## CWB reports third quarter 2024 performance

**Edmonton, August 30, 2024** – CWB Financial Group (TSX: CWB) (CWB) announced financial performance for the three and nine months ended July 31, 2024, with quarterly common shareholders' net income of $41 million, diluted earnings per common share (EPS) of $0.43, and adjusted EPS[(1)] of $0.60.

"Our teams delivered strong pre-tax, pre-provision income[(1)] this quarter through targeted loan growth and an optimized funding mix that drove a significant improvement in net interest margin[(1)]," said Chris Fowler, President and CEO.

"Our third quarter performance was negatively impacted by a significant increase in the provision for credit losses on impaired loans[(1)]. The increase primarily related to two loans where borrower-specific circumstances resulted in unusually large provisions for these specific exposures. We anticipate credit losses will trend back towards our normal historical range next quarter."

"We expect continued profitable growth within our disciplined and secured lending model, and we are well positioned to deliver a significant improvement in financial performance in the fourth quarter."

Quarterly common shareholders' net income and diluted EPS both declined 50% from the prior year, as a 5% increase in revenue, driven by a twelve basis point increase in net interest margin, was more than offset by a 43 basis point increase in the total provision for credit losses and costs incurred that were directly associated with the potential National Bank of Canada transaction. The increase in our current quarter provision for credit losses was primarily driven by a 47 basis point increase in our provision for credit losses on impaired loans. Pre-tax, pre-provision income was up 4% compared to the prior year, while adjusted EPS declined 32%.

On a sequential basis, quarterly common shareholders' net income declined 46% and adjusted EPS declined 26%. Pre-tax, pre-provision income increased 5% and reflected a nine basis point increase in net interest margin. On a year-to-date basis we drove 11% growth in pre-tax, pre-provision income and delivered positive operating leverage[(1)] of 3.9%.

Our Board of Directors declared a cash dividend of $0.35 per common share, up two cents, or 6% from the dividend declared last year and consistent with last quarter.

### National Bank of Canada (NBC) Transaction

On June 11, 2024, we announced that we entered into a definitive agreement where NBC proposed to acquire all of the issued and outstanding common shares of CWB through a share exchange. As part of the transaction, CWB Shareholders will be entitled to receive 0.450 of a NBC common share for each CWB common share held as of the date of closing.

This transaction will bring together two complementary Canadian banks with growing businesses, enabling the united bank to enhance services to its customers by offering a comprehensive product and service platform at national scale, with a regionally focused service model. CWB's current retail customers will benefit from a larger product offering and digital platform, our small business clients will be able to utilize NBC's cash and risk management solutions, and our commercial clients will benefit from access to NBC's leading capital markets franchise.

The transaction is subject to approval by CWB shareholders and receipt of required regulatory approvals as conditions to close the transaction, which is expected to occur in 2025. We expect that there will be a period of preparation for the transition period following closing to effectively integrate our operations into NBC. We remain committed to meeting our clients' banking needs during this time.

We have incurred and expect to continue to incur costs directly associated with this potential transaction. These costs are not indicative of our underlying operating performance and therefore are excluded in the calculation of our non-GAAP measures. Refer to definitions and details provided on pages 6 and 7.

(1) Adjusted EPS, pre-tax, pre-provision income, net interest margin, the provision for credit losses on total loans as a percentage of average loans and operating leverage are non-GAAP measures. Refer to definitions and detail provided on pages 6 and 7.

## Financial Performance

| | | | |
|---|---|---|---|
| **Q3 2024, compared to Q3 2023** | Common shareholders' net income | $41 million | Down 50% |
| | Diluted EPS<br>Adjusted EPS | $0.43<br>$0.60 | Down 50%<br>Down 32% |
| | Adjusted Return on Equity (ROE)(1) | 6.3% | Down 370 bp |
| | Efficiency ratio(1) | 52.2% | Up 60 bp |
| | Pre-tax, pre-provision income | $143 million | Up 4% |

Compared to the same quarter last year, common shareholders' net income declined 50% as a 5% increase in revenue was more than offset by a 43 basis point increase in the total provision for credit losses as a percentage of average loans and costs incurred that were directly associated with the potential NBC transaction. Pre-tax, pre-provision income was up 4%, while adjusted common shareholders' net income(1) declined 32% compared to the prior year.

Higher revenue reflected a 10% increase in non-interest income and a 5% increase in net interest income, which was driven by a 12 basis point increase in net interest margin. The increase in net interest margin primarily reflected the benefit of increased yields on fixed term assets from higher market interest rates, which had a larger impact than the increase in deposit costs.

Non-interest expenses increased 20% compared to the same quarter last year and included $20 million of professional fees and employee compensation directly associated with the potential NBC transaction. Adjusted non-interest expenses(1) were up 6%, primarily due to higher expenses associated with the opening of our new Toronto financial district and Kitchener banking centres, an increase in deposit insurance costs, and the investment in our digital capabilities. Higher non-interest expenses were partially offset by lower people costs associated with a reduction in our overall staffing levels following the reorganization activities that concluded earlier this year.

The provision for credit losses on total loans as a percentage of average loans represented 59 basis points this quarter and was 43 basis points higher than the same quarter last year. The increase in our provision for credit losses was primarily due to a 47 basis point increase in our impaired loan provision. Our current quarter provision for credit losses on impaired loans represented 57 basis points of average loans, reflecting increased borrower default rates and the emergence of lower than expected realization values which increased impaired loan provisions for credit losses, particularly for two impaired loans this quarter. The circumstances that gave rise to the impaired loan provisions on these two loans are unique to these exposures.

| | | | |
|---|---|---|---|
| **Q3 2024, compared to Q2 2024** | Common shareholders' net income | $41 million | Down 46% |
| | Diluted EPS<br>Adjusted EPS | $0.43<br>$0.60 | Down 46%<br>Down 26% |
| | Adjusted ROE | 6.3% | Down 260 bp |
| | Efficiency ratio | 52.2% | Down 10 bp |
| | Pre-tax, pre-provision income | $143 million | Up 5% |

(1) Adjusted ROE, efficiency ratio, adjusted common shareholders' net income and adjusted non-interest expenses are non-GAAP measures. Refer to definitions and detail provided on pages 6 and 7.
bp – basis point

Compared to the prior quarter, common shareholders' net income declined 46%, as a 4% increase in revenue was more than offset by a 33 basis point increase in the total provision for credit losses and higher non-interest expenses, including costs directly associated with the potential NBC transaction. Pre-tax, pre-provision income was up 5%, while adjusted common shareholders' net income declined 26%.

Higher revenue reflected a 6% increase in net interest income, partially offset by a 4% decrease in non-interest income. Lower non-interest income was driven by reductions in the fair value of select debt securities and lower foreign exchange income, partially offset by higher credit-related and wealth management fees. Net interest margin increased nine basis points and reflected the benefit of increased yields on fixed term assets from higher market interest rates, which had a larger impact than the increase in deposit costs. We also benefited from a more favourable asset mix reflective of loan growth that was targeted to optimize risk-adjusted returns and lower average liquidity.

Adjusted non-interest expenses increased 4%, driven by higher deposit insurance and employee compensation costs.

The third quarter effective tax rate was up 150 basis points from last quarter, reflecting the impacts of nonrecurring adjustments arising from the completion of our 2023 tax filings last quarter.

The provision for credit losses on total loans as a percentage of average loans was 33 basis points higher than last quarter, reflecting a 33 basis point increase in the impaired loan provision. A two basis point provision for credit losses on performing loans as a percentage of average loans remained consistent with the prior quarter.

| | | | |
|---|---|---|---|
| **YTD 2024, compared to YTD 2023** | Common shareholders' net income | $206 million | Down 17% |
| | Diluted EPS<br>Adjusted EPS | $2.13<br>$2.34 | Down 17%<br>Down 11% |
| | Adjusted ROE | 8.4% | Down 190 bp |
| | Efficiency ratio | 51.2% | Down 200 bp |
| | Pre-tax, pre-provision income | $427 million | Up 11% |

On a year-to-date basis, common shareholders' net income declined 17%, as a 7% increase in revenue was more than offset by a 29 basis point increase in the total provision for credit losses as a percentage of average loans and higher non-interest expenses, reflecting costs incurred directly associated with the potential NBC transaction. Pre-tax, pre-provision income was up 11%, while adjusted common shareholders' net income declined 11%.

Total revenue increased 7%, primarily reflecting a 7% increase in net interest income and a 6% increase in non-interest income. Net interest margin increased by 11 basis points, which primarily reflected the benefit of increased yields on fixed term assets from higher market interest rates, which had a larger impact than the increase in deposit costs.

Non-interest expenses were up 7%, or 3% on an adjusted basis, and operating leverage was positive 3.9%. Higher adjusted non-interest expenses reflected the combined impact of our new Toronto financial district and Kitchener banking centres and the investment in our overall digital capabilities, partially offset by lower people costs.

The total provision for credit losses as a percentage of average loans of 35 basis points was 29 basis points higher than the prior year, due to a 30 basis point increase in the impaired loan provision, partially offset by a one basis point decrease in the performing loan provision. The prior year impaired loan provision of three basis points reflected the reversal of a previously impaired loan write-off recognized in the first quarter last year.

## 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 nationwide 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 2024 Third Quarter Results Conference Call

CWB's third quarter results conference call is scheduled for Friday, August 30, 2024, at **10:30 a.m. ET (8:30 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: 64895054. 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 September 6, 2024 by dialing (416) 764-8677 (Toronto) or 1 (888) 390-0541 (toll-free) and entering passcode: 895054#.

