CWB Financial Group

CWB reports fourth quarter and full year 2021 financial and strategic performance

Fourth Quarter and Full Year 2021 Highlights (compared to the same period in the prior year, unless otherwise noted)

	Diluted earnings per common share (EPS)	Total revenue	Pre-tax, pre-provision income[1]	Loans[2]	Branch-raised deposits[1]
Q4 2021	$1.01 *Up 38%*	$261 million *Up 10%*	$123 million *Up 6%*	$32.9 billion *Up 2% from Q3 2021*	$19.3 billion *Up 3% from Q3 2021*
Full year 2021	$3.73 *Up 30%*	$1.0 billion *Up 13%*	$517 million *Up 10%*	*Up 9% in total; 10% in Ontario*	*Up 16%*

Edmonton, December 3, 2021 – CWB Financial Group (TSX: CWB) (CWB) today announced financial performance for the year ended October 31, 2021, with annual revenue surpassing $1.0 billion for the first time in our history. Annual pre-tax, pre-provision income of $517 million was up 10% from last year. Annual net income available to common shareholders of $327 million and adjusted earnings per common share[1] of $3.81 were up 32% and 30%, respectively, from the prior year. Fourth quarter net income available to common shareholders of $90 million and adjusted earnings per common share of $1.03, were up 4% and 2%, respectively, from the third quarter. Our Board of Directors declared a cash dividend of $0.30 per common share, which is up one cent, or 3%, from the dividend declared last quarter and one year ago.

"In 2021, we again demonstrated the quality of our differentiated business model. Our annual revenue surpassed $1 billion for the first time, which supported a 10% annual increase in pre-tax, pre-provision income," said Chris Fowler, President and CEO. "Our momentum continued to build through the year. Strong strategic execution has delivered enhanced products and capabilities to our teams, and we are using these to win more full-service client relationships and drive profitable growth for our shareholders."

"Our brand of proactive, personalized, and specialized service clearly resonates with clients, and our team's relentless client-centric focus resulted in franchise building growth of loans and branch-raised deposits. Our core operating performance and a significant reduction in the performing loan provision for credit losses were the primary drivers of the 32% increase in full-year net income available to common shareholders. While we benefited from a macroeconomic outlook that improved compared to the prior year, we also delivered strong credit performance driven by prudent credit risk management, with a decline in gross impaired loans and realized losses that remained below our five-year average."

"Our momentum will continue for the year ahead, and we expect to deliver double-digit growth of loans and branch-raised deposits. It's an exciting time at CWB as we continue to invest in our capabilities and improve our full-service client experience through enhancements to our in-person and digital channels. We expect to deliver pre-tax, pre-provision income growth in the mid to high-single digits next year based on strong revenue growth balanced with the significant investments we'll continue to make in our capabilities to support higher levels of full-service client growth for the years to come."

(1) Non-GAAP measure – refer to definitions and detail provided on page 7.
(2) Excludes the allowance for credit losses.

Financial Performance

On June 1, 2020, we acquired the businesses of T.E. Wealth and Leon Frazer & Associates (the wealth acquisition). The wealth acquisition has significantly contributed to non-interest income growth and added $0.04 to adjusted earnings per common share in fiscal 2021, but negatively affected our efficiency ratio by 140 basis points on a full year basis.

Q4 2021, compared to Q4 2020[(1)]	Common shareholders' net income of $90 million	Up 42%
	Diluted EPS of $1.01 Adjusted EPS of $1.03	Up 38% Up 37%
	Adjusted ROE of 12.5%	Up 300 bp
	Efficiency ratio of 52.9%	Up 200 bp[(2)]

Compared to the same quarter last year, common shareholders' net income increased as 10% revenue growth and a decline in the provision for credit losses more than offset non-interest expense growth. In line with our strategy, accelerated growth of full-service client relationships was the primary driver of very strong branch-raised deposit[(1)] growth of 16%, which included a 26% increase in demand and notice deposits. Net interest income increased 11% as the benefit of 9% loan growth was supported by a two basis point expansion of net interest margin[(1)]. To support strong loan growth while prudently managing our regulatory capital ratios, we issued common shares for net proceeds of $41 million under our at-the-market (ATM) common equity distribution program during the quarter. Non-interest expenses were up 14% primarily from investments in our teams and technology infrastructure to support growth and strategic execution, and costs associated with operating and enhancing our *Advanced Internal Ratings Based* (AIRB) tools and processes. The provision for credit losses on total loans as a percentage of average loans[(1)] was 38 basis points lower than the same quarter last year, primarily due to improved macroeconomic forecasts and a recovery of impaired loan provisions, which reflected the partial reversal of provisions previously recognized combined with lower new impaired loan formations.

Q4 2021, compared to Q3 2021[(1)]	Common shareholders' net income of $90 million	Up 4%
	Diluted EPS of $1.01 Adjusted EPS of $1.03	Up 3% Up 2%
	Adjusted ROE of 12.5%	Up 20 bp
	Efficiency ratio of 52.9%	Up 520 bp

Common shareholders' net income increased compared to last quarter as a lower provision for credit losses was largely offset by a 10% increase in non-interest expenses, including the impact of continued investment in our teams and technology, the customary seasonal increase in certain expenses, and additional costs to implement enhancements to our AIRB tools and processes. Net interest income was consistent with last quarter, as the benefit of 2% loan growth was offset by a four basis point decline in net interest margin. The decline in net interest margin primarily reflects lower yields on our fixed rate loan portfolio, driven by very strong residential mortgage growth, and lower fee income recognized in loan yields compared to the prior quarter. The provision for credit losses on total loans as a percentage of average loans declined 23 basis points, primarily driven by lower impaired loan provisions due to the factors noted in the comparison to the same quarter last year.

Fiscal 2021, compared to fiscal 2020[(1)]	Common shareholders' net income of $327 million	Up 32%
	Diluted EPS of $3.73 Adjusted EPS of $3.81	Up 30% Up 30%
	Adjusted ROE of 11.8%	Up 230 bp
	Efficiency ratio of 49.1% *(47.7% excluding the impact of the wealth acquisition)*	Up 140 bp *(Up 80 bp)*

Compared to last year, the increase in common shareholders' net income was primarily driven by 13% growth in revenue and a decline in the provision for credit losses, partially offset by an increase in non-interest expenses. Revenue growth included a 12% increase in net interest income and a 26% increase in non-interest income driven by the wealth acquisition. The increase in net interest income was attributable to 9% annual loan growth and a four basis point increase in net interest margin. Non-interest expenses were up 17%, or approximately 10% excluding the wealth acquisition and costs associated with operating and enhancing our AIRB tools and processes. A nine basis point provision for credit losses on total loans as a percentage of average loans was 23 basis points lower than the prior year, primarily driven by a decline in the performing loan provision due to an improved macroeconomic outlook. Common shareholders' net income also reflected the first year of semi-annual coupon payments on our Series 1 and Series 2 Non-Viability Contingent Capital (NVCC) Limited Recourse Capital Notes (LRCN), which totaled $10 million, after-tax.

(1) Adjusted EPS, adjusted ROE, efficiency ratio, branch-raised deposits, net interest margin and the provision for credit losses on total loans as a percentage of average loans are non-GAAP measures. Refer to definitions and detail provided on page 7.
(2) A decrease in the efficiency ratio reflects improved efficiency.

bp – basis point

Fiscal 2022 Outlook

Leveraging our enhanced capabilities through ongoing strategic execution and a continued recovery of the Canadian economy, we expect our teams will deliver strong full-service client growth in strategically targeted market segments and within our risk appetite. For fiscal 2022, we are targeting double-digit annual percentage growth of both branch-raised deposits and loans, where prudent.

The timing and magnitude of potential Bank of Canada policy interest rate increases will impact revenue growth in fiscal 2022, with percentage growth expectations ranging within the low double-digits. We expect non-interest expense percentage growth in the low-teens, driven by continued strategic execution, including enhancements to our AIRB tools and processes, and an increase in costs associated with an expected return to a more normal operating environment. Through the ongoing economic recovery and as government support programs conclude, we expect our provision for credit losses on total loans as a percentage of average loans to increase to the mid-teens in basis points.

