tax.

IAN de VERTEUIL: When I look at the income statement of the insurance business, it does look as if your expenses were down; it looked

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as if your policy acquisition costs were a bit lower than I would have guessed, given what the net earned premiums were. So, were there other things within the income statement this quarter, whether it's from a reserving point of view, that were used to soften the blow? Because \$4 million, after tax, would--

BRIAN YOUNG: Pre-tax.

IAN de VERTEUIL: Pre-tax, sorry. \$4 million pre-tax, you know, would have brought another \$2.7 million to the bottom line. Is it reasonable to say, then, that if it hadn't been for the storms, the insurance business would have earned well over \$2 million this quarter?

BRIAN YOUNG: There are different ways of looking at it, Ian. First of all, there's all this storm activity in British Columbia, and what we've done is, because of the severity of it in this quarter, we've isolated its impact in this quarter.

Last year, we didn't have this level of storm activity, but there was still *some*. They're still bad, there's still rain, and there's still some wind that hits B.C.

And what we haven't done is actually been able to measure the incremental difference in that storm activity.

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So, it would be a bit of a stretch to say that all of that would fall to the bottom line.

What you could reasonably expect is to get a more normalized loss ratio, and run that through the income statement. That would be a reasonable and prudent thing to do.

IAN de VERTEUIL: If you did that, you'd have the 64 percent. It's about \$3.5 million pre-tax, which, after taxes, would still have given you a pretty big jump on last year, in terms of earnings in the insurance business. Is that how you would think of it, outside of the unusual weather?

BRIAN YOUNG: Yes, but you have to remember that, in the insurance business, it's also the mix of the business that counts, and the other product lines, in Q1, performed very, very well, better than what they would have performed in the past, and helped to offset or mitigate some of the damage.

I think it would be unreasonable to expect that to continue forever. You're going to have some dynamic change that takes place, a mix between whether it's wind, water, accident, snow, and it would be *more* reasonable to look at a consistent loss ratio that we've been able to generate, in that mid- to high-60's, in Q1, and that would be more of a normalized way to trend it, without trying to pick up a specific -- you add

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this, because of this one particular product. I think that might be an inaccurate way to do it.

IAN de VERTEUIL: Okay. Well, let's hope it doesn't rain in Vancouver any more.

BRIAN YOUNG: Yes!

LARRY POLLOCK: It will.

[laughter]

IAN de VERTEUIL: Thanks, guys. Great quarter. Great quarter.

TRACEY C. BALL: Thank you.

LARRY POLLOCK: Thanks, Ian.

OPERATOR: Your next question is a follow-up question from Michael Goldberg of Desjardins Securities. Please go ahead.

MICHAEL GOLDBERG: Maybe just following up on Ian's question -- was there any release of reserves during the quarter? Any favorable reserve development during the quarter?

BRIAN YOUNG: No, nothing unusual. The only favorable reserve development that we achieved was on closing of bodily injury files, and there was a handful of that, but we get that on a regular basis. But nothing unusual that you would look to, in terms of IBNR, reserves, general reserves. We took our same prudent approach that we always did.

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MICHAEL GOLDBERG: Okay. And can you also give us a little bit of color on the sales through the brokerage channel? That's just optional auto -- is that correct?

BRIAN YOUNG: That is correct. What we have embarked on is, really, it's almost like wholesaling our product. We are manufacturing a product for broker distribution through one broker network, which is a white--... you could look at it as a "white-labeled" product, and in terms of its impact on our results this year, it's not going to have a great amount. In earned premium, you might get 1 percent for the balance of the year, and no impact on the bottom line. But it really is strategic positioning for growth in the future. It will start to add in in 2008 and 2009, as we develop that channel out.

MICHAEL GOLDBERG: And on that product, are you doing the pricing, or have you given that--... It sounds like, call it an MGA -- have you given them the authority to do the pricing on it?

BRIAN YOUNG: We control all of the risk and all of the pricing on it.

MICHAEL GOLDBERG: Okay. And also on the Internet channel -- could you give us an update on your thoughts about extending that channel, the product, geographically?

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BRIAN YOUNG: Well, at the moment, what we're trying to do is develop the product so that it helps us with our efficiencies and our sales in our current footprint. But ultimately, down the road, if we achieve slower growth, then we could use it to expand geographically. It is not on our planning horizon at this point in time, however.

MICHAEL GOLDBERG: Okay. Thanks very much.

OPERATOR: There are no further questions at this time. Please continue.

TRACEY C. BALL: Okay. Thanks, everybody, for your continued interest in Canadian Western Bank and our "Think Western" success story.

We look forward to reporting to you on our results for the second quarter of 2007 on June 6th.

If you have any follow-up questions or comments, please call us or contact us by e-mail. Thank you, and good day.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. You may now disconnect your lines.

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