FOR FURTHER INFORMATION CONTACT:

Chris Williams, MBA
AVP, Investor Relations
Phone: (780) 508-8229
Email: chris.williams@cwbank.com

**Contents**

# Selected Financial Highlights

| (unaudited)<br>(thousands, except per share amounts) | For the three months ended<br>**July 31**<br>**2024** | <br>April 30<br>2024 | <br>July 31<br>2023 | Change from<br>July 31<br>2023 | For the nine months ended<br>**July 31**<br>**2024** | <br>July 31<br>2023 | Change from<br>July 31<br>2023 |
|---|---|---|---|---|---|---|---|
| **Results from Operations** | | | | | | | |
| Net interest income | **$ 263,867** | $ 249,758 | $ 252,158 | 5 % | **$ 772,696** | $ 724,961 | 7 % |
| Non-interest income | **34,602** | 36,164 | 31,348 | 10 | **101,686** | 95,850 | 6 |
| Total revenue | **298,469** | 285,922 | 283,506 | 5 | **874,382** | 820,811 | 7 |
| Pre-tax, pre-provision income[1] | **142,812** | 136,523 | 137,213 | 4 | **426,629** | 384,491 | 11 |
| Common shareholders' net income | **41,407** | 76,359 | 83,068 | (50) | **205,687** | 247,471 | (17) |
| **Common Share Information** | | | | | | | |
| Earnings per common share | | | | | | | |
| Basic | **$ 0.43** | $ 0.79 | $ 0.86 | (50)% | **$ 2.13** | $ 2.58 | (17) |
| Diluted | **0.43** | 0.79 | 0.86 | (50) | **2.13** | 2.58 | (17) |
| Adjusted[1] | **0.60** | 0.81 | 0.88 | (32) | **2.34** | 2.64 | (11) |
| Cash dividends | **0.35** | 0.34 | 0.33 | 6 | **1.03** | 0.97 | 6 |
| Book value[1] | **38.52** | 37.13 | 35.08 | 10 | **38.52** | 35.08 | 10 |
| Closing market value | **47.71** | 26.41 | 26.35 | 81 | **47.71** | 26.35 | 81 |
| Common shares outstanding (thousands) | **96,669** | 96,545 | 96,378 | - | **96,669** | 96,378 | - |
| **Performance Measures**[1] | | | | | | | |
| Return on common shareholders' equity | **4.5 %** | 8.7 % | 9.8 % | (530)bp | **7.7 %** | 10.0 % | (230) bp |
| Adjusted return on common shareholders' equity | **6.3** | 8.9 | 10.0 | (370) | **8.4** | 10.3 | (190) |
| Return on assets | **0.39** | 0.74 | 0.78 | (39) | **0.65** | 0.79 | (14) |
| Net interest margin | **2.49** | 2.40 | 2.37 | 12 | **2.43** | 2.32 | 11 |
| Efficiency ratio | **52.2** | 52.3 | 51.6 | 60 | **51.2** | 53.2 | (200) |
| Operating leverage | **(1.1)** | 5.9 | (0.6) | (50) | **3.9** | (4.1) | 800 |
| **Credit Quality**[1] | | | | | | | |
| Provision for credit losses on total loans as a percentage of average loans[2] | **0.59** | 0.26 | 0.16 | 43 | **0.35** | 0.06 | 29 |
| Provision for (recovery of) credit losses on impaired loans as a percentage of average loans[2] | **0.57** | 0.24 | 0.10 | 47 | **0.33** | 0.03 | 30 |
| **Balance Sheet** | | | | | | | |
| Assets | **$ 42,462,058** | $ 41,951,726 | $ 42,561,599 | - % | | | |
| Loans[3] | **37,439,796** | 37,174,346 | 37,394,718 | - | | | |
| Deposits | **33,402,822** | 32,806,121 | 33,672,195 | (1) | | | |
| Debt | **3,738,589** | 3,935,704 | 3,851,081 | (3) | | | |
| Shareholders' equity | **4,299,137** | 4,159,289 | 3,955,977 | 9 | | | |
| **Off-Balance Sheet** | | | | | | | |
| Wealth Management | | | | | | | |
| Assets under management and administration | **9,320,499** | 8,778,229 | 8,177,884 | 14 | | | |
| Assets under advisement[4] | **2,682,822** | 2,394,694 | 2,297,438 | 17 | | | |
| Assets Under Administration – Other | **17,335,716** | 17,550,681 | 15,401,453 | 13 | | | |
| **Capital Adequacy**[5] | | | | | | | |
| Common equity Tier 1 ratio | **10.2 %** | 10.1 % | 9.4 % | 80 bp | | | |
| Tier 1 ratio | **11.9** | 11.8 | 11.2 | 70 | | | |
| Total ratio | **14.0** | 14.6 | 13.1 | 90 | | | |
| **Other** | | | | | | | |
| Number of full-time equivalent staff | **2,532** | 2,516 | 2,669 | (5) % | | | |

(1) Non-GAAP measure – refer to definitions and detail provided on pages 6 and 7.
(2) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.
(3) Excludes the allowance for credit losses.
(4) Primarily comprised of assets under advisement related to our Indigenous Services wealth management business.
(5) Calculated using the *Standardized* approach in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).

bp – basis point

# Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A), dated August 29, 2024, should be read in conjunction with the interim consolidated financial statements of Canadian Western Bank (CWB) for the periods ended July 31, 2024, available on SEDAR at www.sedarplus.ca and on CWB's website at www.cwb.com.

The interim consolidated financial statements have been prepared under International Accounting Standard 34 *Interim Financial Reporting* in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) 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 and commercial real estate market conditions and household and business indebtedness, 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, legislative and regulatory developments, changes in supervisory expectations or requirements for capital, interest rate and liquidity management, 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, the expected timing of completion of the transaction pursuant to which National Bank of Canada (NBC) proposes to acquire all of the issued and outstanding CWB common shares by way of a share exchange, and the conditions precedent to the closing of the NBC transaction (including the required approvals); that the transaction will be completed on the terms currently contemplated; assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as of the date hereof; 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 2023 Annual MD&A and in the Risks Related to the NBC transaction section of our Management Proxy Circular for the special meeting of CWB common shareholders to be held on September 3, 2024. 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 2023 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 costs directly associated with the NBC transaction, amortization of acquisition-related intangible assets, a reorganization of our operations, and acquisition and integration costs. Non-recurring reorganization costs were incurred to execute reorganization initiatives to realize efficiencies in our banking centre footprint, operational support functions, and administrative processes. 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 costs directly associated with the NBC transaction, amortization of acquisition-related intangible assets, organizational redesign initiatives, and acquisition and integration costs, net of tax.
- Pre-tax, pre-provision income – total revenue less adjusted non-interest expenses.

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

| (unaudited) (thousands) | For the three months ended July 31 2024 | April 30 2024 | July 31 2023 | Change from July 31 2023 | For the nine months ended July 31 2024 | July 31 2023 | Change from July 31 2023 |
|---|---|---|---|---|---|---|---|
| Non-interest expenses | **$ 177,700** | $ 151,912 | $ 148,078 | 20 % | **$ 475,239** | $ 443,683 | 7 % |
| Adjustments (before tax): | | | | | | | |
| NBC transaction costs | **(19,772)** | - | - | 100 | **(19,772)** | - | 100 |
| Amortization of acquisition-related intangible assets | **(1,728)** | (1,728) | (1,749) | (1) | **(5,184)** | (6,762) | (23) |
| Non-recurring reorganization costs | **(543)** | (785) | - | 100 | **(2,530)** | - | 100 |
| Acquisition and integration costs | **-** | - | (36) | (100) | **-** | (601) | (100) |
| **Adjusted non-interest expenses** | **$ 155,657** | $ 149,399 | $ 146,293 | 6 % | **$ 447,753** | $ 436,320 | 3 % |
| Common shareholders' net income | **$ 41,407** | $ 76,359 | $ 83,068 | (50) % | **$ 205,687** | $ 247,471 | (17) % |
| Adjustments (after-tax): | | | | | | | |
| NBC transaction costs (1) | **14,696** | - | - | 100 | **14,696** | - | 100 |
| Amortization of acquisition-related intangible assets (2) | **1,268** | 1,268 | 1,282 | (1) | **3,804** | 5,228 | (27) |
| Non-recurring reorganization costs (3) | **404** | 583 | - | 100 | **1,881** | - | 100 |
| Acquisition and integration costs (4) | **-** | - | 27 | (100) | **-** | 451 | (100) |
| **Adjusted common shareholders' net income** | **$ 57,775** | $ 78,210 | $ 84,377 | (32) % | **$ 226,068** | $ 253,150 | (11) % |
| Total revenue | **$ 298,469** | $ 285,922 | $ 283,506 | 5 % | **$ 874,382** | $ 820,811 | 7 % |
| Less: | | | | | | | |
| Adjusted non-interest expenses (see above) | **155,657** | 149,399 | 146,293 | 6 | **447,753** | 436,320 | 3 |
| **Pre-tax, pre-provision income** | **$ 142,812** | $ 136,523 | $ 137,213 | 4 % | **$ 426,629** | $ 384,491 | 11 % |

(1) Net of income tax of $5,076 for the three months ended July 31, 2024 (Q2 2024 – $nil, Q3 2023 – $nil) and $5,076 for the nine months ended July 31, 2024 (Q3 2023 – $nil).
(2) Net of income tax of $460 for the three months ended July 31, 2024 (Q2 2024 – $460, Q3 2023 – $467) and $1,380 for the nine months ended July 31, 2024 (Q3 2023 – $1,534).
(3) Net of income tax of $139 for the three months ended July 31, 2024 (Q2 2024 – $202, Q3 2023 – $nil) and $649 for the nine months ended July 31, 2024 (Q3 2023 – $nil).
(4) Net of income tax of $nil for the three months ended July 31, 2024 (Q2 2024 – $nil, Q3 2023 – $9) and $nil for the nine months ended July 31, 2024 (Q3 2023 – $150).

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.
- Franchise deposits (formerly referred to as 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*

Growth of the Canadian economy has been muted but is anticipated to increase through 2025. While inflation remains elevated, it continues to gradually decline and is anticipated to return to the Bank of Canada's target level in fiscal 2025. On the assumption that inflation continues to gradually decline, we expect further policy interest rate reductions in the latter part of the year and continuing into 2025.

*Fourth Quarter and Annual 2024 Financial Performance Expectations*

| Metric | Q4 2024 expectations | Fiscal 2024 full year expectations |
|---|---|---|
| Loan growth | Approximately 1% | Approximately 2% |
| Franchise deposit growth | Approximately flat | Approximately 1% |
| Operating leverage | Approximately neutral | Positive |
| Adjusted earnings per common share | $0.86 to $0.91 | $3.20 to $3.25 |

Our teams remain focused on delivering differentiated client service and profitable growth. We expect continued sequential loan growth in the final quarter of the year within our disciplined risk appetite and risk adjusted pricing framework, with funding costs optimized using our broad range of channels. We now expect franchise deposit growth to remain approximately flat for the fourth quarter.

We expect continued expansion of our net interest margin in the fourth quarter of the year driven by the continued improvement in loan growth targeted to optimize risk-adjusted returns and a continued focus on funding optimization.

The sustained impact of higher interest rates in the current economic environment is expected to continue to result in elevated borrower default rates and impaired loan formations over the remainder of the year. Despite the unusually large provision for credit losses in the third quarter, our prudent lending approach supports our expectation that our provision for credit losses will trend back towards our normal historical range in the fourth quarter.

Based on the outcome of the economic and financial assumptions described above and presuming no significant adverse shift in the macroeconomic environment, we expect adjusted earnings per common share in a range of $3.20 to $3.25 on an annual basis.

### NBC Transaction

On June 11, 2024, we announced that we entered into a definitive agreement where NBC proposed to acquire all of the issued and outstanding common shares of CWB through a share exchange. As part of the transaction, CWB Shareholders will be entitled to receive 0.450 of a NBC common share for each CWB common share held as of the date of closing.

This transaction will bring together two complementary Canadian banks with growing businesses, enabling the united bank to enhance services to its customers by offering a comprehensive product and service platform at national scale, with a regionally focused service model. CWB's current retail customers will benefit from a larger product offering and digital platform, our small business clients will be able to utilize NBC's cash and risk management solutions, and our commercial clients will benefit from access to NBC's leading capital markets franchise.

The transaction is subject to approval by CWB shareholders and receipt of required regulatory approvals as conditions to close the transaction, which is expected to occur in 2025. We expect that there will be a period of planning and preparation for a transition period following closing to effectively integrate our operations into NBC. We remain committed to meeting our clients' banking needs during this time.