We expect to deliver annual pre-tax, pre-provision income growth in the mid- to high- single-digit range, and annual percentage growth of diluted earnings per common share in the low- to mid- single-digit range due to an expected increase in the provision for credit losses.

For further details on our expectations for fiscal 2022, refer to the *Outlook* section of our annual Management's Discussion and Analysis within the 2021 Annual Report.

Strategic Performance

We continue to transform our capabilities to offer a superior full-service client experience through a complete range of in-person and digital channels. These improving capabilities, delivered by our highly engaged and client-centric teams, have accelerated growth of full-service client relationships in specifically targeted segments that fit within our strategic growth objectives and prudent risk appetite. Our strategic execution, with current period highlights noted below, will enable us to continue to deliver strong growth of full-service clients and capitalize on the opportunities available to us as we continue to expand our presence in the Ontario market. This quarter, we:

- Were recognized by Great Places to Work® as one of the Best Workplaces™ for Financial Services & Insurance for 2021, which reflects our unwavering commitment to advance a culture that puts people first.
- Continued to elevate our private wealth offering with the implementation of a leading-edge financial planning software from Conquest Planning, which supports our personalized, relationship-based wealth advisory experience. The platform was launched in fall 2021 and is currently in use by our wealth advisory teams across Canada.
- Opened our new Edmonton Gateway banking centre as part of our redesign initiatives to consolidate our teams in one location that features our refreshed client-inspired design and to provide an enhanced full-service client experience.

About CWB Financial Group

CWB Financial Group (CWB) is a diversified financial services organization known for a highly proactive client experience serving businesses and individuals across Canada. Our key business lines include full-service business and personal banking offered through banking centre locations of Canadian Western Bank, and personal banking through our digital channels, including Motive Financial. Highly responsive nation-wide specialized financing is delivered under the banners of CWB Optimum Mortgage, CWB Equipment Financing, CWB National Leasing, CWB Maxium Financial and CWB Franchise Finance. Trust services are offered through CWB Trust Services. Comprehensive wealth management services are provided through CWB Wealth Management and its affiliate brands, including T.E. Wealth, Leon Frazer & Associates, CWB McLean & Partners, and Canadian Western Financial. As a public company on the Toronto Stock Exchange (TSX), CWB trades under the symbols "CWB" (common shares), "CWB.PR.B" (Series 5 Preferred Shares) and "CWB.PR.D" (Series 9 Preferred Shares). Learn more at www.cwb.com.

Fiscal 2021 Fourth Quarter and Fiscal 2021 Financial Results Conference Call

CWB's fourth quarter results conference call is scheduled for Friday, December 3, 2021, at **10:00 a.m. ET (8:00 a.m. MT**). CWB's executives will comment on financial results and respond to questions from analysts.

The conference call may be accessed on a listen-only basis by dialing (416) 764-8688 (Toronto) or 1 (888) 390-0546 (toll free) and entering passcode: 76916053. The call will also be webcast live on CWB's website:

www.cwb.com/investor-relations/quarterly-reports.

A replay of the conference call will be available until December 10, 2021, by dialing (416) 764-8677 (Toronto) or 1 (888) 390-0541 (toll-free) and entering passcode 916053#.

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Selected Financial Highlights

(unaudited) (thousands, except per share amounts)	For the three months ended **October 31 2021**	 July 31 2021	 October 31 2020[(2)]	Change from October 31 2020	For the year ended **October 31 2021**	 October 31 2020	Change from October 31 2020
Results from Operations							
Net interest income	**$ 229,925**	$ 230,021	$ 206,640	11 %	**$ 892,363**	$ 799,411	12 %
Non-interest income	**30,699**	33,194	29,935	3	**123,670**	97,984	26
Total revenue	**260,624**	263,215	236,575	10	**1,016,033**	897,395	13
Pre-tax, pre-provision income[(1)]	**122,747**	137,586	116,267	6	**517,149**	469,318	10
Common shareholders' net income	**89,998**	86,280	63,380	42	**327,471**	248,956	32
Common Share Information							
Earnings per common share							
Basic	**$ 1.01**	$ 0.99	$ 0.73	38 %	**$ 3.74**	$ 2.86	31 %
Diluted	**1.01**	0.98	0.73	38	**3.73**	2.86	30
Adjusted[(1)]	**1.03**	1.01	0.75	37	**3.81**	2.93	30
Cash dividends	**0.29**	0.29	0.29	-	**1.16**	1.15	1
Book value[(1)]	**33.10**	32.88	31.76	4	**33.10**	31.76	4
Closing market value	**39.59**	34.01	24.50	62	**39.59**	24.50	62
Common shares outstanding (thousands)	**89,390**	88,122	87,100	3	**89,390**	87,100	3
Performance Measures[(1)]							
Return on common shareholders' equity	**12.2 %**	12.1 %	9.2 %	300 bp	**11.6 %**	9.3 %	230 bp
Adjusted return on common shareholders' equity	**12.5**	12.3	9.5	300	**11.8**	9.5	230
Return on assets	**0.97**	0.94	0.75	22	**0.92**	0.76	16
Net interest margin	**2.47**	2.51	2.45	2	**2.49**	2.45	4
Efficiency ratio	**52.9**	47.7	50.9	200	**49.1**	47.7	140
Operating leverage[(2)]	**(4.4)**	(1.7)	(5.9)	150	**(3.3)**	(2.7)	(60)
Credit Quality[(1)]							
Provision for credit losses on total loans as a percentage of average loans[(3)]	**(0.12)**	0.11	0.26	(38)	**0.09**	0.32	(23)
Provision for credit losses on impaired loans as a percentage of average loans[(3)]	**(0.04)**	0.20	0.10	(14)	**0.17**	0.18	(1)
Balance Sheet							
Assets	**$ 37,323,176**	$ 36,649,461	$ 33,937,865	10 %			
Loans[(4)]	**32,900,951**	32,256,833	30,167,719	9			
Deposits	**29,975,739**	29,605,018	27,310,354	10			
Debt	**3,015,065**	2,849,182	2,424,323	24			
Shareholders' equity	**3,533,885**	3,472,517	3,331,538	6			
Off-Balance Sheet							
Wealth management							
Assets under management	**7,818,170**	7,626,309	6,229,674	25			
Assets under advisement and administration	**2,936,035**	2,852,186	2,224,839	32			
Assets under administration - other[(5)]	**14,031,042**	13,274,099	11,081,581	27			
Capital Adequacy[(6)]							
Common equity Tier 1 ratio	**8.8 %**	8.8 %	8.8 %	- bp			
Tier 1 ratio	**10.8**	10.8	10.9	(10)			
Total ratio	**12.4**	12.4	12.6	(20)			
Other							
Number of full-time equivalent staff	**2,617**	2,593	2,505	4 %			

(1) Non-GAAP measure – refer to definitions and detail provided on page 7.
(2) Excluding the impact of the wealth acquisition, our operating leverage ratio would have been negative 6.2% and negative 1.6% for the fourth and third quarter of fiscal 2021 (Q4 2020 – negative 2.2%), respectively, and negative 1.7% for full year fiscal 2021 (2020 – negative 1.0%).
(3) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.
(4) Excludes the allowance for credit losses.
(5) Comprised of trust assets under administration, third-party leases under administration and loans under service agreements.
(6) Calculated using the *Standardized* approach in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).

bp – basis point

Financial Summary

This financial summary, dated December 2, 2021, should be read in conjunction with Canadian Western Bank's (CWB) unaudited condensed financial statements for the period ended October 31, 2021, included in this document, as well as the audited consolidated financial statements and Management's Discussion and Analysis (MD&A) for the year ended October 31, 2021, contained in our 2021 Annual Report, available on SEDAR at www.sedar.com and CWB's website at www.cwb.com.

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars.

