CWB reports second quarter 2023 performance

Edmonton, May 26, 2023 – CWB Financial Group (TSX: CWB) (CWB) announced financial performance for the three and six months ended April 30, 2023. Quarterly common shareholders' net income of $70 million was down 26% and adjusted earnings per share (EPS)(1) of $0.74 was down 27% from last quarter, primarily reflecting a 21 basis point increase in the provision for credit losses as a percentage of average loans(1), the impact of three fewer interest-earning days and a six basis point decrease in net interest margin(1). The prior quarter results reflected the reversal of a previously recognized impaired loan write-off, which drove a net recovery of credit losses and the recognition of additional interest income that provided a three basis point increase to net interest margin. The provision for credit losses of 12 basis points this quarter remained below our five-year historical average, and reflected continued strong credit performance.

Our Board of Directors declared a cash dividend of $0.33 per common share, up one cent, or 3%, from the dividend declared last quarter and up two cents, or 6%, from last year.

"The strength and stability of our organization enabled us to navigate the significant volatility in the global banking industry this quarter. Subsequent to the emergence of these events, we grew branch-raised deposits(1), continued to maintain prudent levels of liquidity, and increased our regulatory capital ratios with no use of the at-the-market (ATM) program this quarter," said Chris Fowler, President and CEO. "We drove solid loan growth across our national footprint, with especially strong growth in Ontario and general commercial loans, and delivered another quarter of low credit losses."

"Based on our assessment of market pricing relative to risk and considering the expected volatility in economic conditions, we have targeted lower annual loan growth than previously expected. We are well positioned to capitalize on opportunities to accelerate new client growth when conditions improve, as we have in past periods of economic volatility. While we do not expect to achieve our annual pre-tax, pre-provision income(1) and efficiency ratio(1) targets for this year, we are adjusting our expense trajectory to align to the lower loan growth outlook and deliver an annual adjusted return on equity(1) in line with our 2023 target."

"We continue to earn national recognition for our commitment to a people first culture and are very proud that for the second consecutive year CWB placed within the top 25 on this year's Best Workplaces™ in Canada. We thank our teams for their continued dedication and focus to make CWB the best bank for business owners in Canada."

(1) Adjusted EPS, the provision for credit losses on total loans as a percentage of average loans, net interest margin, branch-raised deposits, pre-tax, pre-provision income, efficiency ratio and adjusted return on equity are non-GAAP measures. Refer to definitions and detail provided on page 7.

Financial Performance

Q2 2023, compared to Q1 2023	Common shareholders' net income	$70 million	Down 26%
	Diluted EPS	$0.73	Down 26%
	Adjusted EPS	$0.74	Down 27%
	Adjusted Return on Equity (ROE)	8.9%	Down 310 bp
	Efficiency ratio	55.3%	Up 260 bp

bp – basis point

Compared to the prior quarter, lower common shareholders' net income was primarily driven by a 21 basis point increase in the total provision for credit losses as a percentage of average loans and a 3% decline in revenue. Pre-tax, pre-provision income[(1)] decreased 8%.

Lower revenue reflected a 5% decrease in net interest income, partially offset by an 11% increase in non-interest income. Higher non-interest income was primarily due to an increase in foreign exchange revenue recorded within 'other' non-interest income, reflective of a strengthening U.S. dollar in the quarter. Net interest income decreased compared to last quarter as 2% sequential loan growth was more than offset by three fewer interest-earning days and a six basis point decrease in net interest margin. Net interest margin was lower primarily due to a three basis point interest income recovery recorded in the prior quarter related to the reversal of a previously recognized impaired loan. The remaining decline in net interest margin was primarily due to lower loan related fees and strategic pricing adjustments to certain administered rate deposit products. As expected, the impact on net interest margin from higher fixed rate deposit costs continued to decline this quarter, and was offset by the benefit from repricing fixed rate loans at higher market interest rates.

Non-interest expenses were well-contained and increased 1%, primarily driven by the seasonal increase in statutory employee benefits.

The provision for credit losses on total loans as a percentage of average loans represented 12 basis points this quarter and was 21 basis points higher than last quarter. The impaired loan provision of 12 basis points remained below our historical five-year average of 19 basis points, but increased 24 basis points from the net recovery of 12 basis point last quarter. The previous quarter impaired loan provision included the impact of the reversal of a previously recognized impaired loan write-off. A nil performing loan provision in the quarter was three basis points lower than last quarter.

We recognized a 20 basis point increase to our Common Equity Tier 1 (CET1) capital ratio this quarter, reflecting the adoption of the Capital Adequacy Requirements (CAR) 2023 guidelines effective February 1, 2023 and lower accumulated other comprehensive losses related to a reversal of previously recognized unrealized losses on our debt securities portfolio. No common shares were issued under the ATM equity distribution program this quarter.

Q2 2023, compared to Q2 2022	Common shareholders' net income	$70 million	Down 6%
	Diluted EPS	$0.73	Down 11%
	Adjusted EPS	$0.74	Down 12%
	Adjusted ROE	8.9%	Down 140 bp
	Efficiency ratio	55.3%	Up 160 bp

bp – basis point

Common shareholders' net income decreased compared to the same quarter last year as a 2% increase in revenue was more than offset by a 5% increase in non-interest expenses. Pre-tax, pre-provision income decreased 1%.

Higher revenue reflected a 2% increase in net interest income and a 4% increase in non-interest income. The increase in net interest income was primarily due to the benefit of 9% annual loan growth, partially offset by a 16 basis point decrease in net interest margin. The decline in net interest margin reflects the impact of lower loan related fees, including payout penalties, a proportional shift in our funding mix towards fixed term branch-raised and insured broker deposits, and fixed rate asset yields that have lagged the growth of fixed rate deposit costs through the rising interest rate environment. Our fixed term deposit portfolio has repriced faster to reflect higher market interest rates than our fixed term loans, which have a longer average duration. Loan yields have also been slower to reflect the changes in market interest rates due to higher levels of competition for new lending. The decline in net interest margin was partially offset by the net positive impact of rising Bank of Canada policy interest rates on our floating rate loans and deposits.

Non-interest expenses were up 5% from the prior year, primarily driven by higher people costs related to the impact of salary increments in the prior year and a higher staffing complement, including in the Ontario market to support our continued expansion.

The provision for credit losses on total loans as a percentage of average loans was two basis points lower than the same quarter last year due to a decline in the provision for credit losses on impaired loans.

YTD 2023, compared to YTD 2022	Common shareholders' net income	$164 million	Up 2%
	Diluted EPS	$1.72	Down 4%
	Adjusted EPS	$1.76	Down 4%
	Adjusted ROE	10.4%	Down 70 bp
	Efficiency ratio	54.0%	Up 300 bp

bp – basis point

Common shareholders' net income increased compared to last year as an 11 basis point decline in the total provision for credit losses and 2% growth in revenue more than offset higher non-interest expenses. Pre-tax, pre-provision income decreased 4%.

Total revenue increased 2%, reflecting a 3% increase in net interest income, partially offset by a 2% decrease in non-interest income. Net interest income increased from the prior year as 9% annual loan growth was partially offset by a 15 basis point decrease in net interest margin.

Non-interest expenses were up 8%, driven by higher people costs due to the same factors as noted in the comparison to the same quarter last year and our continued investment in our digital capabilities.

The total provision for credit losses as a percentage of average loans of one basis point was 11 basis points lower than the prior year, due to a 14 basis point decrease in the impaired loan provision, partially offset by a three basis point increase in the performing loan provision. The lower impaired loan provision primarily reflects the reversal of a previously recognized impaired loan write-off recorded in the first quarter of this year.

Financial Targets

The financial targets outlined below reflect key financial objectives we expected to drive on the assumption of relatively stable economic conditions and under the *Standardized* approach for capital management.

Annual Metrics	Performance Target
Pre-tax pre-provision income growth	Greater than 10%
Adjusted ROE	10-11% in 2023, 12% by 2024
Efficiency ratio	Less than 50%

Economic and financial market conditions have been volatile over the past quarter. As described further in the Outlook section of our 2023 Second Quarter Management Discussion and Analysis, based on our assessment of market pricing relative to risk and considering the expected volatility in economic conditions, we have targeted lower annual loan growth than previously expected. Given a lower outlook for loan growth, we no longer expect to achieve our annual pre-tax, pre-provision income and efficiency ratio performance targets for fiscal 2023. We continue to expect to deliver annual adjusted ROE in line with our 2023 performance target, supported by lower than expected credit losses and management of non-interest expenses reflecting our expectation of lower loan growth.

We will provide our 2024 outlook in our 2023 Annual Management Discussion and Analysis, reflecting the expected economic conditions at that time.

About CWB Financial Group

CWB Financial Group (CWB) is the only full-service bank in Canada with a strategic focus to meet the unique financial needs of businesses and their owners. We provide our nation-wide clients with full-service business and personal banking, specialized financing, comprehensive wealth management offerings, and trust services. Clients choose CWB for a differentiated level of service through specialized expertise, customized solutions, and faster response times relative to the competition. Our people take the time to understand our clients and their business, and work as a united team to provide holistic solutions and advice.

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). We are firmly committed to the responsible creation of value for all our stakeholders and our approach to sustainability will support our continued success. Learn more at www.cwb.com.

Fiscal 2023 Second Quarter Results Conference Call

CWB's second quarter results conference call is scheduled for Friday, May 26, 2023, 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: 07376453. 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 June 2, 2023 by dialing (416) 764-8677 (Toronto) or 1 (888) 390-0541 (toll-free) and entering passcode: 376453#.

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Selected Financial Highlights

(unaudited) (thousands, except per share amounts)	For the three months ended **April 30 2023**	 January 31 2023	 April 30 2022	Change from April 30 2022	For the six months ended **April 30 2023**	 April 30 2022	Change from April 30 2022
Results from Operations							
Net interest income	**$ 230,523**	$ 242,280	$ 226,109	2 %	**$ 472,803**	$ 459,181	3
Non-interest income	**33,891**	30,611	32,652	4	**64,502**	65,556	(2)
Total revenue	**264,414**	272,891	258,761	2	**537,305**	524,737	2
Pre-tax, pre-provision income[1]	**118,248**	129,030	119,919	(1)	**247,278**	257,029	(4)
Common shareholders' net income	**70,040**	94,363	74,164	(6)	**164,403**	161,806	2
Common Share Information							
Earnings per common share							
Basic	**$ 0.73**	$ 0.99	$ 0.82	(11)%	**$ 1.72**	$ 1.80	(4)
Diluted	**0.73**	0.99	0.82	(11)	**1.72**	1.79	(4)
Adjusted[1]	**0.74**	1.02	0.84	(12)	**1.76**	1.83	(4)
Cash dividends	**0.32**	0.32	0.30	7	**0.64**	0.60	7
Book value[1]	**34.90**	34.26	33.43	4	**34.90**	33.43	4
Closing market value	**24.30**	28.12	32.41	(25)	**24.30**	32.41	(25)
Common shares outstanding (thousands)	**96,308**	96,229	91,569	5	**96,308**	91,569	5
Performance Measures[1]							
Return on common shareholders' equity	**8.7 %**	11.6 %	10.0 %	(130)bp	**10.1 %**	10.8 %	(70)bp
Adjusted return on common shareholders' equity	**8.9**	12.0	10.3	(140)	**10.4**	11.1	(70)
Return on assets	**0.69**	0.90	0.79	(10)	**0.80**	0.86	(6)
Net interest margin	**2.26**	2.32	2.42	(16)	**2.29**	2.44	(15)
Efficiency ratio	**55.3**	52.7	53.7	160	**54.0**	51.0	300
Operating leverage	**(3.1)**	(9.0)	(10.3)	720	**(5.9)**	(7.1)	120
Credit Quality[1]							
Provision for (recovery of) credit losses on total loans as a percentage of average loans[2]	**0.12**	(0.09)	0.14	(2)	**0.01**	0.12	(11)
Provision for (recovery of) credit losses on impaired loans as a percentage of average loans[2]	**0.12**	(0.12)	0.14	(2)	**(0.01)**	0.13	(14)
Balance Sheet[3]							
Assets	**$ 42,227,843**	$ 41,706,375	$ 38,915,020	9 %			
Loans[4]	**37,150,595**	36,416,656	34,041,369	9			
Deposits	**33,255,533**	33,113,849	31,289,488	6			
Debt	**3,846,915**	3,803,068	3,131,854	23			
Shareholders' equity	**3,935,941**	3,871,964	3,636,036	8			
Off-Balance Sheet							
Wealth Management							
Assets under management and administration	**8,149,296**	8,260,366	8,278,744	(2)			
Assets under advisement[5]	**2,208,618**	1,924,278	1,992,438	11			
Assets Under Administration – Other	**15,092,141**	14,290,188	14,471,848	4			
Capital Adequacy[6]							
Common equity Tier 1 ratio	**9.3 %**	9.1 %	8.9 %	40 bp			
Tier 1 ratio	**11.1**	10.9	10.8	30			
Total ratio	**13.1**	12.8	12.3	80			
Other							
Number of full-time equivalent staff	**2,734**	2,737	2,617	4 %			

(1) Non-GAAP measure – refer to definitions and detail provided on page 7.
(2) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.
(3) Certain comparative figures have been reclassified to conform with the current period's presentation.
(4) Excludes the allowance for credit losses.
(5) Primarily comprised of assets under advisement related to our Indigenous Services wealth management business.
(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

This Management's Discussion and Analysis (MD&A), dated May 25, 2023, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Canadian Western Bank (CWB) for the periods ended April 30, 2023, available on SEDAR at www.sedar.com and on CWB's website at www.cwb.com.

The consolidated interim consolidated financial statements have been prepared under International Accounting Standard 34 *Interim Financial Reporting* 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 *Advanced Internal Ratings Based* (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, the impact of bank failures or other adverse developments at other banks that drive negative investor and depositor sentiment regarding the stability and liquidity of banks, 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* section of our 2022 Annual 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. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the *Outlook* and *Allowance for Credit Losses* sections of this MD&A and our 2022 Annual 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 financial 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 business acquisitions.
- 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.