We have incurred and expect to continue to incur costs directly associated with this potential transaction. These costs are not indicative of our underlying operating performance and therefore are excluded in the calculation of our non-GAAP measures. Refer to definitions and details provided on pages 6 and 7.

# Financial Performance

## Net Income and Profitability Ratios

*Q3 2024 vs. Q3 2023*

Common shareholders' net income of $41 million and diluted earnings per common share of $0.43 both decreased 50% compared to the same quarter last year. Adjusted common shareholders' net income of $58 million and adjusted earnings per common share of $0.60 both decreased 32%, primarily driven by an increase in the provision for credit losses on impaired loans and costs incurred directly associated with the potential NBC transaction. Pre-tax, pre-provision income of $143 million increased 4%. Total revenue increased 5% primarily due to a 10% increase in non-interest income and a 5% increase in net interest income, which was driven by a 12 basis point increase in net interest margin. Non-interest expenses were up 20% and included $20 million of professional fees and employee compensation directly associated with the potential NBC transaction. Adjusted non-interest expenses were up 6%. The provision for credit losses on total loans as a percentage of average loans represented 59 basis points this quarter and was 43 basis points higher than the same quarter last year. The increase in our provision for credit losses was primarily due to a 47 basis point increase in our impaired loan provision. Our current quarter provision for credit losses on impaired loans represented 57 basis points of average loans, reflecting increased borrower default rates and the emergence of lower than expected realization values which increased impaired loan provisions for credit losses, particularly for two impaired loans this quarter. The circumstances that gave rise to the impaired loan provisions on these two loans are unique to these exposures.

*Q3 2024 vs. Q2 2024*

On a sequential quarter basis common shareholders' net income and diluted earnings per common share both decreased 46%. Adjusted common shareholders' net income and adjusted earnings per common share were both down 26%. Pre-tax, pre-provision income increased 5%. Total revenue increased 4%, as a 6% increase in net interest income, supported by a nine basis point expansion in net interest margin, more than offset a 4% reduction in non-interest income. Non-interest expenses were up 17%, excluding the impact of the NBC transaction, adjusted non-interest expenses were up 4%. The provision for credit losses on total loans as a percentage of average loans was 33 basis points higher than last quarter, reflecting a 33 basis point increase in the impaired loan provision. A two basis point provision for credit losses on performing loans as a percentage of average loans was consistent with the prior quarter.

*YTD 2024 vs. YTD 2023*

Common shareholders' net income of $206 million and diluted earnings per common share of $2.13 both declined 17% from the prior year. Adjusted common shareholders' net income of $226 million and adjusted earnings per common share of $2.34 were both down 11%. Pre-tax, pre-provision income of $427 million increased 11%. Total revenue grew 7%, reflective of a 7% increase in net interest income and a 6% increase in non-interest income. Non-interest expenses were up 7%, or 3% on an adjusted basis, and operating leverage was positive 3.9%. The total provision for credit losses as a percentage of average loans of 35 basis points was 29 basis points higher than the prior year, due to a 30 basis point increase in the impaired loan provision, partially offset by a one basis point decrease in the performing loan provision. The prior year impaired loan provision of three basis points reflected the reversal of a previously impaired loan write-off recognized in the first quarter last year.

*ROE and ROA*

ROE of 4.5% and adjusted ROE of 6.3% decreased 530 basis points and 370 basis points, respectively, compared to the same quarter last year. Compared to last quarter, ROE and adjusted ROE decreased 420 basis points and 260 basis points, respectively. On a year-to-date basis, ROE of 7.7% and adjusted ROE of 8.4% decreased 230 basis points and 190 basis points, respectively. Lower adjusted ROE in all periods, reflected an increase common shareholders' equity and a decline in common shareholders' net income, primarily due to an increase in our provision for credit losses on impaired loans. Lower unadjusted ROE also reflected costs incurred directly related to the potential NBC transaction.

The third quarter return on assets (ROA) of 0.39% was 39 basis points lower than the same quarter last year and 35 basis points lower compared to last quarter. On a year-to-date basis ROA of 0.65% was 14 basis points lower than the prior year. Lower ROA in all periods primarily reflects lower common shareholders' net income, partially offset by lower average assets.

## Total Revenue

Third quarter total revenue of $298 million increased 5% from the same quarter last year and 4% compared to the prior quarter. On a year-to-date basis, total revenue of $874 million increased 7% from last year.

***Net Interest Income***

*Q3 2024 vs. Q3 2023, YTD 2024 vs. YTD 2023*

Net interest income of $264 million increased 5% compared to the same quarter last year, primarily due to a 12 basis point increase in net interest margin. On a year-to-date basis, net interest income of $773 million increased 7% from the prior year, primarily due to an 11 basis point increase in net interest margin. The increase in net interest margin in both periods primarily reflected the benefit of increased yields on fixed term assets from higher market interest rates, which had a larger impact than the increase in deposit costs.

*Q3 2024 vs. Q2 2024*

Net interest income increased 6% sequentially, primarily reflecting a nine basis point increase in net interest margin and two additional interest-earning days. The increase in net interest margin primarily reflected the benefit of increased yields on fixed term assets from higher market interest rates, which had a larger impact than the increase in deposit costs. We also benefited from a more favourable asset mix reflective of loan growth that was targeted to optimize risk-adjusted returns and lower average liquidity.

***Non-interest Income***

*Q3 2024 vs. Q3 2023*

Non-interest income of $35 million increased 10% compared to the same quarter last year, primarily due to the combined impacts of higher foreign exchange income and higher wealth management fees.

*Q3 2024 vs. Q2 2024*

Non-interest income decreased 4% sequentially, as the combined impacts of reductions in the fair value of select debt securities and lower foreign exchange income were partially offset by higher credit-related and wealth management fees.

*YTD 2024 vs. YTD 2023*

On a year-to-date basis, non-interest income of $102 million increased 6%, primarily due to higher foreign exchange income, higher wealth management, credit related and CWB Trust service fees, partially offset by a reduction in the fair value of our derivative contracts used to manage foreign exchange risk recognized in the first quarter of this year.

## Non-interest Expenses

*Q3 2024 vs. Q3 2023*

Non-interest expenses of $178 million increased 20% compared to the same quarter last year and included $20 million of professional fees and employee compensation directly associated with the potential NBC transaction. Adjusted non-interest expenses were up 6%, primarily due to higher expenses associated with the opening of our new Toronto financial district and Kitchener banking centres, higher regulatory costs, reflecting an increase in deposit insurance costs, and the investment in our digital capabilities. Higher non-interest expenses were partially offset by lower people costs associated with a temporary reduction in our overall staffing levels following the reorganization activities that concluded earlier this year.

*Q3 2024 vs. Q2 2024*

Non-interest expenses were up 17% sequentially. Adjusted non-interest expenses increased 4%, primarily due to higher regulatory and employee compensation costs.

*YTD 2024 vs. YTD 2023*

On a year-to-date basis, non-interest expenses of $475 million were up 7% and 3% on an adjusted basis as the impact of our new Toronto financial district and Kitchener banking centres, our new commercial digital and cash management platform and continued investment in our overall digital capabilities, were offset by lower people costs.

*Efficiency ratio and operating leverage*

The third quarter efficiency ratio of 52.2% increased 60 basis points from the same quarter last year and decreased 10 basis points from last quarter. Compared to the same quarter last year, a higher efficiency ratio primarily reflects higher growth of non-interest expenses compared to revenue, which continues to increase with the gradual increase in loan growth. Current quarter operating leverage of negative 1.1%, compared to negative 0.6% in the same quarter last year and positive 5.9% last quarter. Compared to last quarter, the decline in operating leverage primarily reflects higher non-interest expenses.

On a year-to-date basis, the efficiency ratio of 51.2% and positive operating leverage of 3.9% declined 200 basis points and increased 800 basis points, respectively, reflecting the combination of an expanding net interest margin and our prudent expense management.

## Income Taxes

The third quarter effective tax rate of 26.2% was up 20 basis points from last year and 150 basis points from last quarter. Compared to last quarter, the higher effective tax rate was primarily due to the impacts of one-time adjustments arising from the completion of our 2023 tax filing in the prior quarter. On a year-to-date basis, the effective tax rate of 25.4% was down 60 basis points compared to the prior year, primarily reflecting the impacts of one-time adjustments recorded in the second quarter of this year, partially offset by the full year-to-date 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.

*Q3 2024 vs. Q3 2023*

Comprehensive income of $179 million was up $123 million from the prior year, reflective of a $163 million increase in OCI, partially offset by a $41 million decrease in net income. Higher OCI was primarily driven by fair value gains associated with our derivatives designated as cash flow hedges ($128 million) and our debt securities measured at fair value through other comprehensive income (FVOCI) ($36 million).

*Q3 2024 vs. Q2 2024*

Compared to the prior quarter, comprehensive income was up $137 million, reflective of a $172 million increase in OCI, partially offset by a $35 million decrease in net income. Higher OCI was primarily driven by fair value gains associated with our derivatives designated as cash flow hedges ($126 million) and our debt securities measured at FVOCI ($46 million).

*YTD 2024 vs. YTD 2023*

Year-to-date comprehensive income of $386 million was up $101 million, primarily due to a $142 million increase in OCI, partially offset by a $41 million decrease in net income. Higher OCI was primarily driven by fair value gains associated with our derivatives designated as cash flow hedges ($115 million) and our debt securities measured at FVOCI ($17 million).

## Balance Sheet

Total assets of $42.5 billion were relatively consistent with last year and up 1% from last quarter.

***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 $4.3 billion, consistent with last year and up from $3.9 billion last quarter. Average balances of cash and securities for the three months ended July 31, 2024 were $4.1 billion, compared to $4.3 billion last year and $4.4 billion last quarter. Higher average liquidity in the prior quarter primarily reflected the full quarter impact of the $250 million subordinated debenture issued late in the first quarter of this year to replace the Series F Non-Viability Contingent Capital (NVCC) subordinated debenture, which was redeemed partway through the current quarter.

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 and our own internal policies.

Net unrealized gains on cash and securities, before tax, recorded on the balance sheet totaled $11 million compared to unrealized losses of $99 million last year and $39 million last quarter. Our securities are primarily comprised of debt securities issued or guaranteed by federal and provincial governments used exclusively for liquidity and interest rate management purposes. Fluctuations in the value of securities are generally attributed to changes in interest rates driven by movement in market credit spreads and shifts in the interest rate curve. The elevated net unrealized losses on cash and securities in the prior year were primarily driven by a significant and rapid increase in market interest rates in the prior year. During the quarter and in line with our risk appetite and liquidity and interest rate management strategies, we realized nominal net gains and losses on security sales, consistent with last year and last quarter.