Forward-looking Statements

From time to time, we make written and verbal forward-looking statements. Statements of this type are included in our Annual Report and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as media releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about our objectives and strategies, targeted and expected financial results and the outlook for CWB'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", "goal", "focus", "potential", "proposed" 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 and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that our assumptions may not be correct, and that our strategic goals will not be achieved.

A variety of factors, many of which are beyond our 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 housing market conditions, the volatility and level of liquidity in financial markets, fluctuations in interest rates and currency values, the volatility and level of various commodity prices, changes in monetary policy, changes in economic and political conditions, material changes to trade agreements, transition to the AIRB approach for regulatory capital purposes, legislative and regulatory developments, legal developments, the level of competition, the occurrence of natural catastrophes, outbreaks of disease or illness that affect local, national or international economies, changes in accounting standards and policies, information technology and cyber risk, the accuracy and completeness of information we receive 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 business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and our 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.

Additional information about these factors can be found in the *Risk Management* sections of our MD&A. 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 our actual results to differ materially from the expectations expressed in such forward-looking statements. Any forward-looking statements contained in this document represent our views as of the date hereof. Unless required by securities law, we do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by us or on our behalf. The forward-looking statements contained in this document are presented for the purpose of assisting readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the performance of the Canadian economy over the forecast horizon and how it will affect our business are material factors considered when setting organizational objectives and targets. In determining expectations for economic growth, we consider our own forecasts, economic data and forecasts provided by the Canadian government and its agencies, as well as certain private sector forecasts. These forecasts are subject to inherent risks and uncertainties that may be general or specific. The full extent of the impact that COVID-19, including evolving government and regulatory responses to the outbreak, will continue to have on the Canadian economy and our business is uncertain and difficult to predict at this time. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the *Fiscal 2022 Outlook* and *Allowance for Credit Losses* sections of our MD&A.

Non-GAAP Measures

We use a number of financial measures and ratios to assess our performance against strategic initiatives and operational benchmarks. Some of these financial measures and ratios do not have standardized meanings prescribed by Generally Accepted Accounting Principles (GAAP) and may not be comparable to similar measures presented by other financial institutions. Non-GAAP financial measures and ratios provide readers with an enhanced understanding of how we view our ongoing performance. These measures and ratios may also provide the ability to analyze trends related to profitability and the effectiveness of our operations and strategies, and are disclosed in compliance with National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*.

To calculate non-GAAP financial measures, we exclude certain items from our financial results prepared in accordance with IFRS. Adjustments relate to items which we believe are not indicative of underlying operating performance. Our non-GAAP financial measures include:

- Adjusted non-interest expenses – total non-interest expenses, excluding pre-tax amortization of acquisition-related intangible assets, and acquisition and integration costs. Acquisition and integration costs include direct and incremental costs incurred as part of the execution and integration of the acquisition of the businesses of T.E. Wealth and Leon Frazer & Associates.
- Adjusted common shareholders' net income – total common shareholders' net income, excluding the amortization of acquisition-related intangible assets, and acquisition and integration costs, net of tax.
- Pre-tax, pre-provision income – total revenue less adjusted non-interest expenses.

The following table provides a reconciliation of our non-GAAP financial measures to our reported financial results.

(unaudited) (thousands)	For the three months ended **October 31 2021**	July 31 2021	October 31 2020	Change from October 31 2020	For the year ended **October 31 2021**	October 31 2020	Change from October 31 2020
Non-interest expenses	**$ 140,802**	$ 128,112	$ 123,206	14 %	**$ 508,718**	$ 436,646	17 %
Adjustments (before tax):							
Amortization of acquisition-related intangible assets	**(2,032)**	(2,032)	(1,991)	2	**(8,073)**	(6,127)	32
Acquisition and integration costs	**(893)**	(451)	(907)	(2)	**(1,761)**	(2,442)	(28)
Adjusted non-interest expenses	**$ 137,877**	$ 125,629	$ 120,308	15 %	**$ 498,884**	$ 428,077	17 %
Common shareholders' net income							
Adjustments (after-tax):	**$ 89,998**	$ 86,280	$ 63,380	42 %	**$ 327,471**	$ 248,956	32 %
Amortization of acquisition-related intangible assets[1]	**1,485**	1,485	1,443	3	**5,901**	4,515	31
Acquisition and integration costs[2]	**674**	340	669	1	**1,329**	1,804	(26)
Adjusted common shareholders' net income	**$ 92,157**	$ 88,105	$ 65,492	41 %	**$ 334,701**	$ 255,275	31 %
Total revenue	**$ 260,624**	$ 263,215	$ 236,575	10 %	**$ 1,016,033**	$ 897,395	13 %
Less:							
Adjusted non-interest expenses (see above)	**137,877**	125,629	120,308	15	**498,884**	428,077	17
Pre-tax, pre-provision income	**$ 122,747**	$ 137,586	$ 116,267	6 %	**$ 517,149**	$ 469,318	10 %

(1) Net of income tax of $547 for the three months ended October 31, 2021 (Q3 2021 – $547, Q4 2020 – $548) and $2,172 for the year ended October 31, 2021 (2020 – $1,612).
(2) Net of income tax of $219 for the three months ended October 31, 2021 (Q3 2021 – $111, Q4 2020 – $238) and $432 for the year ended October 31, 2021 (2020 – $638).

Non-GAAP ratios are calculated using the non-GAAP financial measures defined above. Our non-GAAP ratios include:

- Adjusted earnings per common share – diluted earnings per common share calculated with adjusted common shareholders' net income.
- Adjusted return on common shareholders' equity – annualized adjusted common shareholders' net income divided by average common shareholders' equity, which is total shareholders' equity excluding preferred shares and limited recourse capital notes.
- Efficiency ratio – adjusted non-interest expenses divided by total revenue.
- Operating leverage – growth rate of total revenue less growth rate of adjusted non-interest expenses.

Supplementary financial measures are measures that do not have definitions prescribed by GAAP, but do not meet the definition of a non-GAAP financial measure or ratio. Our supplementary financial measures include:

- Return on assets – annualized common shareholders' net income divided by average total assets.
- Net interest margin – annualized net interest income divided by average total assets.
- Return on common shareholders' equity – annualized common shareholders' net income divided by average common shareholders' equity.
- Write-offs as a percentage of average loans – annualized write-offs divided by average total loans.
- Book value per common share – total common shareholders' equity divided by total common shares outstanding.
- Branch-raised deposits – total deposits excluding broker term and capital market deposits.
- Provision for credit losses on total loans as a percentage of average loans – annualized provision for credit losses on loans, committed but undrawn credit exposures and letters of credit divided by average total loans. Provisions for credit losses related to debt securities measured at fair value through other comprehensive income (FVOCI) and other financial assets are excluded.
- Provision for credit losses on impaired loans as a percentage of average loans – annualized provision for credit losses on impaired loans divided by average total loans.
- Provision for credit losses on performing loans as a percentage of average loans – annualized provision for credit losses on performing loans (Stage 1 and 2) divided by average total loans.
- Average balances – average daily balances.

Strategic Transaction

On June 1, 2020, we completed the acquisition of 100% of the common shares of iA Investment Counsel Inc., an investment counsellor operating under the brands T.E. Wealth and Leon Frazer & Associates (the wealth acquisition) for a purchase price of $87 million. The wealth acquisition is a transformative step forward for CWB to become a leader in private wealth for Canadian business owners and their families, with focused capabilities in complex financial planning and investment management. With a significant portion of the client base in Ontario, the wealth acquisition will support our continued growth of strong full-service client relationships across the country. The integration of our wealth management operations will provide a differentiated private wealth experience to our clients, and continues to progress in line with our expectations.

The wealth acquisition contributed $5.8 billion to assets under management, advisement and administration on the acquisition date which grew to $7.1 billion at October 31, 2021 (October 31, 2020 – $5.9 billion), primarily due to market value appreciation supported by full advisor retention and no significant client attrition related to the acquisition. Indigenous Services assets under advisement of $1.7 billion at acquisition have increased to $2.0 billion at October 31, 2021 (October 31, 2020 – $1.8 billion). The wealth acquisition has contributed approximately $0.04 to adjusted earnings per common share in fiscal 2021, surpassing our previous expectations.