	For the three months ended			Change	For the six months ended		Change
(unaudited) (thousands)	**April 30 2023**	January 31 2023	April 30 2022	from April 30 2022	**April 30 2023**	April 30 2022	from April 30 2022
Non-interest expenses	**$ 148,388**	$ 147,217	$ 141,457	5 %	**$ 295,605**	$ 272,864	8 %
Adjustments (before tax):							
Amortization of acquisition-related intangible assets	**(2,032)**	(2,981)	(2,557)	(21)	**(5,013)**	(5,098)	(2)
Acquisition and integration costs	**(190)**	(375)	(58)	228	**(565)**	(58)	874
Adjusted non-interest expenses	**$ 146,166**	$ 143,861	$ 138,842	5 %	**$ 290,027**	$ 267,708	8 %
Common shareholders' net income							
Adjustments (after-tax):	**$ 70,040**	$ 94,363	$ 74,164	(6) %	**$ 164,403**	$ 161,806	2 %
Amortization of acquisition-related intangible assets(1)	**1,500**	2,446	1,913	(22)	**3,946**	3,814	3
Acquisition and integration costs(2)	**143**	281	44	225	**424**	44	864
Adjusted common shareholders' net income	**$ 71,683**	$ 97,090	$ 76,121	(6) %	**$ 168,773**	$ 165,664	2 %
Total revenue	**$ 264,414**	$ 272,891	$ 258,761	2 %	**$ 537,305**	$ 524,737	2 %
Less:							
Adjusted non-interest expenses (see above)	**146,166**	143,861	138,842	5	**290,027**	267,708	8
Pre-tax, pre-provision income	**$ 118,248**	$ 129,030	$ 119,919	(1) %	**$ 247,278**	$ 257,029	(4)%

(1) Net of income tax of $532 for the three months ended April 30, 2023 (Q1 2023 – $535, Q2 2022 – $644) and $1,067 for the six months ended April 30, 2023 (Q2 2022 – $1,284).
(2) Net of income tax of $47 for the three months ended April 30, 2023 (Q1 2023 – $94, Q2 2022 – $14) and $141 for the six months ended April 30, 2023 (Q2 2022 – $14).

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.

Outlook

Economic Conditions

As elevated interest rates continue to work their way through the Canadian economy, economic growth is expected to be weak through the remainder of the year. The significant disruption in the Global banking industry this quarter added incremental volatility to economic and financial market conditions.

While policy interest rates remained stable this quarter, the Bank of Canada reiterated its commitment to lowering inflation to their 2% target level and signalled that they are prepared to implement additional policy interest rate increases if required. We expect that interest rates will remain elevated through the remainder of the year and expect the Bank of Canada will continue on its path of quantitative tightening.

Annual 2023 Financial Performance Expectations

Annual Metric	Current fiscal 2023 expectations
Loan growth	Mid single-digit percentage growth
Branch-raised deposits growth	Low single-digit percentage growth
Pre-tax, pre-provision income growth	Low to mid single-digit percentage growth
Efficiency ratio	Approximately 51%
Adjusted EPS	Approximately \$3.50 to \$3.60
Adjusted ROE	10% to 11%

Our teams remain focused on full-service client growth opportunities within our strict underwriting and risk-adjusted pricing criteria. Based on our assessment of market pricing relative to risk and considering the expected economic conditions described above, we now expect mid single-digit annual percentage loan growth for fiscal 2023 within our disciplined risk appetite.

Branch-raised deposit growth accelerated through the quarter and we anticipate this positive trend to continue. We expect mid single-digit percentage growth of branch-raised deposits for the remainder of the year, which will result in low single-digit percentage growth on an annual basis for fiscal 2023.

We continue to expect that net interest margin will expand in the second half of the year, albeit at a slower pace than previously anticipated, primarily due to higher funding costs. We will continue to drive growth in our risk-adjusted loan yields to deliver stronger net interest margin performance in the second half of fiscal 2023.

We will prudently manage our expenditures to reflect lower expectations for loan growth and remain positioned to deliver positive operating leverage through the second half of this year.

We continue to expect that our provision for credit losses will increase in the second half of this year but remain within our normal historical range of 18 to 23 basis points reflecting the secured nature of our loan portfolio.

The outcome of the assumptions above is expected to drive continued moderate growth of our CET1 ratio from its current level, which we believe is appropriate based on the potential volatility in economic conditions, and provides capacity to support future accelerated growth when prudent.

Annual adjusted earnings per share for fiscal 2023 is projected to finish the year in a range of approximately \$3.50 to \$3.60 and adjusted ROE is expected to finish within our financial scorecard range of 10% to 11%, based on the assumptions described above.

Financial Performance

Net Income and Profitability Ratios

Q2 2023 vs. Q1 2023

Common shareholders’ net income of $70 million and adjusted common shareholders’ net income of $72 million both decreased 26%, sequentially. Diluted earnings per common share of $0.73 and adjusted earnings per common share of $0.74 decreased 26% and 27%, respectively. Pre-tax, pre-provision income of $118 million decreased 8%. Total revenue decreased 3%, as an 11% increase in non-interest income was more than offset by a 5% decrease in net interest income, primarily due to three fewer interest-earning days and a six basis point decline in net interest margin. Non-interest expenses were well-contained and up 1% from last quarter. The provision for credit losses on total loans as a percentage of average loans represented 12 basis points this quarter and was 21 basis points higher than last quarter. The impaired loan provision of 12 basis points remained below our historical five-year average of 19 basis points, but increased 24 basis points from the net recovery of 12 basis points last quarter. The previous quarter impaired loan provision included the impact of the reversal of a previously recognized impaired loan write-off. A nil performing loan provision in the quarter was three basis points lower than last quarter. No common shares were issued under the ATM program this quarter.

Q2 2023 vs. Q2 2022

Compared to the same quarter last year, common shareholders’ net income and adjusted common shareholders’ net income both decreased 6%. Diluted earnings per common share and adjusted earnings per common share were down 11% and 12%, respectively. Pre-tax, pre-provision income was down 1%. Total revenue was up 2%, primarily due to a 2% increase in net interest income and a 4% increase in non-interest income. Non-interest expenses were up 5%. The provision for credit losses on total loans as a percentage of average loans was two basis points lower than the same quarter last year due to a decline in the provision for credit losses on impaired loans.

YTD 2023 vs. YTD 2022

Common shareholders’ net income of $164 million and adjusted common shareholders’ net income of $169 million both increased 2%. Diluted earnings per common share of $1.72 and adjusted earnings per common share of $1.76 both declined 4%. Pre-tax, pre-provision income of $247 million decreased 4%. Total revenue grew 2% due to a 3% increase in net interest income, partially offset by a 2% decrease in non-interest income. Non-interest expenses were up 8%. The total provision for credit losses as a percentage of average loans of one basis point was 11 basis points lower than the prior year, due to a 14 basis point decrease in the impaired loan provision, partially offset by a three basis point increase in the performing loan provision. The lower impaired loan provision primarily reflects the reversal of a previously recognized impaired loan write-off recorded in the first quarter of this year.

ROE and ROA

Compared to last quarter, ROE of 8.7% and adjusted ROE of 8.9% decreased 290 and 310 basis points, respectively, primarily driven by lower common shareholders’ net income as discussed above.

Compared to the same quarter last year, ROE and adjusted ROE decreased 130 and 140 basis points, respectively, primarily driven by lower common shareholders’ net income and higher average common shareholders’ equity.

On a year-to-date basis, ROE of 10.1% and adjusted ROE of 10.4%, both declined 70 basis points, as higher common shareholders’ net income was more than offset by an increase in average common shareholder’s equity.

The second quarter return on assets (ROA) of 0.69% was 21 basis points lower than the prior quarter and 10 basis points lower than the same quarter last year, primarily due to the combined impact of lower common shareholders’ net income and higher average assets. On a year-to-date basis ROA of 0.80% was six basis points lower, as higher common shareholders’ net income was more than offset by an increase in average assets.

Total Revenue

Second quarter total revenue of $264 million declined 3% compared to the prior quarter and reflected the impact of three fewer interest-earning days. Revenue increased 2% from the same quarter last year. On a year-to-date basis, total revenue of $537 million increased 2% from last year.

Net Interest Income

Q2 2023 vs. Q1 2023

Net interest income of $231 million decreased 5% compared to the last quarter as 2% sequential loan growth was more than offset by three fewer interest-earning days and a six basis point decrease in net interest margin. Net interest margin was lower primarily due to a three basis point interest income recovery recorded in the prior quarter related to the reversal of a previously recognized impaired loan. The remaining decline in net interest margin was primarily due to lower loan related fees and strategic pricing adjustments to certain administered rate deposit products. As expected, the impact on net interest margin from higher fixed rate deposit costs continued to decline this quarter, and was offset by the benefit from repricing fixed rate loans at higher market interest rates.

Q2 2023 vs. Q2 2022, YTD 2023 vs. YTD 2022

Net interest income increased 2% compared to the same quarter last year which reflected the benefit of 9% annual loan growth, partially offset by a 16 basis point decrease in net interest margin. On a year to date basis, net interest income of $473 million increased 3% from the prior year as 9% annual loan growth was partially offset by a 15 basis point decrease in net interest margin. The decline in net interest margin in both periods reflects the impact of lower loan related fees, including payout penalties, a proportional shift in our funding mix towards fixed term branch-raised and insured broker deposits, and fixed rate asset yields that have lagged the growth of fixed rate deposit costs through the rising interest rate environment. Our fixed term deposit portfolio has repriced faster to reflect higher market interest rates than our fixed term loans, which have a longer average duration. Loan yields have also been slower to reflect the changes in market interest rates due to higher levels of competition for new lending. The decline in net interest margin was partially offset by the net positive impact of rising Bank of Canada policy interest rates on our floating rate loans and deposits.

Non-interest Income

Q2 2023 vs. Q1 2023

Non-interest income of $34 million increased 11% from last quarter, primarily due to higher foreign exchange revenue recorded within 'other' non-interest income, reflective of a strengthening U.S. dollar in the quarter.

Q2 2023 vs. Q2 2022

Non-interest income increased 4% compared to the same quarter last year, as higher credit-related fees were partially offset by lower wealth management fees.

YTD 2023 vs. YTD 2022

On a year-to-date basis, non-interest income of $65 million decreased 2%, primarily due to lower foreign exchange revenue recorded within 'other' non-interest income and lower wealth management fees, partially offset by higher credit-related fees.

Non-interest Expenses

Q2 2023 vs. Q1 2023

Non-interest expenses of $148 million increased 1% sequentially, primarily driven by the seasonal increase in statutory employee benefits.

Q2 2023 vs. Q2 2022

Non-interest expenses were up 5% from the prior year, primarily driven by higher people costs related to the impact of salary increments enacted in the prior year and a higher staffing complement, including in the Ontario market to support our continued expansion.

YTD 2023 vs. YTD 2022

On a year-to-date basis, non-interest expenses of $296 million were up 8%, driven by higher people costs due to the same factors as noted in the comparison to the same quarter last year and our continued investment in our digital capabilities.

Efficiency ratio

The second quarter efficiency ratio of 55.3% increased from 52.7% in the prior quarter and from 53.7% in the same quarter last year. On a year-to-date basis, the efficiency ratio increased to 54.0% compared to 51.0%. The efficiency ratio increased as non-interest expense growth outpaced revenue growth so far this year primarily due to the decrease in net interest margin discussed in the *Net interest income* section.

Income Taxes

On November 4, 2022, the Canadian Government introduced Bill C-32 which included legislation to increase the federal income tax rate by 1.5% on taxable income above $100 million for banking and life insurance groups. Bill C-32 received Royal Assent on December 15, 2022. We anticipate the new legislation will increase our annual effective tax rate by approximately 80 basis points compared to the prior year, as the increase from the higher federal income tax rate will be partially offset by a one-time deferred tax recovery associated with the re-measurement of our net deferred tax assets at the higher expected tax rate.

The second quarter effective tax rate of 26.9% was up 170 basis points from last quarter and 360 basis points from last year. On a year-to-date basis, the effective tax rate of 26.0% was up 160 basis points compared to the prior year. The higher effective tax rate was primarily due to the combined impact of one-time adjustments arising from the completion of our 2022 tax filings this quarter and the full quarter impact of the additional 1.5% of federal income tax associated with the enactment of Bill C-32.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI), net of tax.

Q2 2023 vs. Q1 2023

Comprehensive income of $100 million was down $30 million from the prior quarter, reflective of a $6 million decrease in OCI and a $23 million decrease in net income. Lower OCI was primarily driven by lower changes in fair value of derivatives designated as cash flow hedges ($10 million) and the impact of reclassifications to net income ($3 million) related to the derivatives designated as cash flow hedges, partially offset by higher changes in fair value of debt securities measured at fair value through other comprehensive income (FVOCI) ($1 million).

Our debt securities portfolio, which is classified entirely at FVOCI, is primarily comprised of bonds issued or guaranteed by federal and provincial governments used exclusively for liquidity management purposes and have an average remaining duration of approximately one year. Fluctuations in fair value are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve, and are fully reflected in regulatory capital on an after-tax basis.

Q2 2023 vs. Q2 2022

Compared to the prior year, comprehensive income was up $87 million, reflective of a $91 million increase in OCI and a $4 million decrease in net income. Higher OCI was primarily driven by higher changes in fair value of debt securities measured at FVOCI ($79 million) and the impact of reclassifications to net income ($12 million) related to our derivatives designated as cash flow hedges.

YTD 2023 vs. YTD 2022

Year-to-date comprehensive income of $229 million was up $137 million, due to a $135 million increase in OCI, and a $2 million increase in net income. Higher OCI was primarily driven by higher changes in fair value of debt securities measured at FVOCI ($109 million) and derivatives designated as cash flow hedges ($3 million) and the impact of reclassifications to net income ($24 million) related to the derivatives designated as cash flow hedges.

Balance Sheet

Total assets of $42.2 billion were up 1% from last quarter and 9% from last year.

Cash and Securities

Our cash and securities portfolio is comprised of high-quality debt instruments and used exclusively for liquidity management purposes. Cash, securities and securities purchased under resale agreements totaled $4.1 billion, compared to $4.4 billion last quarter and $3.9 billion last year. Average balances of cash and securities for the three months ended April 30, 2023 were $4.5 billion, consistent with last quarter and up from $4.1 billion last year.

Consistent with our risk appetite, we continue to maintain a prudent liquidity position and conservative investment profile. Our liquidity management is based on an internal stressed cash flow model, with the level of liquid assets driven primarily by the term structure of both assets and liabilities, and the liquidity structure of liabilities. The composition of our total liquid assets supports ongoing compliance with the OSFI *Liquidity Adequacy Requirements* (LAR) guideline, including a minimum Liquidity Coverage Ratio, and our own internal policies.

Net unrealized losses on cash and securities, before tax, recorded on the balance sheet totaled $103 million compared to $132 million last quarter and $129 million last year. Fluctuations in the value of securities, which are primarily comprised of debt securities issued or guaranteed by federal and provincial governments used exclusively for liquidity management purposes, are generally attributed to changes in interest rates driven by movement in market credit spreads and shifts in the interest rate curve. During the quarter and in line with our liquidity management strategies and risk appetite, we realized nominal net gains and losses on security sales, consistent with last quarter and last year.