## Loans

Total loans, excluding the allowance for credit losses, of $37.4 billion were consistent with last year and increased 1% ($0.3 billion) from last quarter. Our third quarter loan growth reflected our continued focus on optimizing risk-adjusted returns in the current economic environment.

| (unaudited)<br>(millions) | **July 31 2024** | % of total as at July 31 2024 | April 30 2024 | July 31 2023 | Change from July 31 2023 |
|---|---|---|---|---|---|
| General commercial loans | **$ 14,199** | 38 % | $ 13,943 | $ 13,578 | 5 % |
| Personal loans and mortgages | **7,002** | 19 | 7,059 | 7,105 | (1) |
| Commercial mortgages | **6,682** | 18 | 6,818 | 7,245 | (8) |
| Equipment financing and leasing | **5,908** | 16 | 5,770 | 5,765 | 2 |
| Real estate project loans | **3,130** | 8 | 3,029 | 3,249 | (4) |
| Oil and gas production loans | **519** | 1 | 555 | 453 | 15 |
| Total loans outstanding[(1)] | **$ 37,440** | 100 % | $ 37,174 | $ 37,395 | - % |

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

*Q3 2024 vs. Q3 2023*

General commercial loans grew 5% on an annual basis, reflecting solid nationwide growth in our strategically targeted lending portfolio.

Personal loans and mortgages declined 1% compared to the prior year as strong new lending volumes in our broker originated uninsured mortgage portfolio, with prudent loan-to-values, were more than offset by scheduled paydowns and payouts and a decline in our participation in the *National Housing Act Mortgage Backed Securities* (NHA MBS) program.

Our commercial mortgage portfolio declined 8% with new origination volume more than offset by scheduled repayments and loan payouts, as fewer new lending opportunities met our risk-adjusted return expectations.

Our equipment financing and leasing portfolio increased 2%, as our origination volume has been dampened by high levels of market competition and lower demand through most of the previous year.

Real estate project loans decreased 4%, as a lower than usual volume of new project starts from top-tier borrowers was more than offset by payouts associated with project completions.

Oil and gas production loans were up $66 million primarily due to participation in syndicated facilities that remain within our risk appetite. Our exposures to oil and gas service and production businesses each represent approximately 2% of total loans.

*Q3 2024 vs. Q2 2024*

Growth in the quarter was led by our strategically targeted general commercial portfolio, which increased 2%, primarily in Alberta and British Columbia (BC).

Personal loans and mortgages declined 1% as new origination volumes were more than offset by scheduled paydowns and payouts and a decline in our participation in the NHA MBS program.

Our commercial mortgage portfolio declined 2%, as new lending opportunities that met our risk-adjusted return expectations were more than offset by scheduled repayments.

Our equipment financing and leasing portfolio increased 2%, primarily in Alberta.

Real estate project loans increased 3%, supported by new project starts from top-tier borrowers.

Oil and gas production loans were down $36 million as participation in syndicated facilities that remain within our risk appetite were more than offset by scheduled repayments.

*Geographic diversification*

| (unaudited)<br>(millions) | **July 31<br>2024** | % of total as<br>at July 31<br>2024 | April 30<br>2024 | July 31<br>2023 | Change from<br>July 31<br>2023 |
|---|---|---|---|---|---|
| British Columbia | **$ 12,273** | 33 % | $ 12,181 | $ 12,143 | 1 % |
| Alberta | **10,924** | 29 | 10,874 | 11,192 | (2) |
| Ontario | **9,317** | 25 | 9,379 | 9,395 | (1) |
| Saskatchewan | **1,579** | 4 | 1,519 | 1,543 | 2 |
| Quebec | **1,366** | 4 | 1,356 | 1,335 | 2 |
| Manitoba | **1,057** | 3 | 1,028 | 1,050 | 1 |
| Other | **924** | 2 | 837 | 737 | 25 |
| Total loans outstanding(1) | **$ 37,440** | 100 % | $ 37,174 | $ 37,395 | - % |

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

*Q3 2024 vs. Q3 2023*

BC loans increased 1% compared to the prior year as strong growth in general commercial and real estate project loans were offset by a decline in commercial mortgages. Alberta loans declined 2% as growth in general commercial loans was more than offset by lower commercial mortgages and real estate project loans. Ontario loans decreased 1%, primarily due to lower commercial mortgages and general commercial loans, as new lending opportunities that met our risk-adjusted return expectations in the current economic environment, were more than offset by several large payouts. Ontario loans were also supported by an increase in lending volumes in our Markham, Mississauga and Toronto Financial district banking centres. The increase in remaining provinces primarily reflects growth in our general commercial portfolio.

*Q3 2024 vs. Q2 2024*

Loan growth of 1% in BC was driven primarily by real estate project loans and our strategically targeted general commercial portfolio. Growth in our other geographic region reflected an increase in our equipment financing portfolio, while strong general commercial loan growth drove a 4% increase in Saskatchewan. Ontario loans declined 1%, primarily due to a decline in our commercial mortgage portfolio and several large payouts in our general commercial loan portfolio this quarter, more than offset new lending opportunities that met our risk-adjusted return expectations. All other provinces remained relatively consistent with the prior quarter.

***Credit Quality***

Our credit performance this quarter was significantly impacted by elevated borrower default rates and the emergence of lower than expected realization values which increased impaired loan provisions for credit losses, particularly on two impaired loans. The circumstances that gave rise to the impaired loan provisions on these two loans are unique to these exposures. Supported by the secured nature of our lending portfolio, disciplined underwriting practices and proactive loan management, we expect our ongoing credit quality to trend back towards our normal historical performance.

*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 $465 million, up from $282 million last year and $357 million last quarter.

| | For the three months ended | | | Change from |
|---|---|---|---|---|
| (unaudited)<br>(thousands) | **July 31<br>2024** | April 30<br>2024 | July 31<br>2023 | July 31<br>2023 |
| Gross impaired loans, beginning of period | **$ 357,268** | $ 316,944 | $ 252,713 | 41 % |
| New formations | **169,110** | 90,415 | 67,121 | 152 |
| Reductions, impaired accounts paid down or returned to performing status | **(45,761)** | (37,978) | (30,089) | 52 |
| Write-offs | **(15,639)** | (12,113) | (7,697) | 103 |
| Total[1] | **$ 464,978** | $ 357,268 | $ 282,048 | 65 % |
| Balance of the ten largest impaired accounts | **171,130** | 148,451 | 145,911 | 17 % |
| Total number of accounts classified as impaired[2] | **333** | 317 | 260 | 28 |
| Gross impaired loans as a percentage of gross loans | **1.24 %** | 0.96 % | 0.75 % | 49 bp |

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $5,645 (April 30, 2024 – $6,029; July 31, 2023– $ 3,755). 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 1.24% of gross loans, up from 0.75% last year and up from 0.96% last quarter. The increase in gross impaired loans was driven by new formations of impaired loans of $170 million this quarter, reflecting the impact of sustained higher interest rates, overall economic conditions, and borrower specific circumstances unrelated to economic conditions for two individual exposures. 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 July 31, 2024, the total allowance for credit losses (Stages 1, 2 and 3) was $231 million, compared to $179 million last year and $191 million last quarter. Further information related to our total allowance for credit losses is provided in Note 4 of the interim consolidated financial statements for the period ended July 31, 2024.

| (unaudited)<br>(thousands) | **July 31<br>2024** | April 30<br>2024 | July 31<br>2023 | Change from<br>July 31<br>2023 |
|---|---|---|---|---|
| Performing (Stage 1 and 2) | | | | |
| Loans | **$ 132,531** | 131,613 | $ 123,975 | 7 % |
| Committed but undrawn credit exposures and letters of credit | **4,167** | 3,030 | 5,054 | (18) |
| | **136,698** | 134,643 | 129,029 | 6 |
| Impaired loans (Stage 3) | **94,597** | 56,424 | 49,639 | 91 |
| Total | **$ 231,295** | $ 191,067 | $ 178,668 | 29 % |

*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 13%, consistent with last year and last quarter.

The performing loan allowance increased $8 million (6%) from the prior year and reflected higher borrower default rates. Compared to the prior quarter the performing loan allowance increased $2 million (2%), primarily reflecting a larger loan balance and higher default rates, partially offset by improvements in forecast macroeconomic conditions.

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 July 31, 2024, those changes will be reflected in future periods.

In estimating the performing loan allowance, where required, we supplement our modeled ECL to reflect expert credit judgements. These expert credit judgements incorporate the estimated impacts of factors that are not fully captured through our modeled ECL.

*Impaired loan allowance*

The current period allowance for impaired loans (Stage 3) was $95 million, compared to $50 million last year and $56 million last quarter. 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 59 basis points, compared to 16 basis points last year and 26 basis points last quarter.

| (unaudited)<br>(as a % of average loans) | For the three months ended<br>**July 31 2024** | <br>April 30 2024 | <br>July 31 2023 | Change from<br>July 31 2023 | For the nine months ended<br>**July 31 2024** | <br>July 31 2023 | Change from<br>July 31 2023 |
|---|---|---|---|---|---|---|---|
| Provision for (recovery of) credit losses | | | | | | | |
| Performing loans | **0.02 %** | 0.02 % | 0.06 % | (4) bp | **0.02 %** | 0.03 % | (1) bp |
| Impaired loans | **0.57** | 0.24 | 0.10 | 47 | **0.33** | 0.03 | 30 |
| Total | **0.59** | 0.26 | 0.16 | 43 | **0.35** | 0.06 | 29 |
| Write-offs | **0.17** | 0.13 | 0.08 | 9 | **0.16** | 0.08 | 8 |

bp – basis point

The impaired loan provision for credit losses in the third quarter was $53 million, compared to $10 million last year and $21 million last quarter. The current quarter impaired loan provision for credit losses represented 57 basis points as a percentage of average loans, reflecting increased borrower default rates and the emergence of lower than expected realization values which increased impaired loan provisions for credit losses, particularly for two impaired loans this quarter. The circumstances that gave rise to the impaired loan provisions on these two loans are unique to these exposures. On a year-to-date basis, the prior year's impaired loan provision of three basis points was significantly below our normal historical experience primarily due to the reversal of a previously impaired loan write-off recognized in the first quarter last year.

The performing loan provision for credit losses was $2 million compared to $5 million in the prior year and consistent with last quarter. For further details on the estimation of the performing loan allowance, see the *Performing loan allowance* section.

***Deposits and Funding***

Total deposits were down $0.3 billion from last year and up $0.6 billion from last quarter. Franchise deposits were consistent with last year and up 1% ($0.2 billion) from last quarter.

| (unaudited)<br>(millions) | **July 31 2024** | April 30 2024 | July 31 2023 | Change from July 31 2023 |
|---|---|---|---|---|
| **Deposits by source and type** | | | | |
| Franchise deposits | | | | |
| Demand and notice | **$ 13,350** | $ 13,383 | $ 14,360 | (7) % |
| Term | **7,678** | 7,480 | 6,595 | 16 |
| | **21,028** | 20,863 | 20,955 | - |
| Broker term | **8,818** | 8,797 | 8,821 | - |
| Capital markets | **3,557** | 3,146 | 3,896 | (9) |
| Total deposits | **$ 33,403** | $ 32,806 | $ 33,672 | (1) % |

*Q3 2024 vs. Q3 2023*

Franchise deposits were relatively consistent with the prior year as a 16% increase in term deposits was offset by a 7% decline in demand and notice deposits. Lower demand and notice deposits primarily reflected a reduction in existing customer account balances as clients deployed excess savings over the past year. For clients that retained excess savings, we noted a continued preference for term deposits in the current interest rate environment.