Financial Performance

Q4 2021 vs. Q4 2020

Common shareholders' net income of $90 million and diluted earnings per common share of $1.01 increased 42% and 38%, respectively. Adjusted common shareholders' net income of $92 million and adjusted earnings per common share of $1.03 increased 41% and 37%, respectively. Pre-tax, pre-provision income of $123 million was up 6%.

Total revenue of $261 million grew 10%, which reflected an 11% increase in net interest income and a 3% increase in non-interest income. Net interest income of $230 million increased due to the benefit of 9% loan growth combined with a two basis point increase in net interest margin, driven by a favourable shift in our funding mix from strong branch-raised deposit growth, which drove a decline in more expensive broker deposits, partially offset by the impact of holding higher average cash and securities balances compared to last year. Non-interest income growth reflects higher wealth management fees, partially offset by lower net gains on securities.

The provision for credit losses on total loans as a percentage of average loans represented a 12 basis point recovery this quarter and was 38 basis points lower than the same quarter last year. The performing loan provision declined 24 basis points due to the impact of a more optimistic macroeconomic outlook associated with the ongoing economic recovery, and impaired loan provisions declined 14 basis points. Lower impaired loan provisions reflected the reversal of provisions related to previously impaired loans that were resolved with lower than expected realized losses, combined with a decline in new impaired loan formations.

Non-interest expenses of $141 million, were up 14%, which included $4 million of additional costs associated with our AIRB tools and processes. AIRB-related costs include ongoing operating costs, non-recurring costs incurred to implement certain enhancements to our tools and processes, and amortization of accumulated capital costs of our AIRB implementation. Excluding AIRB-related costs, non-interest expenses increased 11%, which was driven by continued investment in our teams and technology to support growth and strategic execution.

Q4 2021 vs. Q3 2021

Common shareholders' net income and diluted earnings per common share increased 4% and 3%, respectively. Adjusted common shareholders' net income and adjusted earnings per common share increased 5% and 2%, respectively. Pre-tax, pre-provision income was down 11%.

Total revenue decreased 1%, primarily due to an 8% decline in non-interest income driven by nominal net losses on securities in the current quarter compared to $2 million of net gains last quarter. Net interest income was consistent with last quarter as the benefit of 2% sequential loan growth was offset by a four basis point decline in net interest margin. The decline in net interest margin primarily reflects lower yields in our fixed rate portfolios, driven by very strong residential mortgage growth and lower fee income recognized in loan yields compared to the prior quarter.

Our provision for credit losses on total loans as a percentage of average loans was 23 basis points below last quarter, primarily due to lower impaired loan provisions driven by the factors noted in the comparison to the same quarter last year.

Non-interest expenses increased 10%, primarily due to continued investment in our teams and technology, customary seasonal increases in advertising, community investment and employee training costs, and additional costs to implement enhancements to our AIRB tools and processes.

2021 vs. 2020

Common shareholders' net income of $327 million and diluted earnings per common share of $3.73 were up 32% and 30%, respectively. Adjusted common shareholders' net income of $335 million was up 31% and adjusted earnings per common share of $3.81 increased 30%. Pre-tax, pre-provision income of $517 million increased 10%.

Annual revenue surpassed $1 billion for the first time in our history and increased 13% from the prior year, due to a 12% increase in net interest income combined with a 26% increase in non-interest income. Net interest income increased to $892 million driven by 9% loan growth and a four basis point increase in net interest margin, primarily due to the factors noted in the comparison to the same quarter last year, partially offset by the negative impact of Canada's policy interest rate reductions in March 2020, which did not impact our results for a full year in fiscal 2020. Non-interest income of $124 million increased primarily due to the full-year contribution of the wealth acquisition, higher credit related fees driven by strong loan growth and higher foreign exchange revenue, recorded within 'other' non-interest income. These increases were partially offset by lower net gains on securities, which were elevated last year as we re-balanced our cash and securities portfolio through the market disruption that followed the emergence of the COVID-19 pandemic.

The provision for credit losses on total loans as a percentage of average loans of 9 basis points was 23 basis points lower than last year due to a decrease in the performing loan provision, reflecting the factors noted in the comparison to the same quarter last year.

Non-interest expenses of $509 million were up 17%, or 10% excluding the wealth acquisition and $11 million of costs associated with operating and enhancing our AIRB tools and processes. The remaining increase was driven by the factors noted in the comparison to the same quarter last year.

Common shareholders' net income also reflected the first year of semi-annual coupon payments on the Series 1 and Series 2 Non-Viability Contingent Capital (NVCC) Limited Recourse Capital Notes (LRCN), which totaled $10 million, after tax.

ROE and ROA

The fourth quarter return on common shareholders' equity (ROE) of 12.2% and adjusted ROE of 12.5% were both up 300 basis points compared to last year due to higher common shareholders' net income, partially offset by higher average common shareholders' equity. Fourth quarter ROE and adjusted ROE were relatively consistent with last quarter.

Full year ROE of 11.6% and adjusted ROE of 11.8% increased 230 basis points due to the factors noted in the comparison to the same quarter last year.

The fourth quarter return on assets (ROA) of 0.97% was 22 basis points above last year and relatively consistent with last quarter. The increase compared to the same quarter last year reflected higher common shareholders' net income, partially offset by higher average assets. The full year ROA of 0.92% increased 16 basis points primarily due to the factors noted in the comparison to the same quarter last year.

Efficiency Ratio

The fourth quarter efficiency ratio of 52.9% compared to 50.9% last year and 47.7% last quarter with expense growth outpacing revenue growth as we continued to proactively invest in our capabilities and technology to drive higher revenue growth in future periods. The efficiency ratio of 49.1% compared to 47.7% last year, due to the impact of the wealth acquisition and continued investment in strategic execution, which outpaced revenue growth. Excluding the wealth acquisition, the efficiency ratio of 47.7% compared to 46.9% last year.

Loans

Total loans, excluding the allowance for credit losses, of $32.9 billion increased 9% ($2.7 billion) from last year and 2% ($0.6 billion) from the prior quarter.

Loans by Portfolio

(unaudited) ($ millions)	October 31 2021	% of total as at October 31 2021	July 31 2021	October 31 2020	% change from October 31 2020
General commercial loans	$ **10,895**	33 %	$ 10,728	$ 9,697	12 %
Commercial mortgages	**7,039**	22	6,675	5,696	24
Personal loans and mortgages	**6,396**	19	6,167	6,074	5
Equipment financing and leasing	**5,286**	16	5,292	5,254	1
Real estate project loans	**2,871**	9	3,036	3,252	(12)
Oil and gas production loans	**414**	1	359	195	112
Total loans[1]	$ **32,901**	100 %	$ 32,257	$ 30,168	9 %

[1] Total loans outstanding by lending sector exclude the allowance for credit losses.

Q4 2021 vs. Q4 2020

Strong growth of 12% in the strategically targeted general commercial portfolio, including 16% growth in Ontario, reflected our focus to increase full-service client relationships across our national footprint. Growth in commercial mortgages of 24% primarily reflected strong new lending volumes in British Columbia, Alberta and Ontario, with high-quality borrowers and underlying assets consistent with our risk appetite. The 5% increase in personal loans and mortgages primarily reflected residential A mortgage portfolio growth, which supports our participation in the *National Housing Act Mortgage Backed Securities* (NHA MBS) program. Real estate project loans declined 12%, driven by successful project completions, primarily in British Columbia. Oil and gas production loans increased $219 million primarily due to participation in syndicated facilities with high-quality borrowers that remain within our risk appetite. Our exposure to oil and gas production and service businesses each represent 1% of our total loans.

Q4 2021 vs. Q3 2021

Growth in strategically targeted general commercial loans remained solid, with a 2% increase from last quarter, including 4% growth in Ontario. Commercial mortgages increased 5% primarily due to strong new lending volumes with high-quality borrowers and underlying assets consistent with our risk appetite. Personal loans and mortgages increased 4% during the quarter as strong origination volume outpaced payouts, which have moderated over the past quarter. Real estate project loans decreased 5% and oil and gas production loans increased 15%, both due to the factors noted in the comparison to the same quarter last year.