Loans

Total loans, excluding the allowance for credit losses, of $37.2 billion increased 2% ($0.7 billion) from last quarter and 9% ($3.1 billion) over the last year.

(unaudited) (millions)	**April 30 2023**	% of total as at April 30 2023	January 31 2023	April 30 2022	Change from April 30 2022
General commercial loans	**$ 13,209**	36 %	$ 12,672	$ 11,377	16 %
Commercial mortgages	**7,488**	20	7,454	7,157	5
Personal loans and mortgages	**7,215**	19	7,214	6,716	7
Equipment financing and leasing	**5,615**	15	5,514	5,284	6
Real estate project loans	**3,228**	9	3,261	3,124	3
Oil and gas production loans	**396**	1	302	383	3
Total loans outstanding(1)	**$ 37,151**	100 %	$ 36,417	$ 34,041	9 %

(1) Total loans outstanding by lending sector exclude the allowance for credit losses.

Q2 2023 vs. Q1 2023

Very strong growth of 4% in the strategically targeted general commercial portfolio primarily reflected growth in Ontario, supported by our Mississauga and Markham banking centres.

Our commercial mortgage and personal loan and mortgage portfolios remained relatively stable as new lending volumes that met our risk-adjusted return expectations were mostly offset by repayments.

Our equipment financing and leasing portfolio increased 2%, primarily in British Columbia (BC) and Alberta. Growth opportunities in our equipment financing and leasing portfolio have been impacted by the combination of increased competition, the rapid increase in interest rates and supply chain constraints. Some of these pressures have lessened in recent periods.

Real estate project loans decreased 1%. We have selectively financed new project starts in BC with top tier borrowers, but new origination volume was more than offset by elevated payouts in the current quarter associated with the timing of project completions.

Oil and gas production loans were up $94 million primarily due to participation in syndicated facilities that remain within our risk appetite. Our exposures to oil and gas service and production businesses represent approximately 2% and 1% of total loans, respectively.

Q2 2023 vs. Q2 2022

Very strong growth of 16% in the strategically targeted general commercial portfolio reflected our focus to increase full-service client relationships across our national footprint.

Growth in commercial mortgages of 5% primarily reflected strong new lending volumes in BC, Alberta and Ontario, with high-quality borrowers and underlying assets that remain within our risk appetite.

Our equipment financing and leasing portfolio increased 6%, primarily in Alberta, BC and Ontario.

The 7% increase in personal loans and mortgages reflected growth in uninsured mortgages, which benefited from new origination volumes with prudent loan-to-value ratios and strong average beacon scores and lower payouts compared to the prior year.

Real estate project loans increased 3%, as new project starts in BC, were partially offset by elevated payouts in the current quarter associated with the timing of project completions.

Geographic diversification

(unaudited) (millions)	April 30 2023	% of total as at April 30 2023	January 31 2023	April 30 2022	Change from April 30 2022
British Columbia	**$ 12,148**	33 %	$ 11,863	$ 11,218	8 %
Alberta	**11,168**	30	11,200	10,510	6
Ontario	**9,287**	25	8,965	8,165	14
Saskatchewan	**1,550**	4	1,533	1,533	1
Quebec	**1,265**	3	1,213	1,043	21
Manitoba	**1,042**	3	981	929	12
Other	**691**	2	662	643	7
Total loans outstanding(1)	**$ 37,151**	100 %	$ 36,417	$ 34,041	9 %

(1) Total loans outstanding by province exclude the allowance for credit losses.

Q2 2023 vs. Q1 2023

Very strong loan growth of 4% in Ontario contributed to approximately half of the current quarter loan growth. Solid loan growth in BC of 2% reflected strong growth in our strategically targeted general commercial portfolio. Alberta loans were consistent with the prior quarter as declines in real estate project loans were offset by growth in the oil and gas production and equipment financing and leasing portfolios.

Q2 2023 vs. Q2 2022

We continue to execute on our geographic diversification strategy with solid loan growth across all provinces. Ontario loan growth of 14% reflected increases across all lending portfolios, excluding oil and gas production loans. Growth in BC was 8% and reflected strong general commercial, real estate project loans and commercial mortgage growth. Growth in Alberta of 6% reflected strong increases in general commercial, equipment financing and commercial mortgage portfolios, partially offset by lower real estate project loans.

Credit Quality

Credit quality continues to be supported by the secured nature of our lending portfolio, disciplined underwriting practices and proactive loan management. Borrower credit performance has remained strong throughout periods of economic volatility, and provisions for credit losses on impaired loans remain 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. Gross impaired loans totaled $253 million, down from $274 million last quarter and up from $187 million one year ago.

(unaudited) (thousands)	For the three months ended April 30 2023	January 31 2023	April 30 2022	Change from April 30 2022
Gross impaired loans, beginning of period	**$ 273,678**	$ 166,673	$ 211,839	29 %
New formations	**104,112**	135,158	34,436	202
Reductions, impaired accounts paid down or returned to performing status	**(113,514)**	(25,440)	(49,832)	128
Write-offs	**(11,563)**	(2,713)	(9,027)	28
Total(1)	**$ 252,713**	$ 273,678	$ 187,416	35 %
Balance of the ten largest impaired accounts	**127,718**	145,023	93,270	37 %
Total number of accounts classified as impaired(2)	**249**	313	294	(15)
Gross impaired loans as a percentage of gross loans	**0.68 %**	0.75 %	0.55 %	13 bp

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $2,393 (January 31, 2023 – $1,398; October 31, 2022 – $2,010). We pursue timely realization of foreclosed assets and do not use the assets for our own operations.

(2) Total number of accounts excludes CWB National Leasing.

bp – basis point

Gross impaired loans represented 0.68% of gross loans, down from 0.75% last quarter and up from 0.55% last year. 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 continues to be an effective approach to minimize realized losses on the resolution of impaired loans. This is demonstrated by our history of low write-offs as a percentage of total loans, including through past periods of economic volatility.

Allowance for credit losses

As at April 30, 2023, the total allowance for credit losses (Stages 1, 2 and 3) was $171 million, compared to $170 million last quarter and $153 million one year ago. Further information related to our total allowance for credit losses is provided in Note 4 of the interim consolidated financial statements for the periods ended April 30, 2023.

(unaudited) (thousands)	**April 30 2023**	January 31 2023	April 30 2022	Change from April 30 2022
Performing (Stage 1 and 2)				
Loans	**$ 119,382**	$ 118,911	$ 100,822	18 %
Committed but undrawn credit exposures and letters of credit	**4,292**	4,584	4,317	(1)
	123,674	123,495	105,139	18
Impaired loans (Stage 3)	**46,850**	46,460	48,227	(3)
Total	**$ 170,524**	$ 169,955	$ 153,366	11 %

Performing loan allowance

The performing loan allowance is estimated based on 12-month expected credit losses for Stage 1, while loans in Stage 2 require the recognition of lifetime expected credit losses. The proportion of performing loans in Stage 2 at the end of the current quarter was 14%, compared to 23% last quarter and 9% last year. The decrease in Stage 2 loans compared to last quarter primarily reflect an improvement in expected housing price growth and mortgage rates compared to a fairly pessimistic macroeconomic forecast in the prior quarter. The increase in Stage 2 loans compared to last year primarily reflects a deterioration in the forward-looking macroeconomic forecast as compared to the same quarter last year.

The performing loan allowance was consistent with the prior quarter and reflected continued strong borrower credit performance, and underlying volatility in the macroeconomic forecast with improved housing price growth but a softer near-term outlook for gross domestic product growth and a more pessimistic oil price forecast. The performing loan allowance increased $19 million (18%) from the prior year and reflects a more pessimistic macroeconomic forecast compared to last year.

Key economic variables incorporated into our ECL models are inherently prone to volatility on a forward-looking basis. Hindsight cannot be used, so while evolving macroeconomic assumptions may result in future forecasts that differ from those used in the ECL estimation as at April 30, 2023, those changes will be reflected in future periods.

In estimating the performing loan allowance, we continue to supplement our modeled ECL with expert credit judgements. These expert credit judgements 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.

Impaired loan allowance

The current period allowance for impaired loans (Stage 3) was $47 million, compared to $46 million last quarter and $48 million last year. To determine 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 current quarter provision for credit losses on total loans as a percentage of average loans was a 12 basis points charge, compared to a 9 basis point recovery last quarter and a 14 basis point charge last year.

	For the three months ended			Change from	For the six months ended		Change from
(unaudited) (as a % of average loans)	**April 30 2023**	January 31 2023	April 30 2022	April 30 2022	**April 30 2023**	April 30 2022	April 30 2022
Provision for (recovery of) credit losses							
Performing loans	**- %**	0.03 %	- %	- bp	**0.02 %**	(0.01)%	3 bp
Impaired loans	**0.12**	(0.12)	0.14	(2)	**(0.01)**	0.13	(14)
Total	**0.12**	(0.09)	0.14	(2)	**0.01**	0.12	(11)
Write-offs	**0.13**	0.03	0.11	2	**0.08**	0.10	(2)

bp – basis point

The impaired loan provision for credit losses in the second quarter was a charge of $10 million, compared to a $12 million recovery last quarter and a $12 million charge last year. The current quarter impaired loan provision for credit losses represented 12 basis points as a percentage of average loans and remains below our five-year historical average of 19 basis points. The prior quarter impaired loan recovery primarily reflected the reversal of a previously recognized impaired loan write-off.

A nil estimated provision for credit losses on performing loans decreased compared to a charge of $3 million last quarter and was consistent with last year. For further details on the estimation of the performing loan allowance, see the *Performing loan allowance* section.

Deposits and Funding

Total deposits were up $0.1 billion from last quarter and $2.0 billion from last year. Branch-raised deposits were down 2% ($0.3 billion) from last quarter and up 3% ($0.5 billion) from last year.

(unaudited) (millions)	**April 30 2023**	January 31 2023	April 30 2022	Change from April 30 2022
Deposits by source and type				
CWB Financial Group branch-raised				
Demand and notice	**$ 13,988**	$ 14,228	$ 14,724	(5) %
Term	**6,391**	6,499	5,128	25
	20,379	20,727	19,852	3
Broker term	**8,982**	8,242	6,993	28
Capital markets	**3,895**	4,145	4,444	(12)
Total deposits	**$ 33,256**	$ 33,114	$ 31,289	6 %

Q2 2023 vs. Q1 2023

Branch-raised demand and notice deposits were down 2%, as we intentionally exited select higher cost non full-service client relationships early in the quarter. Through the second half of the quarter, we delivered solid growth of demand and notice deposits. Branch-raised fixed term deposits decreased 2%, as we chose to replace select non full-service fixed term deposit maturities with broker term deposits at a lower relative cost.

Capital market deposits decreased by 6% from last quarter due to a senior deposit note maturity, which was replaced with broker term deposits due to lower relative cost. Capital market deposits now represent 12% of total deposits, compared to 13% last quarter.

Broker-sourced deposits increased 9% from last quarter and represent 27% of total deposits, up from 25% last quarter. 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 fixed term retail deposits and has proven to be a reliable and effective way to access funding and liquidity over a wide geographic base. At times broker-sourced deposits also reflect a lower relative cost. We raise only fixed term broker deposits, with terms to maturity between one and five years.

Q2 2023 vs. Q2 2022

Total deposits were up 6% annually. Branch-raised deposits increased 3%, as a 25% increase in fixed term deposits was partially offset by a 5% decline in demand and notice deposits. Lower branch-raised demand and notice deposits primarily reflect a shift in client deposits to branch-raised term deposits, due to a change in client preference in the elevated interest rate environment, which more than offset demand and notice deposit growth from net new full-service client additions.

As a percentage of total deposits, broker deposits increased to 27% this quarter compared to 22% last year, and capital market deposits decreased to 12% compared to 14% last year.

Securitization

Securitized leases, loans and mortgages are reported on-balance sheet with total loans. The gross amount of securitized leases and loans recorded on the balance sheet as at April 30, 2023 was $2.1 billion, up from $2.0 billion last quarter and $1.9 billion last year. The gross amount of mortgages securitized under the *National Housing Act Mortgage Backed Securities* (NHA MBS) program was $1.4 billion, down from $1.5 billion last quarter and last year. Year-to-date funding from the securitization of leases, loans and mortgages was $539 million, down from $633 million last year.

Securitization funding of $3.3 billion, recorded as debt on our balance sheet, increased 1% from last quarter and 21% from last year.

Other Assets and Other Liabilities

Other assets totaled $976 million as at April 30, 2023, compared to $963 million last quarter and $969 million last year. The change from last quarter was primarily driven by higher accounts receivable balances. Compared to last year, the increase reflects higher property and equipment balances, primarily associated with our expanding national footprint, partially offset by lower fair values of favourable derivative contracts used for interest rate risk management purposes.

Other liabilities totaled $1.2 billion as at April 30, 2023, compared to $917 million last quarter and $858 million last year. The increase from last quarter reflects higher securities sold under repurchase agreements and higher accounts payable balances. The increase from last year reflects higher accounts payable balances, higher securities sold under repurchase agreements and an increase in the liability recognized for unfavourable derivative contracts used for interest rate risk management purposes, partially offset by lower cheques and other items in transit.

Interest Rate Sensitivity

Note 12 of the interim consolidated financial statements for the period ended April 30, 2023, provides the asset-liability gap position for select time intervals and information on the estimated impact of a one-percentage point increase or decrease in interest rates on net interest income and other comprehensive income. The analysis is a static measurement of interest rate sensitivity gaps at a specific point in time, and there is potential for these gaps to change significantly over a short period. The actual impact on earnings from changes in market interest rates will depend on both the magnitude of and speed with which interest rates change, net growth of interest sensitive assets and liabilities and the composition of that growth, as well as the size and maturity structure of the cumulative interest rate gap position and the management of those positions over time.

We maintain an asset-liability structure and interest rate sensitivity within our established policies through pricing and product initiatives, as well as the use of interest rate swaps and other appropriate strategies. Differences in the respective sensitivity of net interest income and other comprehensive income to changes in interest rates compared to last year primarily reflects the current interest rate environment and balance sheet composition.

Off-Balance Sheet

Wealth management assets under management and administration were $8.1 billion as at April 30, 2023, compared to $8.3 billion last quarter and last year, as market growth was offset by the transfer of certain non-managed assets under administration to branch raised deposits within continuing client relationships. Indigenous Services assets under advisement were $2.2 billion as at April 30, 2023, compared to $1.9 billion last quarter and $2.0 billion last year, and reflect new client acquisitions.

Other assets under administration totaled $15.1 billion at quarter end, up from $14.3 billion last quarter and $14.5 billion last year. The increase from last quarter and last year reflects the combined impact of new and existing client growth in CWB Trust Services and an increase in the market value of underlying assets.

Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit) and contractual purchase obligations. We do not utilize, nor do we have exposure to, collateralized debt obligations or credit default swaps. Further information is provided in Note 10 of the interim consolidated financial statements for the periods ended April 30, 2023.

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 of our 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% CET1, 8.5% Tier 1 and 10.5% Total capital.

Subordinated debentures

On December 22, 2022, we issued $150 million of Series H Non-Viability Contingent Capital (NVCC) subordinated debentures with a fixed annual interest rate of 5.937% until December 22, 2027. Further information is provided in Note 7 of the interim consolidated financial statements for the period ended January 31, 2023.

Regulatory Capital and Capital Adequacy Ratios

(unaudited) (millions)	April 30 2023	January 31 2023	April 30 2022
Regulatory capital			
CET1 capital before deductions	**$ 3,373**	$ 3,310	$ 3,044
Net CET1 deductions(1)	**(323)**	(321)	(328)
CET1 capital	**3,050**	2,989	2,716
Tier 1 capital	**3,625**	3,564	3,291
Total capital	**4,272**	4,211	3,767
Risk-weighted assets	**$ 32,676**	$ 32,802	$ 30,528
Capital adequacy ratios			
CET1	**9.3 %**	9.1 %	8.9 %
Tier 1	**11.1**	10.9	10.8
Total	**13.1**	12.8	12.3
Leverage	**8.3**	8.3	8.3

(1) In Q2 2020, OSFI introduced transitional arrangements related to the capital treatment of performing loan allowances, resulting in a portion of allowances that would otherwise be included in Tier 2 capital to be included. The transitional arrangement concluded at the end of fiscal 2022 and did not impact CET1 and Tier 1 capital (April 30, 2022 – $3 million) and CET1 and Tier 1 ratios after fiscal 2022 (April 30, 2022 – negligible impact). The transitional arrangement has no impact on the Total capital ratio.

Changes in Capital Ratios

The CET1 capital ratio of 9.3% increased 20 basis points from last quarter and 40 basis points from last year. Compared to last quarter, a higher CET1 capital ratio primarily reflected an approximately 15 basis point increase associated with the adoption of CAR 2023, retained earnings growth and a decrease in accumulated other comprehensive loss related to FVOCI securities. The increase from prior year reflected the adoption of CAR 2023, common shares issued under our ATM program and retained earnings growth, partially offset by risk-weighted asset growth and a decrease in accumulated other comprehensive loss related to FVOCI securities.

The Tier 1 capital ratio of 11.1% increased 20 basis points from last quarter and 30 basis points from last year, primarily due to the proportional impact of the same factors noted above.

The Total capital ratio of 13.1% increased 30 basis points from last quarter and 80 basis points from last year. Compared to last quarter, the increase primarily reflects the proportional impact of the same factors noted above. Compared to last year, the increase is primarily due to the issuance of our $150 million Series H NVCC subordinated debentures in the first quarter of 2023 and the proportional impact of the same factors noted above.

ATM Program

No common shares were issued under the ATM program in the quarter.

On June 1, 2022, we re-established an ATM program to allow the periodic issuance up to a total of $150 million of common shares, at our discretion and if needed, at the prevailing market price, under a prospectus supplement to the CWB short-term base shelf prospectus, which expires on July 1, 2024. Under the existing ATM program, we have issued 4,501,766 common shares for gross proceeds of $111 million, or net proceeds of $109 million after commissions and other issuance costs. The ATM program was re-established following the termination of the previous ATM program established on May 31, 2021, due to the sale of most of the $150 million common shares approved under the previous program.

(unaudited)	For the three months ended		For the six months ended	
(thousands, except per share amounts)	**April 30, 2023**	April 30, 2022	**April 30, 2023**	April 30, 2022
Common shares issued(1)	**-**	1,319	**1,835**	2,058
Average price per share	**$ -**	$ 35.33	**$ 24.53**	$ 36.46
Gross proceeds	**-**	46,618	**44,998**	75,038
Net proceeds(2)	**-**	45,842	**44,253**	73,767

(1) During the six months ended April 30, 2023, all shares issued were under the new ATM program. During the six months ended April 30, 2022, all shares issued were under the previous ATM program.
(2) Gross proceeds less sales commissions and other issuance costs.

Dividends and LRCN Distributions

Common shareholders received a quarterly cash dividend of $0.32 per common share on March 23, 2023. On May 25, 2023, our Board of Directors declared a cash dividend of $0.33 per common share, payable on June 22, 2023 to shareholders of record on June 8, 2023. This quarterly dividend is up one cent, or 3%, from the dividend declared last quarter and up two cents, or 6%, from one year ago.

Consistent with the dividends paid to preferred shareholders on April 30, 2023, 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 July 31, 2023 to shareholders of record on July 24, 2023.

On April 30, 2023, Series 1 NVCC Limited Recourse Capital Notes (LRCN) note holders received a semi-annual coupon payment of $30 per $1,000 principal amount of notes outstanding (Q2 2022 – $30), reflecting a total coupon payment of $5 million (Q2 2022 – $5 million), recorded in common shareholders' net income on an after-tax basis.

On January 31, 2022, Series 2 NVCC LRCN note holders received a semi-annual coupon payment of $25 per $1,000 principal amount of notes outstanding, reflecting a total payment of $4 million.

Further information related to our capital position is provided in Note 15 of the audited consolidated financial statements for the year ended October 31, 2022 and Note 8 of the interim consolidated financial statements for the periods ended April 30, 2023.

Book Value per Common Share

Book value per common share as at April 30, 2023 of $34.90 was up 2% from last quarter and 4% from last year. The increase from last quarter primarily reflects retained earnings growth and lower accumulated other comprehensive losses related to FVOCI securities. The increase from last year primarily reflects retained earnings growth, partially offset by an increase in the number of common shares outstanding and higher accumulated other comprehensive income losses related to FVOCI securities.

Regulatory Updates

Basel III Reforms and Pillar 3 Disclosures

On January 31, 2022, OSFI released the finalized CAR 2023 guidelines related to the implementation of Basel III reforms in Canada, which includes adjustments to the calculation of risk-weighted assets under both the *Standardized* approach and the internal ratings-based approach to credit risk, operational risk, and credit valuation adjustments, as well as to the AIRB capital floors. On the same date, OSFI released the Small and Medium-Sized Deposit-taking Institutions (SMSBs) Capital and Liquidity Requirements, which considers proportionality and provides simplified capital and liquidity requirements for SMSBs of various sizes. OSFI also released the final Pillar 3 Disclosure Guideline, which lists the disclosures required for SMSBs and their respective implementation date. Based on our total assets, we qualify as a Category I SMSB.

The CAR 2023 guidelines and associated disclosure requirements became effective on February 1, 2023 which increased our CET1 capital ratio by approximately 15 basis points on adoption due to an overall reduction in risk-weighted asset density.

Significant Changes in Accounting Policies and Financial Statement Presentation

The unaudited interim consolidated financial statements for the periods ended April 30, 2023 were prepared using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2022. Additional discussion on future accounting standards that may impact CWB are included in Note 1 of the audited consolidated financial statements for the year ended October 31, 2022 and Note 2 of the unaudited interim consolidated financial statements for the periods ended April 30, 2023.

Controls and Procedures

There were no significant changes in our disclosure controls and procedures and internal controls over financial reporting that occurred during the period ended April 30, 2023 that have materially affected, or are reasonably likely to materially affect, our disclosures of required information and internal controls over financial reporting. Prior to its release, this quarterly report to shareholders was reviewed by the Audit Committee and, on the Audit Committee's recommendation, approved by the Board of Directors.

Third-party Credit Ratings

The following table summarizes our current credit ratings issued by DBRS Morningstar, as well as the corresponding rating agency outlook.

	Short-term instruments	Long-term senior debt and long-term deposits	Subordinated debentures (NVCC)	Preferred shares (NVCC)	Limited recourse capital notes (NVCC)
Rating	R1 (low)	A (low)	BBB (low)	Pfd-3	BB (high)
Outlook	Stable	Stable	Stable	Stable	Stable

Credit ratings do not consider market price or address the suitability of any financial instrument for a particular investor and are not recommendations to purchase, sell or hold securities. Ratings are subject to revision or withdrawal at any time by the rating organization.

Updated Share Information

At May 19, 2023, there were 96,307,801 common shares and 2,272,901 stock options outstanding. For additional information on share capital and stock options, see Notes 15 and 16 of the audited annual consolidated financial statements for the year ended October 31, 2022 and Notes 8 and 9 of the interim consolidated financial statements for the periods ended April 30, 2023.

Dividend Reinvestment Plan

CWB common shares (TSX: CWB) and preferred shares (TSX: CWB.PR.B; CWB.PR.D) are deemed eligible by CWB to participate in CWB's dividend reinvestment plan (the Plan). The Plan provides holders of eligible shares of CWB the opportunity to direct cash dividends toward the purchase of CWB common shares. Further details for the Plan are available on CWB's website.

Summary of Quarterly Financial Information

	2023		2022				2021	
(thousands)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	**$ 264,414**	$ 272,891	$ 279,838	$ 271,712	$ 258,761	$ 265,976	$ 260,624	$ 263,215
Common shareholders' net income	**70,040**	94,363	67,687	80,809	74,164	87,642	89,998	86,280
Pre-tax, pre-provision income	**118,248**	129,030	132,528	132,346	119,919	137,110	122,747	137,586
Earnings per common share								
Basic	**0.73**	0.99	0.72	0.88	0.82	0.98	1.01	0.99
Diluted	**0.73**	0.99	0.72	0.88	0.82	0.97	1.01	0.98
Adjusted	**0.74**	1.02	0.88	0.90	0.84	0.99	1.03	1.01
Total assets (millions)	**42,228**	41,706	41,428	40,392	38,915	37,673	37,314	36,641

The financial results for each of the last eight quarters are summarized above. For additional details on variations between the prior quarters, refer to the *Summary of Quarterly Results* section of our annual MD&A for the years ended October 31, 2022 and 2021, and the individual quarterly reports to shareholders, which are available on SEDAR at www.sedar.com and on our website at www.cwb.com.

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at April 30 2023	As at January 31 2023	As at October 31 2022
Assets				
Cash Resources	(Note 3)			
Cash and non-interest bearing deposits with financial institutions		**$ 127,615**	$ 38,489	$ 81,228
Interest bearing deposits with financial institutions		**26,438**	49,341	26,833
Cheques and other items in transit		**22,408**	9,482	7,918
		176,461	97,312	115,979
Securities	(Note 3)			
Issued or guaranteed by Canada		**3,568,256**	3,602,296	3,910,821
Issued or guaranteed by a province or municipality		**386,733**	392,720	448,947
Other securities		**136,008**	132,057	159,027
		4,090,997	4,127,073	4,518,795
Securities Purchased under Resale Agreements		**-**	268,004	-
Loans	(Note 4)			
Personal		**7,215,454**	7,214,110	6,951,826
Business		**29,935,141**	29,202,546	28,953,796
		37,150,595	36,416,656	35,905,622
Allowance for credit losses		**(166,232)**	(165,371)	(161,818)
		36,984,363	36,251,285	35,743,804
Other				
Property and equipment		**145,950**	148,859	153,026
Goodwill		**138,701**	138,701	138,701
Intangible assets		**225,132**	220,570	223,921
Derivatives		**86,315**	88,624	110,521
Other assets		**379,924**	365,947	422,805
		976,022	962,701	1,048,974
Total Assets		**$ 42,227,843**	$ 41,706,375	$ 41,427,552
Liabilities and Equity				
Deposits	(Note 5)			
Personal		**$ 19,267,551**	$ 17,841,460	$ 17,181,571
Business and government		**13,987,982**	15,272,389	15,828,891
		33,255,533	33,113,849	33,010,462
Other				
Cheques and other items in transit		**40,105**	32,762	33,187
Securities sold under repurchase agreements	(Note 6)	**157,275**	-	247,354
Derivatives		**125,551**	125,973	156,081
Other liabilities		**866,523**	758,759	789,599
		1,189,454	917,494	1,226,221
Debt				
Debt related to securitization activities	(Note 6)	**3,323,883**	3,280,106	3,084,091
Subordinated debentures	(Note 7)	**523,032**	522,962	373,802
		3,846,915	3,803,068	3,457,893
Equity				
Preferred shares	(Note 8)	**250,000**	250,000	250,000
Limited recourse capital notes	(Note 8)	**325,000**	325,000	325,000
Common shares	(Note 8)	**1,004,667**	1,002,714	956,061
Retained earnings		**2,419,393**	2,380,149	2,317,146
Share-based payment reserve		**28,065**	27,854	27,466
Accumulated other comprehensive loss		**(91,184)**	(113,753)	(142,697)
Total Equity		**3,935,941**	3,871,964	3,732,976
Total Liabilities and Equity		**$ 42,227,843**	$ 41,706,375	$ 41,427,552

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)		For the three months ended April 30 2023	 April 30 2022	For the six months ended April 30 2023	 April 30 2022
Interest Income	(Note 13)				
Loans		**$ 543,987**	$ 332,252	**$ 1,071,714**	$ 664,406
Securities		**15,890**	7,108	**31,527**	13,157
Deposits with financial institutions		**1,896**	85	**4,181**	130
		561,773	339,445	**1,107,422**	677,693
Interest Expense					
Deposits		**301,245**	96,543	**576,983**	184,737
Debt		**30,005**	16,793	**57,636**	33,775
		331,250	113,336	**634,619**	218,512
Net Interest Income		**230,523**	226,109	**472,803**	459,181
Non-interest Income					
Wealth management services		**14,890**	16,211	**29,940**	32,006
Credit related		**10,825**	9,311	**21,416**	19,057
Retail services		**2,683**	2,518	**5,253**	5,250
Trust services		**2,577**	2,482	**5,084**	4,901
Losses on securities, net		**(4)**	(56)	**(51)**	(52)
Other		**2,920**	2,186	**2,860**	4,394
		33,891	32,652	**64,502**	65,556
Total Revenue		**264,414**	258,761	**537,305**	524,737
Provision for Credit Losses	(Notes 3 and 4)	**10,337**	11,239	**1,824**	20,337
Non-interest Expenses					
Salaries and employee benefits		**93,317**	86,729	**185,034**	170,989
Premises and equipment		**30,327**	30,220	**60,601**	55,451
Other expenses		**24,744**	24,508	**49,970**	46,424
		148,388	141,457	**295,605**	272,864
Net Income before Income Taxes		**105,689**	106,065	**239,876**	231,536
Income Taxes		**28,463**	24,671	**62,272**	56,416
Net Income		**77,226**	81,394	**177,604**	175,120
Preferred share dividends and limited recourse capital note distributions		**7,186**	7,230	**13,201**	13,314
Common Shareholders' Net Income		**$ 70,040**	$ 74,164	**$ 164,403**	$ 161,806
Average number of common shares (in thousands)		**96,266**	90,585	**95,736**	90,113
Average number of diluted common shares (in thousands)		**96,270**	90,827	**95,749**	90,413
Earnings Per Common Share					
Basic		**$ 0.73**	$ 0.82	**$ 1.72**	$ 1.80
Diluted		**0.73**	0.82	**1.72**	1.79

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended April 30 2023	 April 30 2022	For the six months ended April 30 2023	 April 30 2022
Net Income	**$ 77,226**	$ 81,394	**$ 177,604**	$ 175,120
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)	**21,917**	(57,173)	**42,659**	(66,608)
Reclassification to net income, of (gains) losses in the period(2)	**(39)**	60	**(20)**	25
	21,878	(57,113)	**42,639**	(66,583)
Derivatives designated as cash flow hedges				
Losses from change in fair value(3)	**(6,128)**	(6,813)	**(2,365)**	(5,362)
Reclassification to net income, of (gains) losses in the period(4)	**7,835**	(4,404)	**12,280**	(11,551)
	1,707	(11,217)	**9,915**	(16,913)
Items that will not be subsequently reclassified to net income				
Unrealized gains (losses) on equity securities designated at fair value through other comprehensive income(5)	**(1,016)**	-	**(1,041)**	246
	22,569	(68,330)	**51,513**	(83,250)
Comprehensive Income for the Period	**$ 99,795**	$ 13,064	**$ 229,117**	$ 91,870

(1) Net of income tax of $6,605 and $14,001 for the three and six months ended April 30, 2023, respectively (2022 – $17,651 and $20,613).
(2) Net of income tax of $18 and $8 for the three and six months ended April 30, 2023, respectively (2022 – $18 and $8).
(3) Net of income tax of $2,056 and $715 for the three and six months ended April 30, 2023, respectively (2022 – $2,104 and $1,656).
(4) Net of income tax of $2,379 and $3,806 for the three and six months ended April 30, 2023, respectively (2022 – $1,424 and $3,540).
(5) Net of income tax of $300 and $309 for the three and six months ended April 30, 2023, respectively (2022 – $nil and $79).