Capital market deposits decreased by 9% from last year as several senior deposit note maturities were replaced with broker-sourced term deposits due to lower relative costs at that time. Capital market deposits now represent 11% of total deposits, compared to 12% last year.

Broker-sourced deposits remained relatively consistent with the prior year and represent 26% of total deposits. While our preference is to raise relationship-based franchise 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 compared to other funding options. We raise only fixed term broker deposits, with terms to maturity between one and five years.

*Q3 2024 vs. Q2 2024*

Franchise deposits increased 1% sequentially, primarily driven by a 3% increase in term deposits. Demand and notice deposits remained relatively consistent with the prior quarter. Higher term deposits reflect an increase in both new and existing client balances.

Capital market deposits increased 13% from prior quarter and reflected capital market deposit issuance in the quarter at favourable pricing relative to broker deposits. Broker deposits now represent 26% of total deposits compared to 27% last quarter.

*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 July 31, 2024 was $2.3 billion, compared to $2.2 billion last year and $2.1 billion last quarter. The gross amount of mortgages securitized under the *National Housing Act Mortgage Backed Securities* (NHA MBS) program was $1.2 billion down from $1.4 billion last year and $1.3 billion last quarter. Year-to-date funding from the securitization of leases, loans and mortgages was $796 million, down from $825 million last year.

Securitization funding of $3.2 billion, recorded as debt on our balance sheet, decreased 3% from last year and increased 2% from last quarter.

***Other Assets and Other Liabilities***

Other assets totaled $1.0 billion as at July 31, 2024, compared to $1.1 billion last year and are consistent with last quarter. The change from last year was primarily driven by lower accounts receivable balances.

Other liabilities totaled $1.0 billion as at July 31, 2024, compared to $1.1 billion last year and last quarter. The decrease from last year and last quarter primarily reflects a decrease in the liability recognized for unfavourable derivative contracts used for interest rate risk management purposes, partially offset by higher accounts payable balances.

## Interest Rate Sensitivity

The following table outlines the potential before-tax impact of an immediate and sustained 100 basis point increase or decrease in interest rates on our economic value of equity (EVE) and net interest income (NII). EVE reflects the present value of future cash flows of our assets less the present value of future cash flows of our liabilities on a pre-tax basis.

| | **July 31, 2024** | | April 30, 2024 | | July 31, 2023 | |
|---|---|---|---|---|---|---|
| Before-tax impact associated with: | **EVE Sensitivity** | **NII Sensitivity(1)** | EVE Sensitivity | NII Sensitivity(1) | EVE Sensitivity | NII Sensitivity(1) |
| 100 basis point increase in rates | $ (106,617) | $ (11,380) | $ (85,295) | $ (6,736) | $ (38,118) | $ 8,696 |
| 100 basis point decrease in rates | $ 104,222 | $ 9,783 | $ 81,232 | $ 5,025 | $ 29,022 | $ (9,938) |

(1) Represents the 12-month NII exposure to an immediate and sustained shock in rates.

In addition, a one-percentage point increase in interest rates would decrease OCI by $152,409 (April 30, 2024 – $124,930, July 31, 2023 – $81,694), net of tax and a one-percentage point decrease in interest rates would increase OCI by $158,569 (April 30, 2024 – $129,928, July 31, 2023 – $84,877), net of tax.

The change in EVE and NII sensitivity primarily reflects hedging activity undertaken to manage changes in our deposit and funding profile over the quarter. Both economic value sensitivity and earnings sensitivity remained within limits established by the Board of Directors.

The interest rate sensitivities 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; application of behavioural assumptions to indeterminate assets and liabilities; and no early redemptions.

The impact on earnings from changes in market interest rates will also depend 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.

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.

Note 12 of the interim consolidated financial statements for the period ended July 31, 2024, provides the static gap position at July 31, 2024 for select time intervals.

## Off-Balance Sheet

Wealth management assets under management and administration of $9.3 billion as at July 31, 2024, increased 14% compared to last year and 6% compared to last quarter. Compared to last year and last quarter, the increase is primarily driven by a higher market value of underlying assets. Indigenous Services assets under advisement of $2.7 billion as at July 31, 2024, increased 17% compared to last year and 12% compared to last quarter and primarily reflected higher market value of underlying assets and new client acquisitions.

Other assets under administration totaled $17.3 billion at quarter end, up from $15.4 billion last year and down from $17.6 billion last quarter. The increase from 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. The decrease from last quarter was primarily driven by the intentional departure of one retail-based CWB Trust Services client as we continue to focus on our institutional customers.

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.

## 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% common equity Tier 1 (CET1), 8.5% Tier 1 and 10.5% Total capital.

*Subordinated debentures*

On June 11, 2024, we redeemed for cash all $250 million outstanding 3.668% Series F NVCC subordinated debentures. The debentures were redeemed for an aggregate amount of $255 million representing the principal amount plus accrued interest.

On January 29, 2024, we issued $250 million of NVCC subordinated debentures, which qualify as Tier 2 regulatory capital. The subordinated debentures have a fixed annual interest rate of 5.949% until January 29, 2029. Thereafter, the rate will be set quarterly at the daily Canadian Overnight Repo Rate (CORRA) plus 273 basis points until maturity on January 29, 2034. This issuance replaced the Series F NVCC subordinated debentures that we redeemed this quarter.

Further information is provided in Note 7 of the interim consolidated financial statements for the period ended July 31, 2024.

### *Regulatory Capital and Capital Adequacy Ratios*

| (unaudited)<br>(millions) | **July 31<br>2024** | April 30<br>2024 | July 31<br>2023 |
|---|---|---|---|
| **Regulatory capital** | | | |
| CET1 capital before deductions | **$ 3,672** | $ 3,623 | $ 3,429 |
| Net CET1 deductions | **(335)** | (334) | (330) |
| **CET1 capital** | **3,337** | 3,289 | 3,099 |
| **Tier 1 capital** | **3,912** | 3,864 | 3,674 |
| **Total capital** | **4,571** | 4,771 | 4,326 |
| **Risk-weighted assets** | **$ 32,757** | $ 32,714 | $ 32,929 |
| **Capital adequacy ratios** | | | |
| CET1 | **10.2 %** | 10.1 % | 9.4 % |
| Tier 1 | **11.9** | 11.8 | 11.2 |
| Total | **14.0** | 14.6 | 13.1 |
| Leverage | **9.0** | 8.9 | 8.3 |

*Changes in Capital Ratios*

The CET1 capital ratio of 10.2% increased 80 basis points from last year and 10 basis points from last quarter. Compared to the prior year and prior quarter, the increase in CET1 capital ratio is primarily due to higher accumulated other comprehensive income associated with an increase in the fair value of debt securities measured at FVOCI, and retained earnings growth, all partially offset by risk-weighted asset growth.

The Tier 1 capital ratio of 11.9% increased 70 basis points from last year and 10 basis points from last quarter, primarily due to the proportional impact of the same factors noted above.

The Total capital ratio of 14.0% increased 90 basis points from last year and declined 60 basis points from last quarter. In comparison to last year, approximately 75 basis points of the increase was associated with the January 2024 issuance of $250 million NVCC subordinated debentures which qualifies as Tier 2 regulatory capital. In comparison to last quarter, approximately 75 basis point of the decrease was associated with the June 2024 redemption of $250 million Series F NVCC subordinated debentures.

### *ATM Program*

No common shares were issued under the ATM program this fiscal year.

Our ATM program, which expired on July 1, 2024, allowed 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-form base shelf prospectus. Under the ATM program, we issued 4,501,766 common shares for gross proceeds of $111 million, or net proceeds of $109 million after commissions and other issuance costs.

| (unaudited) | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| (thousands, except share amounts) | **July 31, 2024** | July 31, 2023 | **July 31, 2024** | July 31, 2023 |
| Common shares issued | **-** | - | **-** | 1,834,595 |
| Average price per share | **$ -** | $ - | **$ -** | $ 24.53 |
| Gross proceeds | **-** | - | **-** | 44,998 |
| Net proceeds[(1)] | **-** | - | **-** | 44,253 |

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

### *Dividends and LRCN Distributions*

Common shareholders received a quarterly cash dividend of $0.35 per common share on June 20, 2024. On August 29, 2024, our Board of Directors declared a cash dividend of $0.35 per common share, payable on September 26 to shareholders of record on September 12, 2024. This quarterly dividend is up two cents, or 6%, from the dividend declared last year and consistent with last quarter.

On May 1, 2024, we reset the annual dividend rate for Series 5 and Series 9 preferred shares to 6.371% and 7.761%, respectively. The new annual dividend rates reflect the five-year Government of Canada Bond Yield as at April 1, 2024 plus 276 basis points for Series 5 preferred shares and 404 basis points for Series 9 preferred shares. Consistent with the dividend paid to preferred shareholders on July 31, 2024, and consistent with the new effective quarterly dividend rates, the Board of Directors also declared cash dividends of $0.3981875 per Series 5 and $0.4781875 per Series 9 preferred shares, all payable on October 31, 2024 to shareholders of record on October 22, 2024

On July 31, 2024, Series 2 NVCC Limited Recourse Capital Notes (LRCN) note holders received a semi-annual coupon payment of $25 per $1,000 principal amount of notes outstanding (Q3 2023 – $25), reflecting a total coupon payment of $4 million (Q3 2023 – $4 million), recorded in common shareholders' net income on an after tax basis. On April 30, 2024, Series 1 NVCC LRCN note holders received a semi-annual coupon payment of $30 per $1,000 principal amount of notes outstanding, reflecting a total payment of $5 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, 2023 and Note 8 of the interim consolidated financial statements for the periods ended July 31, 2024.

### *Book Value per Common Share*

Book value per common share as at July 31, 2024 of $38.52 was up 10% from last year and 4% from last quarter. The increase in both periods primarily reflects higher accumulated other comprehensive income related to derivatives designated as cash flow hedges and FVOCI securities and retained earnings growth.

## Significant Changes in Accounting Policies and Financial Statement Presentation

The interim consolidated financial statements for the periods ended July 31, 2024, were prepared using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2023. 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, 2023 and Note 2 of the interim consolidated financial statements for the periods ended July 31, 2024.

## Controls and Procedures

There were no significant changes in our disclosure controls and procedures and internal controls over financial reporting that occurred during the periods ended July 31, 2024, 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/Status** | | | Under review with positive implications | | |

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 August 22, 2024, there were 96,687,387 common shares and 1,868,482 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, 2023 and Notes 8 and 9 of the interim consolidated financial statements for the period ended July 31, 2024.