Loans by Geography

(unaudited) ($ millions)	October 31 2021	% of total as at October 31 2021	July 31 2021	October 31 2020	% change from October 31 2020
British Columbia	$ **10,794**	33 %	$ 10,544	$ 9,722	11 %
Alberta	**10,317**	31	10,119	9,529	8
Ontario	**7,727**	23	7,442	7,016	10
Saskatchewan	**1,521**	5	1,545	1,422	7
Quebec	**993**	3	1,010	938	6
Manitoba	**908**	3	956	924	(2)
Other	**641**	2	641	617	4
Total loans[1]	$ **32,901**	100 %	$ 32,257	$ 30,168	9 %

[1] Total loans outstanding by province exclude the allowance for credit losses.

Q4 2021 vs. Q4 2020

Growth of 11% in British Columbia, primarily reflected strong growth in the commercial mortgage and general commercial portfolios, offset by a contraction in real estate project loans. Growth in Alberta of 10%, was primarily driven by expansion across all portfolios, with the exception of real estate project lending. Ontario loans increased 10%, primarily driven by the general commercial portfolio. Saskatchewan loans were up 7% due to increased general commercial loans.

Q4 2021 vs. Q3 2021

On a sequential basis, loans in British Columbia and Alberta each grew 2%, primarily driven by commercial mortgages offset by a decline in real estate project loans. Ontario growth of 4% reflected strong performance in the personal loans and mortgages and general commercial portfolios, and accounted for approximately 45% of overall growth during the quarter.

Credit Quality

Credit quality continued to reflect the secured nature of our lending portfolio, disciplined underwriting practices and proactive loan management. Borrower credit performance has remained strong through the pandemic, and we finished the year with impaired loans and payment delinquencies both below pre-COVID-19 levels.

Gross impaired loans

The level of gross impaired loans fluctuates as loans become impaired and are subsequently resolved, and does not directly reflect the dollar value of expected write-offs given tangible security held in support of lending exposures. The dollar amount of gross impaired loans totaled $202 million, compared to $257 million one year ago and $276 million last quarter.

(unaudited) ($ thousands)	For the three months ended **October 31 2021**	 July 31 2021	 October 31 2020	Change from October 31 2020
Gross impaired loans, beginning of period	**$ 275,928**	$ 298,094	$ 282,827	(2) %
New formations	**22,134**	38,116	38,844	(43)
Reductions, impaired accounts paid down or returned to performing status	**(68,021)**	(45,237)	(56,125)	21
Write-offs	**(27,717)**	(15,045)	(8,405)	230
Total(1)	**$ 202,324**	$ 275,928	$ 257,141	(21) %
Balance of the ten largest impaired accounts	**$ 77,227**	$ 115,456	$ 72,311	7 %
Total number of accounts classified as impaired(2)	**330**	350	420	(21)
Gross impaired loans as a percentage of gross loans	**0.61 %**	0.86 %	0.85 %	(24) bp

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $2,253 (July 31, 2021 – $2,079, October 31, 2020 – $4,357).
(2) Total number of accounts excludes CWB National Leasing.
bp – basis point

Gross impaired loan balances represented 0.61% of gross loans, down from 0.85% last year and 0.86% last quarter due to strong resolutions during the quarter, which included write-offs of previously recognized provisions, and lower new impaired loan formations. New impaired loan formations of $22 million were lower than $39 million last year and $38 million last quarter. Resolutions of impaired loans increased to $68 million, compared to $56 million last year and $45 million last quarter.

We continue to carefully monitor the entire loan portfolio to assess evolving risk profiles, with a focus on industries particularly affected by restrictions put in place to slow the spread of the COVID-19 virus, including restaurants and hotels. Our exposure within these industries is well-diversified and supported by high-quality, resilient borrowers that have delivered very stable credit performance through the pandemic so far. Our strong credit risk management framework, including well-established underwriting standards, the secured nature of our lending portfolio with conservative loan-to-value ratios, and proactive approach to working with clients through difficult periods is further enhanced by our AIRB tools and has continued to be an effective approach. This is demonstrated by our history of low write-offs as a percentage of total loans, including through past periods of economic volatility.

Allowances for credit losses

At October 31, 2021, the total allowance for credit losses (Stages 1, 2 and 3) was $146 million, compared to $164 million one year ago and $181 million last quarter.

(unaudited) ($ thousands)	**October 31 2021**	July 31 2021	October 31 2020	Change from October 31 2020
Performing (Stage 1 and 2)				
Loans	**$ 102,132**	$ 108,556	$ 125,191	(18) %
Committed by undrawn credit exposures and letters of credit	**4,421**	4,633	5,087	(13)
	106,553	113,189	130,278	(18)
Loans - Impaired (Stage 3)	**39,297**	68,086	34,135	15
Total	**$ 145,850**	$ 181,275	$ 164,413	(11) %

Performing loan allowance

The performing loan allowance is estimated based on 12-month expected credit losses (ECL) for loans in Stage 1, while loans in Stage 2 require the recognition of lifetime ECL. The proportion of performing loans in Stage 2 at the end of the fourth quarter was 9%, compared to 34% last year and 7% last quarter. The decline in Stage 2 loans compared to last year was primarily due to an improvement in current and forecast macroeconomic conditions. The slight increase in Stage 2 loans from last quarter was primarily driven by our personal loans and mortgages portfolio. Due to the short duration of our personal loan and mortgage portfolio, a large proportion of these loans were originated in the last year when defaults and delinquencies were very low and the outlook for housing price growth was very robust. Compared to origination conditions, forecast housing price growth is lower, which is driving the Stage 2 increase, rather than a deterioration of borrower-specific credit quality. The relatively short duration of our loan portfolios limits the impact on our performing loan allowance when loans migrate from Stage 1 to Stage 2. Tangible security held and conservative loan-to-value ratios also decrease the overall sensitivity of our allowance for credit losses to changes in forecasted economic conditions.

The performing loan allowance of $107 million decreased 18% ($24 million) from the prior year, primarily due to the impact of improving macroeconomic forecasts reflective of the ongoing economic recovery. The 6% ($7 million) decline in the performing loan allowance compared to last quarter primarily reflected lower loan default rates and an improvement in the oil price forecast.

In estimating the performing loan allowance, we continue to supplement our modeled ECL to reflect expert credit judgments. These expert credit judgments account for the variability in the results provided by the models and consider the lagging impacts of typical credit cycles, where loan defaults occur in periods subsequent to the onset of a decline in macroeconomic conditions. These expert credit judgments also allow us to incorporate the estimated impact of the evolving levels of government stimulus and support programs, which cannot be modelled using historical data as they have not occurred in the past.

Impaired loan allowance

The allowance for impaired loans (Stage 3) was $39 million, compared to $34 million last year and $68 million last quarter. Given the larger average exposure size within our commercial portfolios in comparison to personal loans, our impaired loan allowance and provision for credit losses may fluctuate as loans become impaired and are subsequently resolved. In determining allowances for impaired loans, we establish estimates through detailed analysis of both the overall quality and ultimate marketability of the security held against each impaired account on a case-by-case basis.

Provision for credit losses

The fourth quarter provision for credit losses on total loans as a percentage of average loans represented a 12 basis point recovery, compared to charges of 26 basis points last year and 11 basis points last quarter. On an annual basis, the provision for credit losses on total loans represented nine basis points of average loans, down from 32 basis points last year and well below our normal historical range of 18 to 23 basis points.