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Changes in Equity

(unaudited) ($ thousands)		For the six months ended April 30 2023	April 30 2022
Preferred Shares	(Note 8)		
Balance at beginning and end of period		**$ 250,000**	$ 250,000
Limited Recourse Capital Notes	(Note 8)		
Balance at beginning and end of period		**325,000**	325,000
Common Shares	(Note 8)		
Balance at beginning of period		**956,061**	809,435
Issued under at-the-market common equity distribution programs		**44,998**	75,038
Issued under dividend reinvestment plan		**3,176**	2,768
Transferred from share-based payment reserve on the exercise or exchange of options		**432**	523
Balance at end of period		**1,004,667**	887,764
Retained Earnings			
Balance at beginning of period		**2,317,146**	2,120,795
Net income		**177,604**	175,120
Dividends and other distributions – Preferred shares and limited recourse capital notes		**(13,201)**	(13,314)
– Common shares		**(61,411)**	(53,975)
Issuance costs on at-the-market common equity distribution programs	(Note 8)	**(745)**	(1,271)
Balance at end of period		**2,419,393**	2,227,355
Share-based Payment Reserve	(Note 9)		
Balance at beginning of period		**27,466**	26,016
Amortization of fair value of options		**1,031**	1,035
Transferred to common shares on the exercise or exchange of options		**(432)**	(523)
Balance at end of period		**28,065**	26,528
Accumulated Other Comprehensive Income (Loss)			
Debt securities measured at fair value through other comprehensive income			
Balance at beginning of period		**(121,949)**	(32,140)
Other comprehensive income (loss)		**42,639**	(66,583)
Balance at end of period		**(79,310)**	(98,723)
Derivatives designated as cash flow hedges			
Balance at beginning of period		**(21,672)**	33,688
Other comprehensive income (loss)		**9,915**	(16,913)
Balance at end of period		**(11,757)**	16,775
Equity securities designated at fair value through other comprehensive income			
Balance at beginning of period		**924**	1,091
Other comprehensive (loss) income		**(1,041)**	246
Balance at end of period		**(117)**	1,337
Total Accumulated Other Comprehensive Loss		**(91,184)**	(80,611)
Total Equity		**$ 3,935,941**	$ 3,636,036

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited) ($ thousands)		For the six months ended April 30 2023	April 30 2022
Cash Flows from Operating Activities			
Net income		**$ 177,604**	$ 175,120
Adjustments to determine net cash flows:			
Accrued interest receivable and payable, net		**87,695**	(3,158)
Current income taxes receivable and payable, net		**33,321**	(18,114)
Depreciation and amortization		**31,967**	33,621
Amortization of fair value of employee stock options	(Note 9)	**1,031**	1,035
Losses on securities, net		**51**	52
Provision for credit losses	(Notes 3 and 4)	**1,824**	20,337
Deferred income taxes, net		**(2,135)**	(2,590)
Change in operating assets and liabilities:			
Debt related to securitization activities, net		**239,792**	120,517
Deposits, net		**245,071**	1,322,528
Loans, net		**(1,243,480)**	(1,153,242)
Securities sold under repurchase agreements, net		**(90,079)**	-
Securities purchased under resale agreements, net		**-**	30,048
Other items, net		**14,805**	(72,756)
Net Cash from (used in) Operating Activities		**(502,533)**	453,398
Cash Flows from Financing Activities			
Debentures issued, net of issuance costs	(Note 7)	**149,160**	-
Common shares issued, net of issuance costs	(Note 8)	**44,253**	73,767
Dividends and limited recourse capital note distributions		**(71,436)**	(64,521)
Repayment of lease liabilities		**(7,057)**	(6,927)
Net Cash from (used in) Financing Activities		**114,920**	2,319
Cash Flows from Investing Activities			
Interest bearing deposits with financial institutions, net		**395**	(3,132)
Securities, purchased		**(51,644)**	(1,975,638)
Securities, sale proceeds		**35,158**	1,384,332
Securities, matured		**483,765**	109,609
Property, equipment and intangible assets		**(26,102)**	(23,744)
Net Cash from (used in) Investing Activities		**441,572**	(508,573)
Change in Cash and Cash Equivalents		**53,959**	(52,856)
Cash and Cash Equivalents at Beginning of Period		**55,959**	57,005
Cash and Cash Equivalents at End of Period*		**$ 109,918**	$ 4,149
* Represented by:			
Cash and non-interest bearing deposits with financial institutions		**$ 127,615**	$ 75,402
Cheques and other items in transit (included in Cash Resources)		**22,408**	-
Cheques and other items in transit (included in Other Liabilities)		**(40,105)**	(71,253)
Cash and Cash Equivalents at End of Period		**$ 109,918**	$ 4,149
Supplemental Disclosure of Cash Flow Information			
Interest and dividends received		**$ 1,102,720**	$ 697,524
Interest paid		**526,920**	214,869
Income taxes paid		**45,417**	48,058

The accompanying notes are an integral part of the interim consolidated financial statements.

(unaudited)
($ thousands, unless otherwise noted)

1. Basis of Presentation and Significant Accounting Policies

These unaudited condensed interim consolidated financial statements of Canadian Western Bank (CWB) have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2022. These interim consolidated financial statements of CWB, headquartered at Suite 3000, 10303 Jasper Avenue, Edmonton, Alberta, have also been prepared in accordance with subsection 308 (4) of the Bank Act and the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). Under International Financial Reporting Standards (IFRS), additional disclosures are required in annual financial statements and accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2022.

The interim consolidated financial statements were authorized for issue by the Board of Directors on [May 25, 2023].

2. Changes in Accounting Policy and Future Accounting Changes

We continue to monitor the IASB's proposed changes to accounting standards. Although not expected to materially impact CWB's consolidated financial statements in the current year, proposed changes may have an impact on future financial statements. Additional discussion on certain accounting standards that may impact CWB is included in Note 1 of the audited consolidated financial statements for the year ended October 31, 2022.

IAS 12 Income Taxes

In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to IAS 12 *Income Taxes).* The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, there is recognition of a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. CWB adopted the amendments for our fiscal year beginning November 1, 2022 and there was no significant impact upon adoption.

3. Securities

Unrealized Gains and Losses

Unrealized gains and losses related to debt securities and cash resources measured at fair value through other comprehensive income (FVOCI), debt securities measured at fair value through profit and loss (FVTPL) and equity securities designated at FVOCI are as follows:

	As at April 30, 2023				As at January 31, 2023			
	Amortized Cost[3]	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	Amortized Cost[3]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Measured at FVOCI								
Interest bearing deposits with financial institutions[1]	**$ 26,438**	**$ -**	**$ -**	**$ 26,438**	$ 49,341	$ -	$ -	$ 49,341
Debt securities issued or guaranteed by								
Canada	**3,656,950**	**362**	**89,056**	**3,568,256**	3,715,597	407	113,708	3,602,296
A province or municipality	**396,017**	**55**	**9,339**	**386,733**	405,604	64	12,948	392,720
Other debt securities issued by								
United States Treasury	**129,945**	**-**	**5,729**	**124,216**	127,556	-	6,763	120,793
Measured at FVTPL								
Other debt securities[2]	**10,756**	**1,698**	**662**	**11,792**	-	-	-	-
Designated at FVOCI								
Other equity securities	**-**	**-**	**-**	**-**	9,964	1,698	398	11,264
Total	**$ 4,220,106**	**$ 2,115**	**$ 104,786**	**$ 4,117,435**	$ 4,308,062	$ 2,169	$ 133,817	$ 4,176,414

	As at October 31, 2022			
	Amortized Cost[3]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Measured at FVOCI				
Interest bearing deposits with financial institutions[1]	$ 26,833	$ -	$ -	$ 26,833
Debt securities issued or guaranteed by				
Canada	4,047,037	414	136,630	3,910,821
A province or municipality	465,377	67	16,497	448,947
Other debt securities issued by				
United States Treasury	157,393	-	8,671	148,722
Designated at FVOCI				
Other equity securities	8,972	1,617	284	10,305
Total	$ 4,705,612	$ 2,098	$ 162,082	$ 4,545,628

(1) Included in cash resources on the consolidated balance sheets.
(2) Gains/losses are recorded in other non-interest income in the consolidated statements of consolidated income.
(3) The amortized cost of debt securities and cash resources measured at FVOCI is net of the estimated allowance for credit losses of $419 (January 31, 2023 – $481; October 31, 2022 – $498).

Impairment

Impairment losses and recoveries on debt securities measured at FVOCI, estimated using an expected credit loss (ECL) approach, are recognized in the provision for credit losses in the consolidated statements of income and correspondingly reduce the accumulated changes in fair value recorded in OCI.

During the three and six months ended April 30, 2023, a reversal of the provision for credit losses of $62 and $79 (2022 – provision of $32 and a reversal of the provision for credit losses of $3), respectively, was recorded in the consolidated statements of income related to a change in the estimated allowance for credit losses on performing debt securities measured at FVOCI, all of which were in Stage 1 as at April 30, 2023 and 2022.

4. Loans, Impaired Loans and Allowance for Credit Losses

Loans at Amortized Cost

Loans, including leases, which are measured at amortized cost and stated net of unearned income, unamortized premiums or discounts and allowances for credit losses, are originated or purchased with the objective to collect contractual cash flows and generating cash flows that satisfy the requirements of the solely payments of principal and interest test. Loan fees integral to the yield, net of transaction costs, are amortized to interest income using the effective interest method (EIR).

The composition of our loan portfolio by geographic region and industry sector follows:

($ millions)	BC	AB	ON	SK	QC	MB	Other	Total	Composition Percentage April 30 2023	Composition Percentage January 31 2023	Composition Percentage October 31 2022
Personal(1)	$ 1,706	$ 1,947	$ 2,986	$ 274	$ -	$ 160	$ 142	$ 7,215	19 %	20 %	19 %
Business											
General commercial loans	3,972	3,916	3,858	496	375	406	186	13,209	36	35	35
Commercial mortgages	3,853	2,653	555	236	61	130	-	7,488	20	20	21
Equipment financing and leasing(2)	913	1,499	1,356	457	739	288	363	5,615	15	15	15
Real estate project loans	1,638	823	532	87	90	58	-	3,228	9	9	9
Oil and gas production loans	66	330	-	-	-	-	-	396	1	1	1
	10,442	9,221	6,301	1,276	1,265	882	549	29,936	81	80	81
Total Loans(3)	$ 12,148	$ 11,168	$ 9,287	$ 1,550	$ 1,265	$ 1,042	$ 691	$ 37,151	100 %	100 %	100 %
Composition Percentage											
April 30, 2023	33 %	30 %	25 %	4 %	3 %	3 %	2 %	100 %			
January 31, 2023	32 %	31 %	25 %	4 %	3 %	3 %	2 %	100 %			
October 31, 2022	33 %	31 %	24 %	4 %	3 %	3 %	2 %	100 %			

(1) Includes mortgages securitized through the *National Housing Act Mortgage Backed Securities* program reported on-balance sheet of $1,428 (January 31, 2023 – $1,472; October 31, 2022 – $1,386).
(2) Includes securitized leases reported on-balance sheet of $2,114 (January 31, 2023 – $2,005; October 31, 2022 – $2,125).
(3) This table does not include an allocation of the allowance for credit losses.