### *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

| | 2024 | | | 2023 | | | | 2022 |
|---|---|---|---|---|---|---|---|---|
| (thousands) | **Q3** | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Total revenue | **$** 298,469 | $ 285,922 | $ 289,991 | $ 291,763 | $ 283,506 | $ 264,414 | $ 272,891 | $ 279,838 |
| Common shareholders' net income | 41,407 | 76,359 | 87,921 | 76,845 | 83,068 | 70,040 | 94,363 | 67,687 |
| Pre-tax, pre-provision income | 142,812 | 136,523 | 147,294 | 143,037 | 137,213 | 118,248 | 129,030 | 132,528 |
| Earnings per common share | | | | | | | | |
| Basic | 0.43 | 0.79 | 0.91 | 0.80 | 0.86 | 0.73 | 0.99 | 0.72 |
| Diluted | 0.43 | 0.79 | 0.91 | 0.80 | 0.86 | 0.73 | 0.99 | 0.72 |
| Adjusted cash | 0.60 | 0.81 | 0.93 | 0.94 | 0.88 | 0.74 | 1.02 | 0.88 |
| Total assets ($ millions) | 42,462 | 41,952 | 42,695 | 42,320 | 42,562 | 42,228 | 41,706 | 41,428 |

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, 2023 and 2022, and the individual quarterly reports to shareholders, which are available on SEDAR at www.sedarplus.ca and on our website at www.cwb.com.

# Consolidated Balance Sheets

| (unaudited)<br>($ thousands) | | As at<br>July 31<br>2024 | As at<br>April 30<br>2024 | As at<br>October 31<br>2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Cash Resources** | (Note 3) | | | |
| Cash and non-interest bearing deposits with financial institutions | | **$ 84,649** | $ 12,065 | $ 49,114 |
| Interest bearing deposits with financial institutions | | **58,267** | 118,908 | 149,285 |
| Cheques and other items in transit | | **9,949** | 29,430 | 17,410 |
| | | **152,865** | 160,403 | 215,809 |
| **Securities** | (Note 3) | | | |
| Issued or guaranteed by Canada | | **2,612,240** | 2,572,961 | 3,268,476 |
| Issued or guaranteed by a province or municipality | | **1,142,152** | 873,399 | 440,313 |
| Other securities | | **346,709** | 270,545 | 200,017 |
| | | **4,101,101** | 3,716,905 | 3,908,806 |
| **Securities Purchased under Resale Agreements** | | **-** | 49,999 | 134,662 |
| **Loans** | (Note 4) | | | |
| Personal | | **7,001,567** | 7,058,952 | 7,117,829 |
| Business | | **30,438,229** | 30,115,394 | 30,092,021 |
| | | **37,439,796** | 37,174,346 | 37,209,850 |
| Allowance for credit losses | | **(227,128)** | (188,037) | (172,563) |
| | | **37,212,668** | 36,986,309 | 37,037,287 |
| **Other** | | | | |
| Property and equipment | | **148,599** | 145,423 | 152,355 |
| Goodwill | | **138,701** | 138,701 | 138,701 |
| Intangible assets | | **242,478** | 241,457 | 241,195 |
| Derivatives | | **123,048** | 78,488 | 109,290 |
| Other assets | | **342,598** | 434,041 | 381,998 |
| | | **995,424** | 1,038,110 | 1,023,539 |
| **Total Assets** | | **$ 42,462,058** | $ 41,951,726 | $ 42,320,103 |
| | | | | |
| **Liabilities and Equity** | | | | |
| **Deposits** | (Note 5) | | | |
| Personal | | **$ 20,612,868** | $ 20,525,948 | $ 19,773,898 |
| Business and government | | **12,789,954** | 12,280,173 | 13,554,551 |
| | | **33,402,822** | 32,806,121 | 33,328,449 |
| **Other** | | | | |
| Cheques and other items in transit | | **32,586** | 36,636 | 37,831 |
| Derivatives | | **59,427** | 143,462 | 198,596 |
| Other liabilities | | **929,497** | 870,514 | 889,401 |
| | | **1,021,510** | 1,050,612 | 1,125,828 |
| **Debt** | | | | |
| Debt related to securitization activities | (Note 6) | **3,216,099** | 3,163,455 | 3,315,721 |
| Subordinated debentures | (Note 7) | **522,490** | 772,249 | 523,438 |
| | | **3,738,589** | 3,935,704 | 3,839,159 |
| **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) | **1,014,731** | 1,011,277 | 1,007,983 |
| Retained earnings | | **2,622,022** | 2,614,406 | 2,515,719 |
| Share-based payment reserve | | **28,319** | 29,487 | 28,918 |
| Accumulated other comprehensive income (loss) | | **59,065** | (70,881) | (100,953) |
| **Total Equity** | | **4,299,137** | 4,159,289 | 4,026,667 |
| **Total Liabilities and Equity** | | **$ 42,462,058** | $ 41,951,726 | $ 42,320,103 |

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

# Consolidated Statements of Income

| (unaudited)<br>($ thousands, except per share amounts) | | For the three months ended<br>**July 31 2024** | <br>July 31 2023 | For the nine months ended<br>**July 31 2024** | <br>July 31 2023 |
|---|---|---|---|---|---|
| **Interest Income** | (Note 13) | | | | |
| Loans and leases | | **$ 631,758** | $ 592,718 | **$ 1,864,095** | $ 1,664,432 |
| Securities | | **33,838** | 16,905 | **107,014** | 48,432 |
| Deposits with financial institutions | | **2,653** | 2,537 | **11,335** | 6,718 |
| | | **668,249** | 612,160 | **1,982,444** | 1,719,582 |
| **Interest Expense** | | | | | |
| Deposits | | **366,617** | 327,979 | **1,099,119** | 904,962 |
| Debt | | **37,765** | 32,023 | **110,629** | 89,659 |
| | | **404,382** | 360,002 | **1,209,748** | 994,621 |
| **Net Interest Income** | | **263,867** | 252,158 | **772,696** | 724,961 |
| **Non-interest Income** | | | | | |
| Wealth management services | | **16,939** | 16,249 | **48,303** | 46,189 |
| Credit related | | **12,044** | 11,662 | **34,837** | 33,078 |
| Trust services | | **2,787** | 2,769 | **8,583** | 7,853 |
| Retail services | | **2,820** | 2,577 | **8,455** | 7,830 |
| (Losses) gains on securities, net | | **(3)** | 3 | **-** | (48) |
| Other | | **15** | (1,912) | **1,508** | 948 |
| | | **34,602** | 31,348 | **101,686** | 95,850 |
| **Total Revenue** | | **298,469** | 283,506 | **874,382** | 820,811 |
| **Provision for Credit Losses** | (Notes 3 and 4) | **54,967** | 14,976 | **96,095** | 16,800 |
| **Non-interest Expenses** | | | | | |
| Salaries and employee benefits | | **96,414** | 93,046 | **272,775** | 278,080 |
| Premises and equipment | | **36,458** | 31,258 | **104,340** | 91,859 |
| Other expenses | | **44,828** | 23,774 | **98,124** | 73,744 |
| | | **177,700** | 148,078 | **475,239** | 443,683 |
| **Net Income before Income Taxes** | | **65,802** | 120,452 | **303,048** | 360,328 |
| **Income Taxes** | | **17,229** | 31,369 | **77,060** | 93,641 |
| **Net Income** | | **48,573** | 89,083 | **225,988** | 266,687 |
| Preferred share dividends and limited recourse capital note distributions | | **7,166** | 6,015 | **20,301** | 19,216 |
| **Common Shareholders' Net Income** | | **$ 41,407** | $ 83,068 | **$ 205,687** | $ 247,471 |
| | | | | | |
| Average number of common shares (in thousands) | | **96,601** | 96,337 | **96,521** | 95,938 |
| Average number of diluted common shares (in thousands) | | **96,980** | 96,337 | **96,779** | 95,947 |
| **Earnings Per Common Share** | | | | | |
| Basic | | **$ 0.43** | $ 0.86 | **$ 2.13** | $ 2.58 |
| Diluted | | **0.43** | 0.86 | **2.13** | 2.58 |

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

# Consolidated Statements of Comprehensive Income

| (unaudited)<br>($ thousands) | For the three months ended<br>**July 31 2024** | <br>July 31 2023 | For the nine months ended<br>**July 31 2024** | <br>July 31 2023 |
|---|---|---|---|---|
| **Net Income** | **$ 48,573** | $ 89,083 | **$ 225,988** | $ 266,687 |
| **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 from change in fair value(1) | **38,892** | 3,039 | **62,947** | 45,698 |
| Reclassification to net income, of (gains) losses in the period(2) | **(3)** | (48) | **9** | (68) |
| | **38,889** | 2,991 | **62,956** | 45,630 |
| Derivatives designated as cash flow hedges | | | | |
| Gains (losses) from change in fair value(3) | **83,126** | (44,417) | **68,274** | (46,782) |
| Reclassification to net income, of losses in the period(4) | **7,909** | 8,022 | **28,767** | 20,302 |
| | **91,035** | (36,395) | **97,041** | (26,480) |
| 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) | **22** | 75 | **21** | (966) |
| | **129,946** | (33,329) | **160,018** | 18,184 |
| **Comprehensive Income for the Period** | **$ 178,519** | $ 55,754 | **$ 386,006** | $ 284,871 |

(1) Net of income tax expense of $13,120 and $21,200 for the three and nine months ended July 31, 2024, respectively (2023 – expense of $1,233 and $15,234).
(2) Net of income tax recovery of $1 and expense $3 for the three and nine months ended July 31, 2024, respectively (2023 – recovery of $35 and $43).
(3) Net of income tax expense of $27,937 and $22,907 for the three and nine months ended July 31, 2024, respectively (2023 – recovery of $14,880 and $15,595).
(4) Net of income tax expense of $2,664 and $9,729 for the three and nine months ended July 31, 2024, respectively (2023 – expense of $2,712 and $6,518).
(5) Net of income tax expense of $7 and $7 for the three and nine months ended July 31, 2024, respectively (2023 – expense of $25 and recovery $296).