	For the three months ended			Change from	For the year ended		Change from
(unaudited) (as a % of average loans)	**October 31 2021**	July 31 2021	October 31 2020	October 31 2020	**October 31 2021**	October 31 2020	October 31 2020
Provision for credit losses on impaired loans	**(0.04) %**	0.20 %	0.10 %	(14) bp	**0.17 %**	0.18 %	(1) bp
Provision for credit losses on performing loans	**(0.08)**	(0.09)	0.16	(24)	**(0.08)**	0.14	(22)
Total	**(0.12)**	0.11	0.26	(38) bp	**0.09**	0.32	(23) bp
Write-offs	**0.34**	0.19	0.11	23	**0.19**	0.17	2

bp – basis point

The fourth quarter provision for credit losses on performing loans was a recovery of $7 million compared to a charge of $12 million last year and consistent with last quarter. On a full year basis, the provision for credit losses on performing loans was a recovery of $24 million compared to a charge of $41 million last year. Last year, the performing loan provision for credit losses reflected a worsening in macroeconomic assumptions related to the estimated economic impact of the COVID-19 pandemic, which resulted in a larger proportion of loans in Stage 2. Recoveries through fiscal 2021 reflected improvements in the near-term economic forecast, lower loan default rates and a migration of loans back to Stage 1. For further details on the estimation of the performing loan allowance, see the *Performing loan allowance* section.

The provision for credit losses on impaired loans was a recovery of $3 million compared to charges of $8 million last year and $16 million last quarter. The fourth quarter provision for credit losses on impaired loans reflected the reversal of provisions related to previously impaired loans that were resolved with lower than expected realized losses, combined with lower new impaired loan formations during the quarter. The provision for credit losses on impaired loans of $51 million was consistent with the prior year.

Quarterly write-offs fluctuate as loans become impaired and are subsequently resolved. Write-offs increased compared to last quarter reflecting the increase in resolutions of impaired loans, which resulted in the realization of previously recognized provisions for credit losses. Our approach to managing credit risk has proven to be very effective and on an annual basis, we recognized write-offs of 19 basis points as a percentage of average loans, below our five-year average of 20 basis points.

Deposits and Funding

Total deposits of $30.0 billion were up 10% ($2.7 billion) from last year and 1% ($0.4 billion) compared to last quarter. Branch-raised deposits increased 16% ($2.6 billion) from last year and 3% ($0.6 billion) compared to last quarter. We have consistently delivered strong branch-raised deposit growth over the past several years, resulting from our focus on growth of full-service client relationships leveraging our expanded product offering and capabilities.

(unaudited) (millions)	As at **October 31 2021**	 July 31 2021	 October 31 2020	Change from October 31 2020
CWB Financial Group branch-raised				
Demand and notice	**$ 14,465**	$ 14,014	$ 11,513	26 %
Term	**4,794**	4,667	5,115	(6)
	19,259	18,681	16,628	16
Broker term	**6,386**	6,298	7,132	(10)
Capital markets	**4,331**	4,626	3,550	22
Total deposits	**$ 29,976**	$ 29,605	$ 27,310	10 %

Q4 2021 vs. Q4 2020

We continue to deliver on our funding diversification strategy. Our teams grew relationship-based, branch-raised deposits by 16%, which now represent 64% of total deposits, up from 61% last year. Branch-raised deposit growth was generated in demand and notice products, and reflects our franchise building strategy to expand our full-service client relationships. Demand and notice deposits increased 26% and now account for 48% of total deposits, compared to 42% last year.

Capital market deposits increased 22% from last year, as we capitalized on strong debt market conditions through five senior deposit note issuances, and represented 15% of total deposits, up from 13% in the prior year.

Very strong branch-raised deposit growth resulted in a 10% decline in broker-sourced deposits, which now represent 21% of total deposits, compared to 26% last year. While our preference is to raise relationship-based branch-raised deposits, the broker deposit market continues to be a deep and efficient source to raise insured retail deposits and has proven to be a reliable and effective way to access funding and liquidity over a wide geographic base. We raise only fixed term broker deposits with terms to maturity between one and five years.

Q4 2021 vs. Q3 2021

Total deposits were up 1% from the prior quarter. Branch-raised deposits increased 3% on strong performance within our banking centres and CWB Trust Services. The proportion of branch-raised deposits to total deposits increased to 64% this quarter, compared to 63% last quarter. Demand and notice deposits increased 3% and now account for 48% of total deposits, up from 47% last quarter.

Capital market deposits decreased 6% ($0.3 billion) from last quarter as maturities more than offset new issuances. Broker deposits remained relatively stable with the prior quarter.

Securitization

Securitized leases, loans and mortgages are reported on-balance sheet with total loans. The gross amount of securitized leases and loans at October 31, 2021 was $1.9 billion, up $0.2 billion from last year and consistent with last quarter. The gross amount of mortgages securitized under the NHA MBS program was $1.4 billion, up from $1.1 billion one year ago and $1.3 billion last quarter. Fiscal 2021 funding from securitization of leases, loans and mortgages was $1.4 billion, compared to $1.3 billion last year.

Securitization funding of $2.6 billion, recorded as debt on our balance sheet, increased 29% from last year and 7% from last quarter.

Capital Management

OSFI requires Canadian financial institutions to manage and report regulatory capital in accordance with the Basel III capital management framework. We currently report regulatory capital ratios using the *Standardized* approach for calculating risk-weighted assets, which requires us to carry significantly more capital for certain credit exposures compared to requirements under the AIRB methodology. For this reason, regulatory capital ratios of banks that utilize the *Standardized* approach are not directly comparable with the large Canadian banks and other financial institutions that utilize the AIRB methodology. Our required minimum regulatory capital ratios, including a 250 basis point capital conservation buffer, are 7.0% common equity Tier 1 (CET1), 8.5% Tier 1 and 10.5% Total capital.

Regulatory Capital and Capital Adequacy Ratios

Our capital ratios of 8.8% CET1, 10.8% Tier 1 and 12.4% Total capital, and our leverage ratio of 8.6% at October 31, 2021 were relatively stable compared to last year and last quarter.

(unaudited) (millions)	**As at October 31 2021**	As at July 31 2021	As at October 31 2020
Regulatory capital			
CET1 capital before deductions	**$ 2,925**	$ 2,850	$ 2,671
Net CET1 deductions(1)	**(324)**	(314)	(299)
CET1 capital	**2,601**	2,536	2,372
Tier 1 capital	**3,176**	3,111	2,937
Total capital	**3,650**	3,589	3,419
Risk-weighted assets	**29,500**	28,905	27,044
Capital adequacy ratios			
CET1	**8.8 %**	8.8 %	8.8 %
Tier 1	**10.8**	10.8	10.9
Total	**12.4**	12.4	12.6
Leverage ratio(2)	**8.6**	8.6	8.5

(1) The implementation of the transitional arrangement related to the capital treatment of the performing loan allowance, net of related tax, resulted in a $6 million increase to CET1 and Tier 1 capital (July 31, 2021 – $8 million; October 31, 2020 – $21 million) and had a negligible impact on the CET1 and Tier 1 ratios at October 31, 2021 (July 31, 2021 – negligible impact; October 31, 2020 – increase of approximately 10 basis points). The transitional arrangement has no impact on the Total capital ratio.

(2) Sovereign-issued securities that qualify as High Quality Liquid Assets under the Liquidity Adequacy Requirements guideline are temporarily excluded from the leverage ratio exposure measure until December 31, 2021. This exclusion increased our leverage ratio by approximately 30 basis points at October 31, 2021 (July 31, 2021 – approximately 30 basis points; October 31, 2020 – approximately 10 basis points).

ATM Program

On May 31, 2021, we established an ATM program that allows us to incrementally issue up to $150 million of common shares, at our discretion, at the prevailing market price. The ATM program was established under a prospectus supplement to the CWB short-form base shelf prospectus, and expires on November 9, 2022. During the three months ended October 31, 2021, we issued 1,147,900 common shares at an average price of $36.63 per share for gross proceeds of $42 million, or net proceeds of $41 million after commissions and other issuance costs. For the full year, we issued 2,052,600 common shares at an average price of $35.55 per share for gross proceeds of $73 million, or net proceeds of $71 million after commissions and other issuance costs.