Credit Quality

Internal Risk Ratings

Within our loan portfolios, borrowers are assigned a borrower risk rating (BRR) that reflects the credit quality of the obligor using industry and sector-specific risk models and expert credit judgment. BRRs are assessed and assigned at the time of loan origination and reviewed at least annually, with the exception of consumer loans and single unit residential mortgages. More frequent reviews are conducted for borrowers with weaker risk ratings, borrowers that trigger a review based on adverse changes in financial performance and borrowers requiring or requesting changes to credit facilities. Each BRR has a probability of default calibrated against it, which is estimated based on our historical loss experience for each risk segment or risk rating level, adjusted for forward-looking information. Our BRR scale broadly aligns to external ratings as follows:

Description	**CWB Rating Category**	**Standard & Poor's**	**Moody's Investor Services**
Investment grade or low risk	1 to 6M	AAA to BBB-	Aaa to Baa3
Non-investment grade or medium risk	6L to 8L	BB+ to CCC+	Ba1 to Caa1
Watchlist or high risk	9H to 10L	CCC and below	Caa2 and below
Impaired	11 to 12	Default	Default

Carrying Value of Exposures by Risk Rating

Gross carrying amounts of loans and the contractual amounts of committed but undrawn credit exposures and letters of credit, categorized based on internal risk ratings, are as follows:

	As at April 30, 2023			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Loans – Personal				
Low risk	$ 4,026,014	$ 67,769	$ -	$ 4,093,783
Medium risk	2,466,614	389,149	-	2,855,763
Watchlist or high risk	-	250,802	-	250,802
Impaired	-	-	15,106	15,106
Total	6,492,628	707,720	15,106	7,215,454
Allowance for credit losses	(1,155)	(3,292)	(288)	(4,735)
Total, net of allowance for credit losses	6,491,473	704,428	14,818	7,210,719
Loans – Business				
Investment grade or low risk	3,294,685	349,488	-	3,644,173
Non-investment grade or medium risk	21,970,827	3,106,662	-	25,077,489
Watchlist or high risk	-	975,872	-	975,872
Impaired	-	-	237,607	237,607
Total	25,265,512	4,432,022	237,607	29,935,141
Allowance for credit losses	(63,750)	(51,185)	(46,562)	(161,497)
Total, net of allowance for credit losses	25,201,762	4,380,837	191,045	29,773,644
Total loans	31,758,140	5,139,742	252,713	37,150,595
Allowance for credit losses	(64,905)	(54,477)	(46,850)	(166,232)
Total Loans, Net of Allowance for Credit Losses	$ 31,693,235	$ 5,085,265	$ 205,863	$ 36,984,363
Committed but Undrawn Credit Exposures and Letters of Credit				
Investment grade or low risk	$ 3,332,131	$ 52,586	$ -	$ 3,384,717
Non-investment grade or medium risk	7,319,253	1,765,228	-	9,084,481
Watchlist or high risk	-	122,033	-	122,033
Total	10,651,384	1,939,847	-	12,591,231
Allowance for credit losses	(2,496)	(1,796)	-	(4,292)
Total, Net of Allowance for Credit Losses	$ 10,648,888	$ 1,938,051	$ -	$ 12,586,939

	As at October 31, 2022			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Loans – Personal				
Low risk	$ 4,100,671	$ 67,113	$ -	$ 4,167,784
Medium risk	2,154,159	392,303	-	2,546,462
Watchlist or high risk	-	225,098	-	225,098
Impaired	-	-	12,482	12,482
Total	6,254,830	684,514	12,482	6,951,826
Allowance for credit losses	(1,043)	(2,749)	(140)	(3,932)
Total, net of allowance for credit losses	6,253,787	681,765	12,342	6,947,894
Loans – Business				
Investment grade or low risk	2,976,113	525,305	-	3,501,418
Non-investment grade or medium risk	19,218,875	5,409,412	-	24,628,287
Watchlist or high risk	-	669,900	-	669,900
Impaired	-	-	154,191	154,191
Total	22,194,988	6,604,617	154,191	28,953,796
Allowance for credit losses	(48,736)	(62,599)	(46,551)	(157,886)
Total, net of allowance for credit losses	22,146,252	6,542,018	107,640	28,795,910
Total loans	28,449,818	7,289,131	166,673	35,905,622
Allowance for credit losses	(49,779)	(65,348)	(46,691)	(161,818)
Total Loans, Net of Allowance for Credit Losses	$ 28,400,039	$ 7,223,783	$ 119,982	$ 35,743,804
Committed but Undrawn Credit Exposures and Letters of Credit				
Investment grade or low risk	$ 2,065,808	$ 97,635	$ -	$ 2,163,443
Non-investment grade or medium risk	3,009,255	2,447,483	-	5,456,738
Watchlist or high risk	-	27,284	-	27,284
Total	5,075,063	2,572,402	-	7,647,465
Allowance for credit losses	(1,507)	(3,803)	-	(5,310)
Total, Net of Allowance for Credit Losses	$ 5,073,556	$ 2,568,599	$ -	$ 7,642,155

Impaired and Past Due Loans

Outstanding gross loans and impaired loans, net of allowance for credit losses, by loan type, are as follows:

	As at April 30, 2023				As at January 31, 2023			
	Gross Amount	**Gross Impaired Amount(1)**	**Stage 3 Allowance**	**Net Impaired Loans**	Gross Amount	Gross Impaired Amount(1)	Stage 3 Allowance	Net Impaired Loans
Personal	**$ 7,215,454**	**$ 15,106**	**$ 288**	**$ 14,818**	$ 7,214,110	$ 15,325	$ 205	$ 15,120
Business								
General commercial loans	**13,208,502**	**68,137**	**25,155**	**42,982**	12,672,331	140,392	31,486	108,906
Commercial mortgages(2)	**7,487,951**	**125,672**	**14,708**	**110,964**	7,453,703	55,477	7,734	47,743
Equipment financing and leasing	**5,614,771**	**26,995**	**5,639**	**21,356**	5,513,553	23,544	5,975	17,569
Real estate project loans	**3,228,123**	**16,803**	**1,060**	**15,743**	3,260,815	38,940	1,060	37,880
Oil and gas production loans	**395,794**	**-**	**-**	**-**	302,144	-	-	-
	29,935,141	**237,607**	**46,562**	**191,045**	29,202,546	258,353	46,255	212,098
Total	**$ 37,150,595**	**$ 252,713**	**$ 46,850**	**$ 205,863**	$ 36,416,656	$ 273,678	$ 46,460	$ 227,218

	As at October 31, 2022			
	Gross Amount	Gross Impaired Amount(1)	Stage 3 Allowance	Net Impaired Loans
Personal	$ 6,951,826	$ 12,482	$ 140	$ 12,342
Business				
General commercial loans	12,430,457	82,879	32,469	50,410
Commercial mortgages(2)	7,446,273	36,435	6,734	29,701
Equipment financing and leasing	5,546,163	22,965	6,788	16,177
Real estate project loans	3,199,515	11,912	560	11,352
Oil and gas production loans	331,388	-	-	-
	28,953,796	154,191	46,551	107,640
Total	$ 35,905,622	$ 166,673	$ 46,691	$ 119,982

(1) Gross impaired loans include foreclosed assets with a carrying value of $2,393 (January 31, 2023 - $1,398; October 31, 2022 - $2,010). We pursue timely realization on foreclosed assets and do not use the assets for our own operations.

(2) Multi-family residential mortgages are included in commercial mortgages.

Outstanding impaired loans, net of allowance for credit losses, by provincial location of security, are as follows:

	As at April 30, 2023			As at January 31, 2023		
	Gross Impaired Amount	**Stage 3 Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Stage 3 Allowance	Net Impaired Loans
Alberta	**$ 140,035**	**$ 28,322**	**$ 111,713**	$ 96,911	$ 21,580	$ 75,331
British Columbia	**36,389**	**1,023**	**35,366**	75,285	810	74,475
Ontario	**31,330**	**11,462**	**19,868**	54,635	17,845	36,790
Quebec	**20,486**	**788**	**19,698**	21,851	791	21,060
Saskatchewan	**16,372**	**4,402**	**11,970**	16,512	4,684	11,828
Manitoba	**5,334**	**371**	**4,963**	4,609	315	4,294
Other	**2,767**	**482**	**2,285**	3,875	435	3,440
Total	**$ 252,713**	**$ 46,850**	**$ 205,863**	$ 273,678	$ 46,460	$ 227,218

	As at October 31, 2022		
	Gross Impaired Amount	Stage 3 Allowance	Net Impaired Loans
Alberta	$ 75,398	$ 20,980	$ 54,418
British Columbia	21,029	699	20,330
Ontario	51,369	22,192	29,177
Quebec	4,628	757	3,871
Saskatchewan	4,757	1,165	3,592
Manitoba	1,632	308	1,324
Other	7,860	590	7,270
Total	$ 166,673	$ 46,691	$ 119,982

Loans are considered past due when a customer has not made a payment by the contractual due date. The following table presents the carrying value of loans that are contractually past due but not classified as impaired:

	As at April 30, 2023			
	1 – 30 days	**31 – 60 days**	**61 – 90 days**	**Total**
Personal	**$ 93,668**	**$ 38,912**	**$ 3,245**	**$ 135,825**
Business	**118,412**	**40,132**	**6,471**	**165,015**
Total	**$ 212,080**	**$ 79,044**	**$ 9,716**	**$ 300,840**
Total as at January 31, 2023	$ 167,856	$ 28,705	$ 31,965	$ 228,526
Total as at October 31, 2022	$ 174,127	$ 77,308	$ 46,997	$ 298,432

Allowance for Credit Losses

The allowance for credit losses is our most significant accounting estimate. For impaired loans, the allowance for credit losses is estimated as the difference between the carrying value of the loan and the present value of future cash flows. When future cash flows cannot be reliably estimated, the allowance is determined based on the fair value of the security or market price of the loan. The following disclosures are provided as an update to the information included in Note 6 of the audited consolidated financial statements for the year ended October 31, 2022.

For the performing loan allowance for credit losses, our underlying ECL models incorporate a number of assumptions which involve a significant degree of management judgment and estimation uncertainty that can have a significant impact on financial results. The key drivers in the estimation of ECL are changes in internal risk ratings attributable to credit quality, thresholds used to determine when a borrower has experienced a significant increase in credit risk, and changes in forward-looking information related to macroeconomic variables.

The forward-looking macroeconomic scenario described below is calibrated to an average of the large Canadian banks' macroeconomic forecasts, and reflects our best estimate as at April 30, 2023 based on information available. The forecast reflects the slight improvement in economic conditions through a more optimistic house price outlook, and lower projected interest rates, offset by the continued slow down of GDP growth. Hindsight cannot be used, so while these evolving assumptions may result in future forecasts that differ from those used in the ECL estimation as at April 30, 2023, those changes will be reflected in future quarters.

The primary macroeconomic variables, for the next year and the remaining forecast period thereafter, used to estimate ECL are as follows:

	Forecast	
Macroeconomic Variable	**April 30 2024**	**Remaining Forecast Period**
GDP growth, year over year	- %	2 %
Unemployment rate	6	7
Housing price index growth, year over year	3	3
Three-month treasury bill rate	3.5	2.2
U.S. dollar/Canadian dollar exchange rate	$ 1.31	$ 1.27
WTI Oil price (U.S. dollar per barrel)	82	80

The primary macroeconomic variables impacting ECL for personal loan portfolios are unemployment rates and House Price Index (HPI) growth. Business portfolios are impacted by all of the variables in the table above, to varying degrees. Increases in unemployment rates and interest rates will generally correlate with higher ECL while increases in annual gross domestic product (GDP) growth, the WTI oil price, HPI housing price growth, and the U.S. dollar/Canadian dollar exchange rate will generally result in lower ECL.

ECL is sensitive to changes in both the scenario described above as well as the incorporation of multiple macroeconomic scenarios. Our models include a simulation incorporating a large volume of alternate macroeconomic scenarios into our ECL estimate. This approach resulted in an increase of approximately $6 million (January 31, 2023 – $11 million) to the performing loan allowance for credit losses at April 30, 2023, relative to using only the forecast scenario presented above.

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 impact of both tail-risk events and 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 withdrawal of government stimulus and support which cannot be modelled using historical data as they have not occurred to this extent in the past.

Reconciliation

A reconciliation of changes in the allowance for credit losses related to loans, committed but undrawn credit exposures and letters of credit follows:

	For the three months ended April 30, 2023			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 1,208	$ 3,785	$ 206	$ 5,199
Transfers to (from)[1]				
Stage 1	74	(74)	-	-
Stage 2	(92)	92	-	-
Stage 3	(1)	(16)	17	-
Net remeasurement[2]	(283)	(327)	155	(455)
New originations	277	-	-	277
Derecognitions and maturities	(24)	(149)	-	(173)
Provision for (reversal of) credit losses[3]	(49)	(474)	172	(351)
Write-offs	-	-	(97)	(97)
Recoveries	-	-	7	7
Balance at end of period	1,159	3,311	288	4,758
Business				
Balance at beginning of period	57,900	60,602	46,254	164,756
Transfers to (from)[1]				
Stage 1	10,812	(10,812)	-	-
Stage 2	(2,272)	2,272	-	-
Stage 3	(41)	(1,325)	1,366	-
Net remeasurement[2]	(11,909)	4,663	9,300	2,054
New originations	16,556	-	-	16,556
Derecognitions and maturities	(4,804)	(2,438)	(618)	(7,860)
Provision for (reversal of) credit losses[3]	8,342	(7,640)	10,048	10,750
Write-offs	-	-	(11,466)	(11,466)
Recoveries	-	-	1,726	1,726
Balance at end of period	66,242	52,962	46,562	165,766
Total Allowance for Credit Losses[4]	$ 67,401	$ 56,273	$ 46,850	$ 170,524

	For the six months ended April 30, 2023			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 1,047	$ 2,778	$ 140	$ 3,965
Transfers to (from)[1]				
Stage 1	115	(115)	-	-
Stage 2	(219)	219	-	-
Stage 3	(1)	(37)	38	-
Net remeasurement[2]	(381)	721	284	624
New originations	646	-	-	646
Derecognitions and maturities	(48)	(255)	-	(303)
Provision for (reversal of) credit losses[3]	112	533	322	967
Write-offs	-	-	(200)	(200)
Recoveries	-	-	26	26
Balance at end of period	1,159	3,311	288	4,758
Business				
Balance at beginning of period	50,239	66,373	46,551	163,163
Transfers to (from)[1]				
Stage 1	14,090	(14,090)	-	-
Stage 2	(5,045)	5,045	-	-
Stage 3	(48)	(2,179)	2,227	-
Net remeasurement[2]	(17,048)	3,658	(3,236)	(16,626)
New originations	32,800	-	-	32,800
Derecognitions and maturities	(8,746)	(5,845)	(647)	(15,238)
Provision for (reversal of) credit losses[3]	16,003	(13,411)	(1,656)	936
Write-offs	-	-	(14,075)	(14,075)
Recoveries	-	-	15,742	15,742
Balance at end of period	66,242	52,962	46,562	165,766
Total Allowance for Credit Losses[4]	$ 67,401	$ 56,273	$ 46,850	$ 170,524
Represented by:				
Loans	$ 64,905	$ 54,477	$ 46,850	$ 166,232
Committed but undrawn credit exposures and letters of credit[5]	2,496	1,796	-	4,292
Total Allowance for Credit Losses[4]	$ 67,401	$ 56,273	$ 46,850	$ 170,524

(1) Represents stage movements prior to remeasurement of the allowance for credit losses.
(2) Represents credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions, including changes in forward-looking macroeconomic forecasts and qualitative adjustments, and changes due to partial repayment.
(3) Included in the provision for credit losses in the consolidated statements of income.
(4) Allowances for credit losses related to debt securities measured at FVOCI, cash resources and other financial assets classified at amortized cost are excluded from the table above. See Note 3 for details related to the allowance for credit losses on debt securities measured at FVOCI. Cash resources and other financial assets classified at amortized cost are presented in the consolidated balance sheets, net of allowance for credit losses.
(5) Included in other liabilities in the consolidated balance sheets.