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

# Consolidated Statements of Changes in Equity

| (unaudited)<br>($ thousands) | | For the nine months ended<br>July 31<br>2024 | July 31<br>2023 |
|---|---|---|---|
| **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 | | **1,007,983** | 956,061 |
| Issued under dividend reinvestment plan | | **4,936** | 4,904 |
| Transferred from share-based payment reserve on the exercise or exchange of options | | **1,812** | 432 |
| Issued under at-the-market common equity distribution program | | **-** | 44,998 |
| Balance at end of period | | **1,014,731** | 1,006,395 |
| **Retained Earnings** | | | |
| Balance at beginning of period | | **2,515,719** | 2,317,146 |
| Net income | | **225,988** | 266,687 |
| Dividends and other distributions – Preferred shares and limited recourse capital notes | | **(20,301)** | (19,216) |
| – Common shares | | **(99,384)** | (93,193) |
| Issuance costs on at-the-market common equity distribution program | (Note 8) | **-** | (745) |
| Balance at end of period | | **2,622,022** | 2,470,679 |
| **Share-based Payment Reserve** | (Note 9) | | |
| Balance at beginning of period | | **28,918** | 27,466 |
| Amortization of fair value of options | | **1,213** | 1,382 |
| Transferred to common shares on the exercise or exchange of options | | **(1,812)** | (432) |
| Balance at end of period | | **28,319** | 28,416 |
| **Accumulated Other Comprehensive (Loss) Income** | | | |
| Debt securities measured at fair value through other comprehensive income | | | |
| Balance at beginning of period | | **(56,464)** | (121,949) |
| Other comprehensive income | | **62,956** | 45,630 |
| Balance at end of period | | **6,492** | (76,319) |
| Derivatives designated as cash flow hedges | | | |
| Balance at beginning of period | | **(44,427)** | (21,672) |
| Other comprehensive income (loss) | | **97,041** | (26,480) |
| Balance at end of period | | **52,614** | (48,152) |
| Equity securities designated at fair value through other comprehensive income | | | |
| Balance at beginning of period | | **(62)** | 924 |
| Other comprehensive income (loss) | | **21** | (966) |
| Balance at end of period | | **(41)** | (42) |
| Total Accumulated Other Comprehensive Income (Loss) | | **59,065** | (124,513) |
| **Total Equity** | | **$ 4,299,137** | $ 3,955,977 |

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

# Consolidated Statements of Cash Flows

| (unaudited)<br>($ thousands) | | For the nine months ended<br>July 31<br>2024 | <br>July 31<br>2023 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Net income | | **$ 225,988** | $ 266,687 |
| Adjustments to determine net cash flows: | | | |
| Provision for credit losses | (Notes 3 and 4) | **96,095** | 16,800 |
| Depreciation and amortization | | **53,723** | 46,858 |
| Current income taxes receivable and payable, net | | **12,059** | 45,410 |
| Accrued interest receivable and payable, net | | **6,607** | 62,774 |
| Deferred income taxes, net | | **4,750** | 1,748 |
| Amortization of fair value of employee stock options | (Note 9) | **1,213** | 1,382 |
| Losses on securities, net | | **-** | 48 |
| Change in operating assets and liabilities: | | | |
| Deposits, net | | **74,373** | 661,733 |
| Loans, net | | **(270,044)** | (1,494,514) |
| Securities purchased under resale agreements, net | | **134,662** | (394,005) |
| Securities sold under repurchase agreements, net | | **-** | (247,354) |
| Debt related to securitization activities, net | | **(99,622)** | 243,755 |
| Other items, net | | **(9,412)** | (15,638) |
| Net Cash from (used in) Operating Activities | | **230,392** | (804,316) |
| **Cash Flows from Financing Activities** | | | |
| Debentures issued, net of issuance costs | (Note 7) | **249,031** | 149,160 |
| Debentures redeemed | (Note 7) | **(250,000)** | - |
| Common shares issued, net of issuance costs | (Note 8) | **-** | 44,253 |
| Repayment of lease liabilities | | **(13,586)** | (11,732) |
| Dividends and limited recourse capital note distributions | | **(114,749)** | (107,505) |
| Net Cash (used in) from Financing Activities | | **(129,304)** | 74,176 |
| **Cash Flows from Investing Activities** | | | |
| Interest bearing deposits with financial institutions, net | | **91,018** | (11,186) |
| Securities, purchased | | **(5,334,779)** | (784,715) |
| Securities, sale proceeds | | **1,163,074** | 60,457 |
| Securities, matured | | **4,064,168** | 1,441,876 |
| Property, equipment and intangible assets | | **(51,250)** | (52,215) |
| Net Cash (used in) from Investing Activities | | **(67,769)** | 654,217 |
| **Change in Cash and Cash Equivalents** | | **33,319** | (75,923) |
| **Cash and Cash Equivalents at Beginning of Period** | | **28,693** | 55,959 |
| **Cash and Cash Equivalents at End of Period*** | | **$ 62,012** | $ (19,964) |
| * Represented by: | | | |
| Cash and non-interest bearing deposits with financial institutions | | **$ 84,649** | $ 13,494 |
| Cheques and other items in transit (included in Cash Resources) | | **9,949** | 10,229 |
| Cheques and other items in transit (included in Other Liabilities) | | **(32,586)** | (43,687) |
| **Cash and Cash Equivalents at End of Period** | | **$ 62,012** | $ (19,964) |
| | | | |
| Supplemental Disclosure of Cash Flow Information | | | |
| Interest and dividends received | | **$ 1,932,805** | $ 1,713,342 |
| Interest paid | | **1,189,523** | 903,021 |
| Income taxes paid | | **135,423** | 66,494 |

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

(unaudited)
($ thousands, unless otherwise noted)

## 1. Basis of Presentation and Material 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, 2023. 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 IFRS Accounting 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, 2023.

The interim consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2024.

## 2. Changes in Material Accounting Policies and Future Accounting Changes

***Changes in Accounting Policies***

IAS 1 *Presentation of Financial Statements*

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* (IAS 1) which require the disclosure of material accounting policy information rather than significant accounting policy information. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

We adopted the amendments to IAS 1 effective November 1, 2023 with no significant impact on our unaudited condensed interim consolidated financial statements.

IFRS 17 *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17) which replaced IFRS 4 *Insurance Contracts*. In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement the Standard and to defer the effective date. In December 2021, the IASB issued a narrow-scope amendment to the transition requirements in IFRS 17, providing insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17 by presenting comparative information about financial assets, using a classification overlay approach on a basis that is more consistent with how IFRS 9 *Financial Instruments* (IFRS 9) will be applied in future reporting periods.

This Standard introduces consistent accounting for all insurance contracts. The Standard requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Additionally, IFRS 17 requires an entity to recognize profits as it delivers insurance services, rather than when it receives premiums.

We adopted IFRS 17 and its amendments effective November 1, 2023 with no significant impact upon adoption.

***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, 2023.

## 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) and fair value through profit and loss (FVTPL) are as follows:

| | As at July 31, 2024 | | | | As at April 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amortized Cost(2) | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | Amortized Cost(2) | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| **Measured at FVOCI** | | | | | | | | |
| Interest bearing deposits with financial institutions(1) | $ 58,263 | $ 4 | $ - | $ 58,267 | $ 118,907 | $ 7 | $ 6 | $ 118,908 |
| Debt securities issued or guaranteed by | | | | | | | | |
| Canada | 2,604,549 | 28,134 | 20,443 | 2,612,240 | 2,608,613 | 4,941 | 40,593 | 2,572,961 |
| A province or municipality | 1,140,433 | 2,156 | 437 | 1,142,152 | 875,527 | 57 | 2,185 | 873,399 |
| Other debt securities issued by | | | | | | | | |
| United States Treasury | 253,676 | 1,228 | 748 | 254,156 | 225,289 | 7 | 3,857 | 221,439 |
| Other debt securities | 74,983 | 672 | 3 | 75,652 | 31,996 | - | 182 | 31,814 |
| **Measured at FVTPL** | | | | | | | | |
| Other debt securities | 16,167 | 1,802 | 1,068 | 16,901 | 14,674 | 2,767 | 149 | 17,292 |
| **Total** | $ 4,148,071 | $ 33,996 | $ 22,699 | $ 4,159,368 | $ 3,875,006 | $ 7,779 | $ 46,972 | $ 3,835,813 |

| | As at October 31, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost(2) | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| **Measured at FVOCI** | | | | |
| Interest bearing deposits with financial institutions(1) | $ 149,292 | $ 2 | $ 9 | $ 149,285 |
| Debt securities issued or guaranteed by | | | | |
| Canada | 3,308,973 | 1,718 | 66,363 | 3,244,328 |
| A province or municipality | 444,545 | 71 | 4,303 | 440,313 |
| Other debt securities issued by | | | | |
| United States Treasury | 134,434 | - | 4,706 | 129,728 |
| Other debt securities | 55,305 | 85 | 2 | 55,388 |
| **Measured at FVTPL** | | | | |
| Debt securities issued by Canada | 24,796 | - | 648 | 24,148 |
| Other debt securities | 12,494 | 2,569 | 162 | 14,901 |
| **Total** | $ 4,129,839 | $ 4,445 | $ 76,193 | $ 4,058,091 |

(1) Included in cash resources on the consolidated balance sheets.
(2) The amortized cost of debt securities and cash resources measured at FVOCI is net of the estimated allowance for credit losses of $133 (April 30, 2024 – $140; October 31, 2023 – $120).

### *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 nine months ended July 31, 2024, a recovery of $7 and a provision for credit losses of $13 (2023 – recovery of $79 and $158), 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 July 31, 2024 and October 31, 2023.

## 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 of collecting 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.

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

| | | | | | | | | | Composition Percentage | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ($ millions) | BC | AB | ON | SK | QC | MB | Other | Total | July 31 2024 | April 30 2024 | October 31 2023 |
| **Personal**[1] | $ 1,565 | $ 1,884 | $ 2,923 | $ 264 | $ - | $ 149 | $ 217 | $ 7,002 | 19 % | 19 % | 19 % |
| **Business** | | | | | | | | | | | |
| General commercial loans | 4,273 | 4,171 | 3,960 | 607 | 461 | 477 | 250 | 14,199 | 38 | 38 | 37 |
| Commercial mortgages | 3,622 | 2,187 | 508 | 203 | 43 | 119 | - | 6,682 | 18 | 18 | 19 |
| Equipment financing and leasing[2] | 970 | 1,502 | 1,373 | 486 | 843 | 277 | 457 | 5,908 | 16 | 16 | 16 |
| Real estate project loans | 1,843 | 661 | 553 | 19 | 19 | 35 | - | 3,130 | 8 | 8 | 8 |
| Oil and gas production loans | - | 519 | - | - | - | - | - | 519 | 1 | 1 | 1 |
| | 10,708 | 9,040 | 6,394 | 1,315 | 1,366 | 908 | 707 | 30,438 | 81 | 81 | 81 |
| **Total Loans**[3] | $ 12,273 | $ 10,924 | $ 9,317 | $ 1,579 | $ 1,366 | $ 1,057 | $ 924 | $ 37,440 | 100 % | 100 % | 100 % |
| **Composition Percentage** | | | | | | | | | | | |
| July 31, 2024 | 33 % | 29 % | 25 % | 4 % | 4 % | 3 % | 2 % | 100 % | | | |
| April 30, 2024 | 33 % | 29 % | 25 % | 4 % | 4 % | 3 % | 2 % | 100 % | | | |
| October 31, 2023 | 32 % | 30 % | 25 % | 4 % | 4 % | 3 % | 2 % | 100 % | | | |