Dividends and LRCN Distributions

Common shareholders received a quarterly cash dividend of $0.29 per common share on September 23, 2021. On December 2, 2021, our Board of Directors declared a cash dividend of $0.30 per common share, payable on January 6, 2022 to shareholders of record on December 16, 2021. This quarterly dividend is up one cent, or 3%, from the dividend declared last quarter and one year ago, and represents an increase following the conclusion on November 4, 2021 of OSFI's moratorium on dividend increases and the use of share buyback programs for federally-regulated financial institutions, which had been in effect since March 2020.

Consistent with the dividends paid to preferred shareholders on October 31, 2021, the Board of Directors also declared cash dividends of $0.2688125 per Series 5 and $0.375 per Series 9 preferred shares, all payable on January 31, 2022 to shareholders of record on January 21, 2022.

Series 1 LRCN note holders received a semi-annual coupon payments of $30 per $1,000 principal amount notes on October 31, 2021. The payment, which totaled $4 million, was recorded in common shareholders' net income on an after-tax basis.

Further information related to our capital position is provided in Note 16 of the audited consolidated financial statements for the year ended October 31, 2021.

Consolidated Financial Statements - Consolidated Balance Sheets

(unaudited) ($ thousands)	As at October 31 2021	As at July 31 2021	As at October 31 2020	Change from October 31 2020
Assets				
Cash Resources				
Cash and non-interest bearing deposits with financial institutions	**$ 87,853**	$ 69,106	$ 113,868	(23) %
Interest bearing deposits with regulated financial institutions	**21,344**	24,873	254,451	(92)
Cheques and other items in transit	**19,262**	11,023	-	100
	128,459	105,002	368,319	(65)
Securities				
Issued or guaranteed by Canada	**2,962,290**	2,665,919	1,317,967	125
Issued or guaranteed by a province or municipality	**406,708**	900,402	967,415	(58)
Other debt securities	**198,799**	92,837	377,244	(47)
Preferred shares	**-**	-	1,992	(100)
	3,567,797	3,659,158	2,664,618	34
Securities Purchased under Resale Agreements	**30,048**	-	50,084	(40)
Loans				
Personal	**6,395,524**	6,166,667	6,073,643	5
Business	**26,505,427**	26,090,166	24,094,076	10
	32,900,951	32,256,833	30,167,719	9
Allowance for credit losses	**(141,429)**	(176,642)	(159,326)	(11)
	32,759,522	32,080,191	30,008,393	9
Other				
Property and equipment	**130,698**	125,983	139,349	(6)
Goodwill	**138,701**	138,701	138,256	-
Intangible assets	**227,845**	221,154	220,708	3
Derivatives	**52,862**	32,149	96,615	(45)
Other assets	**287,244**	287,123	251,523	14
	837,350	805,110	846,451	(1)
Total Assets	**$ 37,323,176**	$ 36,649,461	$ 33,937,865	10 %
Liabilities and Equity				
Deposits				
Personal	**$ 15,198,820**	$ 15,139,350	$ 15,661,320	(3) %
Business and government	**14,776,919**	14,465,668	11,649,034	27
	29,975,739	29,605,018	27,310,354	10
Other				
Cheques and other items in transit	**50,110**	47,227	52,326	(4)
Securities sold under repurchase agreements	**-**	12,771	65,198	(100)
Derivatives	**36,068**	15,356	6,285	474
Other liabilities	**712,309**	647,390	746,979	(5)
	798,487	722,744	870,788	(8)
Debt				
Debt related to securitization activities	**2,641,843**	2,476,105	2,051,680	29
Subordinated debentures	**373,222**	373,077	372,643	-
	3,015,065	2,849,182	2,424,323	24
Equity				
Preferred shares	**250,000**	250,000	390,000	(36)
Limited recourse capital notes	**325,000**	325,000	175,000	86
Common shares	**809,435**	764,959	730,846	11
Retained earnings	**2,120,795**	2,057,169	1,907,739	11
Share-based payment reserve	**26,016**	26,650	25,749	1
Accumulated other comprehensive income	**2,639**	48,739	102,204	(97)
Total Shareholders' Equity	**3,533,885**	3,472,517	3,331,538	6
Non-controlling interests	**-**	-	862	(100)
Total Equity	**3,533,885**	3,472,517	3,332,400	6
Total Liabilities and Equity	**$ 37,323,176**	$ 36,649,461	$ 33,937,865	10 %

Condensed Financial Statements - Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)	For the three months ended **October 31 2021**	 July 31 2021	 October 31 2020	Change from October 31 2020	For the year ended **October 31 2021**	 October 31 2020	Change from October 31 2020
Interest Income							
Loans	**$ 329,014**	$ 329,217	$ 320,271	3 %	**$ 1,296,954**	$ 1,336,002	(3) %
Securities	**5,153**	5,797	4,462	15	**20,541**	29,046	(29)
Deposits with regulated financial institutions	**51**	71	223	(77)	**517**	3,866	(87)
	334,218	335,085	324,956	3	**1,318,012**	1,368,914	(4)
Interest Expense							
Deposits	**87,784**	88,783	100,926	(13)	**360,663**	499,140	(28)
Debt	**16,509**	16,281	17,390	(5)	**64,986**	70,363	(8)
	104,293	105,064	118,316	(12)	**425,649**	569,503	(25)
Net Interest Income	**229,925**	230,021	206,640	11	**892,363**	799,411	12
Non-interest Income							
Wealth management services	**15,356**	15,683	13,631	13	**59,490**	33,565	77
Credit related	**9,676**	10,164	9,566	1	**38,411**	34,921	10
Retail services	**2,882**	2,435	2,425	19	**10,007**	9,679	3
Trust services	**2,401**	2,145	2,162	11	**8,988**	8,377	7
Gains (losses) on securities, net	**(84)**	2,076	1,495	nm	**2,978**	9,428	(68)
Other	**468**	691	656	(29)	**3,796**	2,014	88
	30,699	33,194	29,935	3	**123,670**	97,984	26
Total Revenue	**260,624**	263,215	236,575	10	**1,016,033**	897,395	13
Provision for (Recovery of) Credit Losses	**(10,229)**	8,918	19,567	nm	**27,055**	92,167	(71)
Non-interest Expenses							
Salaries and employee benefits	**86,340**	82,743	74,594	16	**325,136**	281,408	16
Premises and equipment	**25,421**	23,039	24,518	4	**95,954**	80,362	19
Other expenses	**29,041**	22,330	24,094	21	**87,628**	74,876	17
	140,802	128,112	123,206	14	**508,718**	436,646	17
Net Income before Income Taxes	**130,051**	126,185	93,802	39	**480,260**	368,582	30
Income taxes	**32,823**	32,489	24,747	33	**123,007**	97,032	27
Net Income	**97,228**	93,696	69,055	41	**357,253**	271,550	32
Net income attributable to non-controlling interests	**-**	-	269	(100)	**290**	968	(70)
Shareholders' Net Income	**97,228**	93,696	68,786	41	**356,963**	270,582	32
Preferred share dividends and limited recourse capital note distributions	**7,230**	7,416	5,406	34	**29,492**	21,626	36
Common Shareholders' Net Income	**$ 89,998**	$ 86,280	$ 63,380	42 %	**$ 327,471**	$ 248,956	32 %
Average number of common shares (in thousands)	**88,699**	87,373	87,100	2 %	**87,579**	87,159	- %
Average number of diluted common shares (in thousands)	**89,076**	87,632	87,144	2	**87,845**	87,192	1
Earnings Per Common Share							
Basic	**$ 1.01**	$ 0.99	$ 0.73	38 %	**$ 3.74**	$ 2.86	31 %
Diluted	**1.01**	0.98	0.73	38	**3.73**	2.86	30

nm – not meaningful

Condensed Financial Statements - Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended October 31 2021	 October 31 2020	For the year ended October 31 2021	 October 31 2020
Net Income	**$ 97,228**	$ 69,055	**$ 357,253**	$ 271,550
Other Comprehensive Income (Loss), net of tax				
Items that will be subsequently reclassified to net income				
Debt securities measured at fair value through other comprehensive income				
Gains (losses) from change in fair value(1)	**(32,391)**	(412)	**(34,949)**	14,046
Reclassification to net income(2)	**(29)**	(1,184)	**(3,316)**	(5,900)
	(32,420)	(1,596)	**(38,265)**	8,146
Derivatives designated as cash flow hedges				
Gains (losses) from change in fair value(3)	**(3,346)**	3,229	**(6,197)**	105,003
Reclassification to net income(4)	**(10,456)**	(14,674)	**(56,121)**	(31,855)
	(13,802)	(11,445)	**(62,318)**	73,148
Items that will not be subsequently reclassified to net income				
Gains on equity securities designated at fair value through other comprehensive income(5)	**122**	99	**1,053**	528
	(46,100)	(12,942)	**(99,530)**	81,822
Comprehensive Income for the Period	**$ 51,128**	$ 56,113	**$ 257,723**	$ 353,372
Comprehensive income for the period attributable to:				
Shareholders	**$ 51,128**	$ 55,844	**$ 257,433**	$ 352,404
Non-controlling interests	**-**	269	**290**	968
Comprehensive Income for the Period	**$ 51,128**	$ 56,113	**$ 257,723**	$ 353,372