	For the three months ended April 30, 2022			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 901	$ 2,349	$ 438	$ 3,688
Transfers to (from)				
Stage 1	25	(25)	-	-
Stage 2	(72)	72	-	-
Stage 3	-	(57)	57	-
Net remeasurement	(246)	217	136	107
New originations	269	-	-	269
Derecognitions and maturities	(42)	(145)	-	(187)
Provision for (reversal of) credit losses	(66)	62	193	189
Write-offs	-	-	(171)	(171)
Recoveries	-	-	21	21
Balance at end of period	835	2,411	481	3,727
Business				
Balance at beginning of period	68,289	33,956	43,422	145,667
Transfers to (from)				
Stage 1	1,909	(1,909)	-	-
Stage 2	(1,138)	1,138	-	-
Stage 3	(22)	(3,555)	3,577	-
Net remeasurement	(15,651)	18,718	7,793	10,860
New originations	10,963	-	-	10,963
Derecognitions and maturities	(5,138)	(5,667)	-	(10,805)
Provision for (reversal of) credit losses	(9,077)	8,725	11,370	11,018
Write-offs	-	-	(8,856)	(8,856)
Recoveries	-	-	1,810	1,810
Balance at end of period	59,212	42,681	47,746	149,639
Total Allowance for Credit Losses	$ 60,047	$ 45,092	$ 48,227	$ 153,366

	For the six months ended April 30, 2022			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 928	$ 2,299	$ 485	$ 3,712
Transfers to (from)				
Stage 1	92	(92)	-	-
Stage 2	(195)	195	-	-
Stage 3	-	(65)	65	-
Net remeasurement	(471)	409	226	164
New originations	564	-	-	564
Derecognitions and maturities	(83)	(335)	(57)	(475)
Provision for (reversal of) credit losses	(93)	112	234	253
Write-offs	-	-	(268)	(268)
Recoveries	-	-	30	30
Balance at end of period	835	2,411	481	3,727
Business				
Balance at beginning of period	64,624	38,702	38,812	142,138
Transfers to (from)				
Stage 1	3,131	(3,131)	-	-
Stage 2	(2,258)	2,258	-	-
Stage 3	(33)	(3,920)	3,953	-
Net remeasurement	(21,914)	19,792	17,649	15,527
New originations	26,950	-	-	26,950
Derecognitions and maturities	(11,288)	(11,020)	(82)	(22,390)
Provision for (reversal of) credit losses	(5,412)	3,979	21,520	20,087
Write-offs	-	-	(16,372)	(16,372)
Recoveries	-	-	3,786	3,786
Balance at end of period	59,212	42,681	47,746	149,639
Total Allowance for Credit Losses	$ 60,047	$ 45,092	$ 48,227	$ 153,366
Represented by:				
Loans	$ 57,738	$ 43,084	$ 48,227	$ 149,049
Committed but undrawn credit exposures and letters of credit	2,309	2,008	-	4,317
Total Allowance for Credit Losses	$ 60,047	$ 45,092	$ 48,227	$ 153,366

5. Deposits

	As at April 30, 2023			As at January 31, 2023		
	Individuals	**Business and Government**	**Total**	Individuals	Business and Government	Total
Payable on demand	**$ 30,587**	**$ 975,015**	**$ 1,005,602**	$ 28,772	$ 1,162,095	$ 1,190,867
Payable after notice	**6,944,238**	**6,037,983**	**12,982,221**	6,321,697	6,715,198	13,036,895
Payable on a fixed date	**12,292,726**	**6,974,984**	**19,267,710**	11,490,991	7,395,096	18,886,087
Total	**$ 19,267,551**	**$ 13,987,982**	**$ 33,255,533**	$ 17,841,460	$ 15,272,389	$ 33,113,849

	As at October 31, 2022		
	Individuals	Business and Government	Total
Payable on demand	$ 35,688	$ 1,314,615	$ 1,350,303
Payable after notice	6,654,784	6,456,577	13,111,361
Payable on a fixed date	10,491,099	8,057,699	18,548,798
Total	$ 17,181,571	$ 15,828,891	$ 33,010,462

6. Financial Assets Transferred But Not Derecognized

Securitization of leases and loans

We securitize equipment financing leases and loans to third parties. These securitizations do not qualify for derecognition as we continue to be exposed to certain risks associated with the leases and loans, therefore we have not transferred substantially all of the risk and rewards of ownership. As the leases and loans do not qualify for derecognition, the assets are not removed from the consolidated balance sheets and a securitization liability is recognized within debt related to securitization activities for the consideration received.

During the six months ended April 30, 2023, we securitized equipment financing leases and loans of $445,752 (2022 – $458,617) which were sold to third parties for cash proceeds of $395,195 (2022 – $412,191).

Securitization of residential mortgages

We securitize fully insured residential mortgages through the creation of mortgage-backed securities under the *National Housing Act Mortgage Backed Securities* (NHA MBS) program sponsored by Canada Mortgage and Housing Corporation (CMHC). The mortgage-backed securities are sold directly to third party investors, sold to the Canada Housing Trust (CHT) as part of the Canada Mortgage Bond (CMB) program or are held by us. The CHT issues CMBs, which are government guaranteed, to third party investors and uses resulting proceeds to purchase NHA MBS from us and other mortgage issuers in the Canadian market.

The third-party sale of the mortgage pools that comprise the NHA MBS does not qualify for derecognition as we retain the credit and interest rate risks associated with the mortgages, which represent substantially all of the risks and rewards associated with the transferred assets. As a result, the mortgages remain on the consolidated balance sheets as personal loans and are carried at amortized cost. Cash proceeds from the third-party sale of the mortgage pools, including those sold as part of the CMB program, are recognized within debt related to securitization activities. Certain transaction costs incurred are also capitalized and amortized using EIR.

During the six months ended April 30, 2023, we securitized residential mortgages of $145,773 (2022 – $231,266) which were sold to the CHT for cash proceeds of $143,701 (2022 – $220,381).

Details about the nature of transferred financial assets that do not qualify for derecognition and the associated liabilities follow:

	As at April 30, 2023		As at January 31, 2023	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Transferred Assets that do not Qualify for Derecognition				
Securitized leases and loans	**$ 2,114,328**	**$ 2,047,092**	$ 2,004,639	$ 1,977,335
Securitized residential mortgages	**1,422,450**	**1,416,006**	1,469,919	1,461,717
Securities sold under repurchase agreements	**157,275**	**157,275**	-	-
	3,694,053	**3,620,373**	3,474,558	3,439,052
Associated Liabilities(1)	**3,481,158**	**3,451,340**	3,280,106	3,238,747
Net Position	**$ 212,895**	**$ 169,033**	$ 194,452	$ 200,305

	As at October 31, 2022	
	Carrying Value	Fair Value
Transferred Assets that do not Qualify for Derecognition		
Securitized leases and loans	$ 2,124,604	$ 2,114,958
Securitized residential mortgages	1,156,550	1,149,055
Securities sold under repurchase agreements	247,354	247,354
	3,528,508	3,511,367
Associated Liabilities(1)	3,331,445	3,284,419
Net Position	$ 197,063	$ 226,948

(1) Associated liabilities consist of $1,926,031 related to securitized leases and loans (January 31, 2023 – $1,826,559; October 31, 2022 – $1,935,812), $1,397,852 related to residential mortgages securitized through the NHA MBS program (January 31, 2023 – $1,453,547; October 31, 2022 – $1,148,279), and $157,275 related to securities sold under repurchase agreements (January 31, 2023 - nil; October 31, 2022 - $247,354).

As at April 30, 2023, we have securitized residential mortgages through the NHA MBS program totalling $5,445 with a fair value of $5,421 (January 31, 2023 – nil; October 31, 2022 – $229,052 with a fair value of $227,568) that were not transferred to third parties.

7. Subordinated Debentures

On December 22, 2022, we issued $150,000 of Non-Viability Contingent Capital (NVCC) subordinated debentures with a fixed annual interest rate of 5.937% until December 22, 2027. Thereafter, the rate will be set quarterly at the daily compounded Canadian Overnight Repo Rate (CORRA) plus 291 basis points until maturity on December 22, 2032. We can redeem the debentures on or after December 22, 2027 subject to the prior written consent of OSFI.

Upon the occurrence of a trigger event (as defined by OSFI), each subordinated debenture will be automatically converted, without the consent of the holders, into CWB common shares. Conversion to common shares will be determined by dividing the debenture conversion value (the principal amount of the debenture plus accrued but unpaid interest times a multiplier of 1.5) by the common share value (the greater of (i) the floor price of $5.00 and (ii) the current market price calculated as the volume-weighted average trading price for the ten consecutive trading days ending on the day immediately prior to the date of the conversion).

8. Capital Stock

Share Capital

		For the six months ended			
		April 30, 2023		April 30, 2022	
		Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares – Series 5					
Outstanding at beginning and end of period		**5,000,000**	**$ 125,000**	5,000,000	$ 125,000
Preferred Shares – Series 9					
Outstanding at beginning and end of period		**5,000,000**	**125,000**	5,000,000	125,000
		10,000,000	**250,000**	10,000,000	250,000
Limited Recourse Capital Notes – Series 1					
Outstanding at beginning and end of period		**175,000**	**175,000**	175,000	175,000
Limited Recourse Capital Notes – Series 2					
Outstanding at beginning and end of period		**150,000**	**150,000**	150,000	150,000
		325,000	**325,000**	325,000	325,000
Common Shares					
Outstanding at beginning of period		**94,326,112**	**956,061**	89,390,335	809,435
Issued under at-the-market common equity distribution program		**1,834,595**	**44,998**	2,058,100	75,038
Issued under dividend reinvestment plan		**131,889**	**3,176**	74,591	2,768
Issued on exercise or exchange of options[(1)]	(Note 9)	**15,205**	**432**	46,255	523
		96,307,801	**1,004,667**	91,569,281	887,764
Total			**$ 1,579,667**		$ 1,462,764

(1) Represents shares issued and amounts transferred from the share-based payment reserve to share capital upon cashless settlement of options exercised.

At-the-market (ATM) Common Equity Distribution Program

The current ATM program was established on June 1, 2022, under a prospectus supplement to the CWB short-form base shelf prospectus, and expires July 1, 2024. The ATM program allows us to incrementally issue up to $150 million worth of common shares, at our discretion, at the prevailing market price. The previous ATM program was effective May 31, 2021 and terminated with the establishment of the current ATM program.

	For the three months ended		For the six months ended	
	April 30, 2023	April 30, 2022	**April 30, 2023**	April 30, 2022
Common shares issued[(1)]	**-**	1,319,400	**1,834,595**	2,058,100
Average price per share	**$ -**	$ 35.33	**$ 24.53**	$ 36.46
Gross proceeds	**-**	46,618	**44,998**	75,038
Net proceeds[(2)]	**-**	45,842	**44,253**	73,767

(1) During the six months ended April 30, 2023, all share issued were under the new ATM program. During the six months ended April 30, 2022, all shares issued were under the previous ATM program.

(2) Gross proceeds less sales commissions and other issuance costs.

9. Share-based Payments

Stock Options

Options	April 30, 2023 Number of Options		April 30, 2023 Weighted Average Exercise Price	April 30, 2022 Number of Options		April 30, 2022 Weighted Average Exercise Price
For the three months ended						
Balance at beginning of period	**2,401,778**	**$**	**29.98**	1,944,964	$	31.56
Exercised or exchanged	**(91,930)**		**23.70**	(32,429)		26.39
Balance at End of Period	**2,309,848**	**$**	**30.23**	1,912,535	$	31.65

Options	April 30, 2023 Number of Options		April 30, 2023 Weighted Average Exercise Price	April 30, 2022 Number of Options		April 30, 2022 Weighted Average Exercise Price
For the six months ended						
Balance at beginning of period	**1,871,717**	**$**	**31.63**	1,716,084	$	30.04
Granted	**570,049**		**24.23**	363,378		37.03
Exercised or exchanged	**(124,654)**		**23.70**	(134,739)		25.76
Forfeited	**(7,264)**		**32.72**	(32,188)		31.61
Balance at End of Period	**2,309,848**	**$**	**30.23**	1,912,535	$	31.65

All exercised options are settled via cashless settlement, which provides the option holder the number of shares equivalent to the excess of the market value of the shares under option, determined at the exercise date, over the exercise price. During the six months ended April 30, 2023, option holders exchanged the rights to 124,654 (2022 – 134,739) options and received 15,205 (2022 – 46,255) shares in return by way of cashless settlement.

For the six months ended April 30, 2023, salary expense of $1,031 (2022 – $1,035) was recognized relating to the estimated fair value of options granted. The fair value of options granted during the six months ended April 30, 2023, which expire seven years after the grant date, was estimated using a binomial option pricing model with the following variables and assumptions: (i) risk-free interest rate of 3.1% (2022 – 1.2%) (ii) expected option life of 5.0 years (2022 – 5.0 years), (iii) expected annual volatility of 34% (2022 – 34%) and (iv) expected annual dividends of 5.4% (2022 – 3.3%). The weighted average fair value of options granted was estimated at $4.18 per share (2022 – $7.06).

Further details related to stock options outstanding and exercisable at April 30, 2023 follow:

	Options Outstanding				**Options Exercisable**		
Range of Exercise Prices	**Number of Options**	**Weighted Average Remaining Contractual Life (years)**		**Weighted Average Exercise Price**	**Number of Options**		**Weighted Average Exercise Price**
$24.23	**570,049**	**6.6**	**$**	**24.23**	**-**	**$**	**-**
$29.07 to $31.93	**1,196,048**	**3.3**		**30.31**	**859,554**		**30.80**
$35.15 to $37.03	**543,751**	**4.2**		**36.34**	**199,894**		**35.15**
Total	**2,309,848**	**4.3**	**$**	**30.23**	**1,059,448**	**$**	**31.62**

10. Contingent Liabilities and Commitments

In the ordinary course of business, we are party to legal proceedings. Based on current knowledge, we do not expect the outcome of any of these proceedings to have a material effect on our consolidated financial position or results of operations.

11. Fair Value of Financial Instruments

Financial Assets and Liabilities by Measurement Basis

The following table provides the carrying amount of financial instruments by category as defined in IFRS 9 and by balance sheet heading. The table does not include assets and liabilities that are not considered financial instruments. The table also excludes assets and liabilities which are considered financial instruments, but are not recorded at fair value and for which the carrying amount approximates fair value.

As at April 30, 2023	Derivatives	Amortized Cost	FVOCI	FVTPL	Total Carrying Amount	Fair Value	Fair Value Under Carrying Amount
Financial Assets							
Cash resources	$ -	$ 150,023	$ 26,438	$ -	$ 176,461	$ 176,461	$ -
Securities[1]	-	-	4,079,205	11,792	4,090,997	4,090,997	-
Loans[2]	-	37,205,218	-	-	37,205,218	36,821,036	(384,182)
Derivatives	86,315	-	-	-	86,315	86,315	-
Total	**$ 86,315**	**$ 37,355,241**	**$ 4,105,643**	**$ 11,792**	**$ 41,558,991**	**$ 41,174,809**	**$ (384,182)**
Financial Liabilities							
Deposits[2]	$ -	$ 33,284,301	$ -	$ -	$ 33,284,301	$ 33,021,648	$ (262,653)
Securities sold under repurchase agreements	-	157,275	-	-	157,275	157,275	-
Debt	-	3,846,915	-	-	3,846,915	3,844,850	(2,065)
Derivatives	125,551	-	-	-	125,551	125,551	-
Total	**$ 125,551**	**$ 37,288,491**	**$ -**	**$ -**	**$ 37,414,042**	**$ 37,149,324**	**$ (264,718)**
As at January 31, 2023							
Total Financial Assets	$ 88,624	$ 36,785,512	$ 4,176,414	$ -	$ 41,050,550	$ 40,590,019	$ (460,531)
Total Financial Liabilities	$ 125,973	$ 36,950,071	$ -	$ -	$ 37,076,044	$ 36,740,529	$ (335,515)
As at October 31, 2022							
Total Financial Assets	$ 110,521	$ 36,027,285	$ 4,545,628	$ -	$ 40,683,434	$ 40,223,921	$ (459,513)
Total Financial Liabilities	$ 156,081	$ 36,744,231	$ -	$ -	$ 36,900,312	$ 36,235,571	$ (664,741)

(1) Securities are comprised of $4,079,205 (January 31, 2023 – $4,115,809; October 31, 2022 – $4,508,490) measured at FVOCI and $nil (January 31, 2023 – $11,264; October 31, 2022 – $10,305;) designated at FVOCI.

(2) Loans and deposits exclude deferred premiums, deferred revenue, allowance for credit losses and fair value hedge adjustments, which are not financial instruments.

Fair values are based on our best estimates based on market conditions and pricing policies at a certain point in time. Methods used to estimate the fair values of financial instruments remain unchanged from the audited consolidated financial statements for the year ended October 31, 2022.

The fair value estimates are subjective and involve particular assumptions and matters of judgment and, as such, may not be reflective of future fair values. Further information on how we estimate the fair value of financial instruments is included in Note 24 of the audited consolidated financial statements for the year ended October 31, 2022.

Fair Value Hierarchy

We categorize fair value measurements of financial instruments according to a three-level hierarchy. Level 1 fair value measurements reflect unadjusted quoted prices in active markets for identical assets and liabilities that we can access at the measurement date. Level 2 fair value measurements are estimated using observable inputs, including quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and model inputs that are either observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 fair value measurements are determined using one or more inputs that are unobservable and significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date.

The following table presents our financial assets and liabilities that are either carried at fair value on the balance sheet or where fair value is disclosed, categorized by level under the fair value hierarchy:

		Valuation Technique		
As at April 30, 2023	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash resources	**$ 176,461**	**$ 176,461**	**$ -**	**$ -**
Securities	**4,090,997**	**850,397**	**3,240,600**	**-**
Loans	**36,821,036**	**-**	**-**	**36,821,036**
Derivatives	**86,315**	**-**	**86,315**	**-**
Total	**$ 41,174,809**	**$ 1,026,858**	**$ 3,326,915**	**$ 36,821,036**
Financial Liabilities				
Deposits	**$ 33,021,648**	**$ -**	**$ 33,021,648**	**$ -**
Securities sold under repurchase agreements	**157,275**	**-**	**157,275**	**-**
Debt	**3,844,850**	**-**	**3,844,850**	**-**
Derivatives	**125,551**	**-**	**125,551**	**-**
Total	**$ 37,149,324**	**$ -**	**$ 37,149,324**	**$ -**
As at January 31, 2023				
Financial Assets	$ 40,590,019	$ 970,240	$ 3,610,773	$ 36,009,006
Financial Liabilities	$ 36,740,529	$ -	$ 36,740,529	$ -
As at October 31, 2022				
Financial Assets	$ 40,223,921	$ 1,119,819	$ 3,625,476	$ 35,478,626
Financial Liabilities	$ 36,235,571	$ -	$ 36,235,571	$ -

Financial instruments that are not carried on the balance sheet at fair value, but where fair values are disclosed above, include loans, deposits, securities sold under repurchase agreements and debt.

12. Interest Rate Sensitivity

Our exposure to interest rate risk as a result of a difference, or gap, between the maturity or repricing behavior of interest sensitive assets and liabilities, including derivative financial instruments, is discussed in Note 22 of the audited consolidated financial statements for the year ended October 31, 2022. The following table shows the gap position for selected time intervals.

Asset Liability Gap Positions

($ millions)	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 to 5 Years	More than 5 Years	Non-interest Sensitive	Total
April 30, 2023								
Assets								
Cash resources and securities	**$ 349**	**$ 599**	**$ 1,803**	**$ 2,751**	**$ 1,498**	**$ -**	**$ 19**	**$ 4,268**
Loans[1]	**16,174**	**1,992**	**5,546**	**23,712**	**13,177**	**300**	**(205)**	**36,984**
Other assets[2]	**-**	**-**	**-**	**-**	**-**	**-**	**976**	**976**
Derivative financial instruments[3]	**2,098**	**388**	**2,535**	**5,021**	**3,870**	**70**	**365**	**9,326**
Total	**18,621**	**2,979**	**9,884**	**31,484**	**18,545**	**370**	**1,155**	**51,554**
Liabilities and Equity								
Deposits[1]	**14,407**	**1,970**	**5,578**	**21,955**	**11,181**	**156**	**(36)**	**33,256**
Securities sold under repurchase agreements	**157**	**-**	**-**	**157**	**-**	**-**	**-**	**157**
Other liabilities[2]	**-**	**-**	**-**	**-**	**-**	**-**	**1,032**	**1,032**
Debt	**53**	**160**	**658**	**871**	**2,980**	**-**	**(4)**	**3,847**
Equity	**-**	**-**	**250**	**250**	**325**	**-**	**3,361**	**3,936**
Derivative financial instruments[3]	**6,485**	**28**	**-**	**6,513**	**2,308**	**141**	**364**	**9,326**
Total	**21,102**	**2,158**	**6,486**	**29,746**	**16,794**	**297**	**4,717**	**51,554**
Interest Rate Sensitive Gap	**$ (2,481)**	**$ 821**	**$ 3,398**	**$ 1,738**	**$ 1,751**	**$ 73**	**$ (3,562)**	**$ -**
Cumulative Gap	**$ (2,481)**	**$ (1,660)**	**$ 1,738**	**$ 1,738**	**$ 3,489**	**$ 3,562**	**$ -**	**$ -**
Cumulative Gap as a Percentage of Total Assets	**(4.8) %**	**(3.2)%**	**3.4 %**	**2.6 %**	**6.8 %**	**6.9 %**	**- %**	**- %**
January 31, 2023								
Cumulative Gap	$ (1,402)	$ (1,545)	$ 1,240	$ 1,240	$ 3,275	$ 3,396	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(2.9) %	(3.2)%	2.6 %	2.6 %	6.8 %	7.0 %	- %	- %
October 31, 2022								
Cumulative Gap	$ (1,793)	$ (2,041)	$ (452)	$ (452)	$ 3,082	$ 3,221	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(3.7) %	(4.3)%	(0.9)%	(0.9)%	6.4 %	6.7 %	- %	- %

(1) Potential prepayments of fixed rate loans and early redemption of redeemable fixed term deposits have not been estimated. Redemptions of fixed term deposits where depositors have this option are not expected to be material. The majority of fixed rate loans, mortgages and leases are either closed or carry prepayment penalties.
(2) Accrued interest is excluded in calculating interest sensitive assets and liabilities.
(3) Derivative financial instruments are included in this table at the notional amount.

The effective weighted average interest rates of financial assets and liabilities are shown below:

April 30, 2023	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 to 5 Years	More than 5 Years	Total
Total Assets	**6.7 %**	**4.1 %**	**4.0 %**	**5.6 %**	**4.1 %**	**5.4 %**	**5.0 %**
Total Liabilities	**4.1**	**3.6**	**3.5**	**3.9**	**3.4**	**4.0**	**3.7**
Interest Rate Sensitive Gap	**2.6 %**	**0.5 %**	**0.5 %**	**1.7 %**	**0.7 %**	**1.4 %**	**1.3 %**
January 31, 2023							
Total Assets	6.8 %	4.2 %	3.5 %	5.6 %	3.8 %	5.6 %	4.9 %
Total Liabilities	4.0	3.7	3.1	3.8	3.3	3.5	3.6
Interest Rate Sensitive Gap	2.8 %	0.5 %	0.4 %	1.8 %	0.5 %	2.1 %	1.3 %
October 31, 2022							
Total Assets	6.0 %	3.3 %	3.5 %	5.2 %	3.5 %	2.9 %	4.5 %
Total Liabilities	3.3	3.1	2.6	3.2	3.0	2.1	3.1
Interest Rate Sensitive Gap	2.7 %	0.2 %	0.9 %	2.0 %	0.5 %	0.8 %	1.4 %

Based on the current interest rate gap position, it is estimated that a one-percentage point increase in interest rates would increase net interest income by approximately $8,829 (January 31, 2023 – $10,999; October 31, 2022 – $1,559) and a one-percentage point decrease in interest rates would decrease net interest income by approximately $8,246 (January 31, 2023 – $12,761; October 31, 2022 – $3,429). The analysis is a static measurement of interest rate sensitivity gaps at a specific point in time, and there is potential for these gaps to change significantly over a short period. The impact on common shareholders' net income from changes in market interest rates depends on both the magnitude of and speed with which interest rates change, as well as the size and maturity structure of the cumulative interest rate gap position and the management of those positions over time.

A one-percentage point increase in interest rates would decrease OCI by $69,968 (January 31, 2023 – $77,375; October 31, 2022 – $87,691), net of tax, and a one-percentage point decrease in interest rates would increase OCI by $72,245 (January 31, 2023 – $79,813; October 31, 2022 – $90,586), net of tax. The estimates are based on a number of assumptions and factors, which include: a constant structure in the interest sensitive asset and liability portfolios; interest rate changes affecting interest sensitive assets and liabilities by proportionally the same amount, except floor levels for various deposit liabilities and certain floating rate loans, and applied at the appropriate repricing dates; and no early redemptions.

13. Interest Income

The composition of our interest income follows:

	For the three months ended		For the six months ended	
	April 30 2023	April 30 2022	**April 30 2023**	April 30 2022
Loans measured at amortized cost[1]	**$ 543,987**	$ 332,252	**$ 1,071,714**	$ 664,406
Securities				
Debt securities measured at FVOCI[1]	**13,261**	6,975	**26,741**	12,987
Securities purchased under resale agreements measured at amortized cost[1]	**2,629**	133	**4,786**	170
Deposits with regulated financial institutions measured at FVOCI[1]	**1,896**	85	**4,181**	130
Total	**$ 561,773**	$ 339,445	**$ 1,107,422**	$ 677,693

(1) Interest income is calculated using the effective interest method.

14. Capital Management

Capital for Canadian financial institutions is managed and reported in accordance with a capital management framework specified by OSFI commonly called Basel III. We currently utilize the *Standardized* approach for calculating risk-weighted assets for credit risk. Additional information about our capital management practices is provided in Note 27 of the audited consolidated financial statements for the year ended October 31, 2022 and in the Capital Management section of the Q2 2023 Management's Discussion and Analysis, which also includes details on upcoming regulatory changes that are applicable to us.

Capital funds are managed in accordance with policies and plans that are regularly reviewed and approved by the Board of Directors and take into account forecasted capital needs and markets. The goal is to maintain adequate regulatory capital to be considered well-capitalized and protect customer deposits, while providing a satisfactory return for shareholders.

Capital Structure and Regulatory Ratios

	As at April 30 2023	As at January 31 2023	As at October 31 2022
Regulatory capital, net of deductions			
Common equity Tier 1[1]	**$ 3,050,042**	$ 2,989,100	$ 2,861,456
Tier 1[1]	**3,625,042**	3,564,100	3,436,456
Total	**4,271,749**	4,210,557	3,925,118
Capital ratios			
Common equity Tier 1	**9.3 %**	9.1 %	8.8 %
Tier 1	**11.1**	10.9	10.6
Total	**13.1**	12.8	12.1
Leverage ratio[2]	**8.3**	8.3	8.1

(1) In Q2 2020, OSFI introduced transitional arrangements related to the capital treatment of performing loan allowances, resulting in a portion of allowances that would otherwise be included in Tier 2 capital to be included. The transitional arrangement concluded at the end of fiscal 2022 and did not impact CET1 and Tier 1 capital (October 31, 2022 – $5,576) and CET1 and Tier 1 ratios after fiscal 2022 (October 31, 2022 – negligible impact). The transitional arrangement has no impact on the Total capital ratio.

During the six months ended April 30, 2023, we complied with all external capital requirements.

Shareholder Information

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Stock Exchange Listings

The Toronto Stock Exchange (TSX)
Common Shares: CWB
Series 5 Preferred Shares: CWB.PR.B
Series 9 Preferred Shares: CWB.PR.D

Transfer Agent and Registrar

Computershare
100 University Avenue, 8th Floor
Toronto, ON M5J 2Y1
Telephone: (416) 263-9200
Toll-free: (800) 564-6253
Fax: (888) 453-0330
Website: www.computershare.com

Eligible Dividends Designation

CWB designates all common and preferred share dividends paid to Canadian residents as "eligible dividends", as defined in the Income Tax Act (Canada), unless otherwise noted.

Dividend Reinvestment Plan

CWB's dividend reinvestment plan allows common and preferred shareholders to purchase additional common shares by reinvesting their cash dividend without incurring brokerage and commission fees. For information about participation in the plan, please contact the Transfer Agent and Registrar.

Investor Relations Department

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More comprehensive investor information - including supplemental financial reports, quarterly financial releases, corporate presentations, corporate fact sheets and frequently asked questions - is available in the Investor Relations section at cwb.com.

Filings are available on the Canadian Securities Administrators' website at sedar.com.

Quarterly Conference Call and Webcast

CWB's quarterly conference call and live audio webcast will take place on May 26, 2023 at 10:00 a.m. ET. The webcast will be archived on CWB's website at cwb.com for sixty days. A replay of the conference call will be available until June 2, 2023, by dialing 1 (888) 390-0541 and entering passcode 376453#.