(1) Net of income tax of $10,023 and $10,777 for the quarter and year ended October 31, 2021, respectively (2020 – $308 and $4,623).
(2) Net of income tax of $13 and $1,028 for the quarter and year ended October 31, 2021, respectively (2020 – $395 and $2,003).
(3) Net of income tax of $993 and $1,924 for the quarter and year ended October 31, 2021, respectively (2020 – $407 and $34,277).
(4) Net of income tax of $3,231 and $16,566 for the quarter and year ended October 31, 2021, respectively (2020 – $4,985 and $10,843).
(5) Net of income tax of $17 and $326 for the quarter and year ended October 31, 2021, respectively (2020 – $24 and $171).

Condensed Financial Statements - Consolidated Statements of Changes in Equity

(unaudited) ($ thousands)	For the year ended October 31 2021	 October 31 2020
Preferred Shares		
Balance at beginning of year	**$ 390,000**	$ 390,000
Redeemed	**(140,000)**	-
Balance at end of year	**250,000**	390,000
Limited Recourse Capital Notes		
Balance at beginning of year	**175,000**	-
Issued	**150,000**	175,000
Balance at end of year	**325,000**	175,000
Common Shares		
Balance at beginning of year	**730,846**	731,970
Issued under at-the-market common equity distribution program	**72,969**	-
Issued under dividend reinvestment plan	**4,064**	-
Transferred from share-based payment reserve on the exercise or exchange of options	**1,556**	379
Purchased for cancellation	**-**	(1,503)
Balance at end of year	**809,435**	730,846
Retained Earnings		
Balance at beginning of year	**1,907,739**	1,785,273
Impact of adopting IFRS 16 on November 1, 2019	**-**	(13,035)
Shareholders' net income	**356,963**	270,582
Dividends – Preferred shares and limited recourse capital notes	**(29,492)**	(21,626)
– Common shares	**(101,421)**	(100,211)
Decrease in equity attributable to non-controlling interests ownership change	**(9,703)**	(1,321)
Issuance costs on limited recourse capital notes	**(1,710)**	(2,157)
Issuance costs on at-the-market common equity distribution program	**(1,616)**	-
Realized gains (losses) reclassified from accumulated other comprehensive income	**35**	(6,124)
Net premium on common shares purchased for cancellation	**-**	(3,642)
Balance at end of year	**2,120,795**	1,907,739
Share-based Payment Reserve		
Balance at beginning of year	**25,749**	24,309
Amortization of fair value of options	**1,823**	1,819
Transferred to common shares on the exercise or exchange of options	**(1,556)**	(379)
Balance at end of year	**26,016**	25,749
Accumulated Other Comprehensive Income		
Debt securities measured at fair value through other comprehensive income		
Balance at beginning of year	**6,125**	(2,021)
Other comprehensive (loss) income	**(38,265)**	8,146
Balance at end of year	**(32,140)**	6,125
Derivatives designated as cash flow hedges		
Balance at beginning of year	**96,006**	22,858
Other comprehensive (loss) income	**(62,318)**	73,148
Balance at end of year	**33,688**	96,006
Equity securities designated at fair value through other comprehensive income		
Balance at beginning of year	**73**	(6,579)
Other comprehensive income	**1,053**	528
Realized (gains) losses reclassified to retained earnings	**(35)**	6,124
Balance at end of year	**1,091**	73
Total Accumulated Other Comprehensive Income	**2,639**	102,204
Total Shareholders' Equity	**3,533,885**	3,331,538
Non-controlling Interests		
Balance at beginning of year	**862**	1,872
Net income attributable to non-controlling interests	**290**	968
Dividends to non-controlling interests	**(320)**	(862)
Ownership change	**(832)**	(1,116)
Balance at end of year	**-**	862
Total Equity	**$ 3,533,885**	$ 3,332,400

Condensed Financial Statements - Consolidated Statements of Cash Flows

(unaudited) ($ thousands)	For the year ended October 31 2021	 October 31 2020
Cash Flows from Operating Activities		
Net income	**$ 357,253**	$ 271,550
Adjustments to determine net cash flows:		
Depreciation and amortization	**58,297**	50,448
Provision for credit losses	**27,055**	92,167
Amortization of fair value of employee stock options	**1,823**	1,819
Accrued interest receivable and payable, net	**(51,080)**	(25,458)
Current income taxes receivable and payable, net	**(42,232)**	(60,813)
Gains on securities, net	**(2,978)**	(9,428)
Deferred income taxes, net	**(2,716)**	(10,173)
Change in operating assets and liabilities:		
Deposits, net	**2,665,385**	1,958,993
Debt related to securitization activities, net	**590,163**	137,881
Accounts payable and accrued liabilities	**76,487**	19,275
Securities purchased under resale agreements, net	**20,036**	(9,718)
Loans, net	**(2,778,663)**	(1,733,375)
Securities sold under repurchase agreements, net	**(65,198)**	35,233
Derivative collateral payable	**(46,162)**	67,220
Other items, net	**(6,754)**	74,858
	800,716	860,479
Cash Flows from Financing Activities		
Limited recourse capital notes issued, net of issuance costs	**148,290**	172,843
Common shares issued, net of issuance costs	**71,353**	-
Preferred shares redeemed	**(140,000)**	-
Dividends and limited recourse capital note distributions	**(126,849)**	(121,837)
Repayment of lease liabilities	**(15,944)**	(15,027)
Non-controlling interests, ownership changes, dividends and contributions	**(11,889)**	(3,721)
Debentures issued, net of issuance costs	**-**	123,694
Debentures redeemed	**-**	(250,000)
Common shares purchased for cancellation	**-**	(5,145)
	(75,039)	(99,193)
Cash Flows from Investing Activities		
Interest bearing deposits with regulated financial institutions, net	**233,107**	39,405
Securities, purchased	**(12,388,764)**	(12,117,629)
Securities, sale proceeds	**8,276,968**	5,324,496
Securities, matured	**3,204,506**	6,092,862
Property, equipment and intangible assets	**(56,031)**	(54,819)
Acquisition, net of cash acquired	**-**	(83,513)
	(730,214)	(799,198)
Change in Cash and Cash Equivalents	**(4,537)**	(37,912)
Cash and Cash Equivalents at Beginning of Year	**61,542**	99,454
Cash and Cash Equivalents at End of Year *	**$ 57,005**	$ 61,542
* Represented by:		
Cash and non-interest bearing deposits with financial institutions	**$ 87,853**	$ 113,868
Cheques and other items in transit (included in Cash Resources)	**19,262**	-
Cheques and other items in transit (included in Other Liabilities)	**(50,110)**	(52,326)
Cash and Cash Equivalents at End of Year	**$ 57,005**	$ 61,542
Supplemental Disclosure of Cash Flow Information		
Interest and dividends received	**$ 1,369,762**	$ 1,397,866
Interest paid	**473,584**	602,860
Income taxes paid	**128,385**	189,973