(1) Includes mortgages securitized through the *National Housing Act Mortgage Backed Securities* program reported on-balance sheet of $1,199 (April 30, 2024 – $1,272 October 31, 2023 – $1,350).
(2) Includes securitized leases reported on-balance sheet of $2,280 (April 30, 2024 – $2,123; October 31, 2023 – $2,219).
(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** | **Moody's Investor Services** |
|---|---|---|
| Investment grade or low risk | 1 to 6M | Aaa to Baa3 |
| Non-investment grade or medium risk | 6L to 8L | Ba1 to Caa1 |
| Watchlist or high risk | 9H to 10L | Caa2 and below |
| Impaired | 11 to 12 | 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 July 31, 2024 | | | |
|---|---|---|---|---|
| | Performing | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Loans – Personal** | | | | |
| Low risk | $ 4,025,903 | $ 170,286 | $ - | $ 4,196,189 |
| Medium risk | 2,247,814 | 214,457 | - | 2,462,271 |
| Watchlist or high risk | - | 309,898 | - | 309,898 |
| Impaired | - | - | 33,209 | 33,209 |
| Total | 6,273,717 | 694,641 | 33,209 | 7,001,567 |
| Allowance for credit losses | (2,325) | (3,866) | (766) | (6,957) |
| Total, net of allowance for credit losses | 6,271,392 | 690,775 | 32,443 | 6,994,610 |
| **Loans – Business** | | | | |
| Investment grade or low risk | 9,555,439 | 860,240 | - | 10,415,679 |
| Non-investment grade or medium risk | 16,273,074 | 2,038,774 | - | 18,311,848 |
| Watchlist or high risk | - | 1,278,933 | - | 1,278,933 |
| Impaired | - | - | 431,769 | 431,769 |
| Total | 25,828,513 | 4,177,947 | 431,769 | 30,438,229 |
| Allowance for credit losses | (60,913) | (65,427) | (93,831) | (220,171) |
| Total, net of allowance for credit losses | 25,767,600 | 4,112,520 | 337,938 | 30,218,058 |
| Total loans | 32,102,230 | 4,872,588 | 464,978 | 37,439,796 |
| Allowance for credit losses | (63,238) | (69,293) | (94,597) | (227,128) |
| **Total Loans, Net of Allowance for Credit Losses** | $ 32,038,992 | $ 4,803,295 | $ 370,381 | $ 37,212,668 |
| **Committed but Undrawn Credit Exposures and Letters of Credit** | | | | |
| Investment grade or low risk | $ 4,290,587 | $ 472,483 | $ - | $ 4,763,070 |
| Non-investment grade or medium risk | 6,525,257 | 725,709 | - | 7,250,966 |
| Watchlist or high risk | - | 90,718 | - | 90,718 |
| Total | 10,815,844 | 1,288,910 | - | 12,104,754 |
| Allowance for credit losses | (2,979) | (1,188) | - | (4,167) |
| **Total, Net of Allowance for Credit Losses** | $ 10,812,865 | 1,287,722 | $ - | 12,100,587 |

| | As at October 31, 2023 | | | |
|---|---|---|---|---|
| | Performing | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Loans – Personal** | | | | |
| Low risk | $ 3,936,718 | $ 227,367 | $ - | $ 4,164,085 |
| Medium risk | 2,481,695 | 205,827 | - | 2,687,522 |
| Watchlist or high risk | - | 245,456 | - | 245,456 |
| Impaired | - | - | 20,766 | 20,766 |
| Total | 6,418,413 | 678,650 | 20,766 | 7,117,829 |
| Allowance for credit losses | (1,463) | (2,103) | (42) | (3,608) |
| Total, net of allowance for credit losses | 6,416,950 | 676,547 | 20,724 | 7,114,221 |
| **Loans – Business** | | | | |
| Investment grade or low risk | 9,654,222 | 674,160 | - | 10,328,382 |
| Non-investment grade or medium risk | 16,094,997 | 2,130,931 | - | 18,225,928 |
| Watchlist or high risk | - | 1,292,501 | - | 1,292,501 |
| Impaired | - | - | 245,210 | 245,210 |
| Total | 25,749,219 | 4,097,592 | 245,210 | 30,092,021 |
| Allowance for credit losses | (64,502) | (61,296) | (43,157) | (168,955) |
| Total, net of allowance for credit losses | 25,684,717 | 4,036,296 | 202,053 | 29,923,066 |
| Total loans | 32,167,632 | 4,776,242 | 265,976 | 37,209,850 |
| Allowance for credit losses | (65,965) | (63,399) | (43,199) | (172,563) |
| **Total Loans, Net of Allowance for Credit Losses** | $ 32,101,667 | $ 4,712,843 | $ 222,777 | $ 37,037,287 |
| **Committed but Undrawn Credit Exposures and Letters of Credit** | | | | |
| Investment grade or low risk | $ 4,595,928 | $ 206,234 | $ - | $ 4,802,162 |
| Non-investment grade or medium risk | 6,816,600 | 518,697 | - | 7,335,297 |
| Watchlist or high risk | - | 189,729 | - | 189,729 |
| Total | 11,412,528 | 914,660 | - | 12,327,188 |
| Allowance for credit losses | (1,899) | (850) | - | (2,749) |
| **Total, Net of Allowance for Credit Losses** | $ 11,410,629 | $ 913,810 | $ - | $ 12,324,439 |

*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 July 31, 2024 | | | | As at April 30, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | **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** | **$ 7,001,567** | **$ 33,209** | **$ 766** | **$ 32,443** | $ 7,058,952 | $ 32,268 | $ 420 | $ 31,848 |
| **Business** | | | | | | | | |
| General commercial loans | **14,198,827** | **218,255** | **61,315** | **156,940** | 13,943,161 | 135,613 | 26,349 | 109,264 |
| Commercial mortgages[2] | **6,682,483** | **96,700** | **12,075** | **84,625** | 6,818,365 | 95,343 | 11,369 | 83,974 |
| Equipment financing and leasing | **5,908,133** | **97,615** | **15,936** | **81,679** | 5,769,442 | 74,844 | 13,781 | 61,063 |
| Real estate project loans | **3,130,076** | **19,199** | **4,505** | **14,694** | 3,029,005 | 19,200 | 4,505 | 14,695 |
| Oil and gas production loans | **518,710** | **-** | **-** | **-** | 555,421 | - | - | - |
| | **30,438,229** | **431,769** | **93,831** | **337,938** | 30,115,394 | 325,000 | 56,004 | 268,996 |
| **Total** | **$ 37,439,796** | **$ 464,978** | **$ 94,597** | **$ 370,381** | $ 37,174,346 | $ 357,268 | $ 56,424 | $ 300,844 |

| | As at October 31, 2023 | | | |
|---|---|---|---|---|
| | Gross Amount | Gross Impaired Amount[1] | Stage 3 Allowance | Net Impaired Loans |
| **Personal** | $ 7,117,829 | $ 20,766 | $ 42 | $ 20,724 |
| **Business** | | | | |
| General commercial loans | 13,681,133 | 91,530 | 19,070 | 72,460 |
| Commercial mortgages[2] | 7,105,877 | 103,743 | 17,458 | 86,285 |
| Equipment financing and leasing | 5,722,326 | 39,976 | 6,584 | 33,392 |
| Real estate project loans | 3,098,229 | 9,961 | 45 | 9,916 |
| Oil and gas production loans | 484,456 | - | - | - |
| | 30,092,021 | 245,210 | 43,157 | 202,053 |
| **Total** | $ 37,209,850 | $ 265,976 | $ 43,199 | $ 222,777 |

(1) Gross impaired loans include foreclosed assets with a carrying value of $5,645 (April 30, 2024 - $6,029; October 31, 2023 - $2,712). 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 July 31, 2024 | | | As at April 30, 2024 | | |
|---|---|---|---|---|---|---|
| | **Gross Impaired Amount** | **Stage 3 Allowance** | **Net Impaired Loans** | Gross Impaired Amount | Stage 3 Allowance | Net Impaired Loans |
| British Columbia | **$ 161,277** | **$ 34,620** | **$ 126,657** | $ 100,203 | $ 9,230 | $ 90,973 |
| Alberta | **151,550** | **36,393** | **115,157** | 139,019 | 30,809 | 108,210 |
| Ontario | **91,485** | **18,664** | **72,821** | 70,938 | 7,339 | 63,599 |
| Saskatchewan | **27,575** | **744** | **26,831** | 21,332 | 4,622 | 16,710 |
| Manitoba | **12,612** | **1,826** | **10,786** | 7,013 | 2,261 | 4,752 |
| Quebec | **10,321** | **1,363** | **8,958** | 9,007 | 1,066 | 7,941 |
| Other | **10,158** | **987** | **9,171** | 9,756 | 1,097 | 8,659 |
| **Total** | **$ 464,978** | **$ 94,597** | **$ 370,381** | $ 357,268 | $ 56,424 | $ 300,844 |

| | As at October 31, 2023 | | |
|---|---|---|---|
| | Gross Impaired Amount | Stage 3 Allowance | Net Impaired Loans |
| British Columbia | $ 59,099 | $ 8,665 | $ 50,434 |
| Alberta | 130,141 | 22,680 | 107,461 |
| Ontario | 44,904 | 5,855 | 39,049 |
| Saskatchewan | 16,939 | 4,516 | 12,423 |
| Manitoba | 6,684 | 655 | 6,029 |
| Quebec | 2,277 | 229 | 2,048 |
| Other | 5,932 | 599 | 5,333 |
| **Total** | $ 265,976 | $ 43,199 | $ 222,777 |

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 July 31, 2024 | | | |
|---|---|---|---|---|
| | **1 – 30 days** | **31 – 60 days** | **61 – 90 days** | **Total** |
| Personal | **$** 118,547 | **$** 73,437 | **$** 10,295 | **$** 202,279 |
| Business | 204,007 | 94,211 | 23,101 | 321,319 |
| **Total** | **$** 322,554 | **$** 167,648 | **$** 33,396 | **$** 523,598 |
| | | | | |
| Total as at April 30, 2024 | $ 324,034 | $ 142,068 | $ 50,015 | $ 516,117 |
| Total as at October 31, 2023 | $ 231,388 | $ 116,324 | $ 30,188 | $ 377,900 |

***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, 2023.

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 used in the construction of the scenarios and the weightings assigned based on their relative probabilities.

The three forward-looking macroeconomic scenarios described below reflect information and facts available to us as at July 31, 2024. The base scenario reflects our best estimate, and the upside and downside scenarios are reasonably possible scenarios that are more optimistic or pessimistic. The base scenario reflects improving economic conditions with stable GDP growth and increases in house prices, as well as a decline in interest rates in the latter part of the forecast period. The downside scenario reflects a contraction to the economy early in the forecast period with negative GDP growth, higher unemployment and lower new house prices. The upside scenario reflects a stronger economy with slightly higher GDP growth and new housing price increases along with higher oil exports, than the base scenario. The primary macroeconomic variables, for the next year and the remaining forecast period thereafter, used to estimate ECL are as follows:

| | Downside | | Upside | | Base | |
|---|---|---|---|---|---|---|
| **Macroeconomic Variable** | **July 31 2025** | **Remaining Forecast Period** | **July 31 2025** | **Remaining Forecast Period** | **July 31 2025** | **Remaining Forecast Period** |
| GDP growth (reduction), year over year | (2) % | 2 % | 2 % | 2 % | 2 % | 2 % |
| Unemployment rate | 8 | 7 | 6 | 6 | 6 | 6 |
| Three-month treasury bill rate | 2.06 | 1.77 | 4.77 | 2.85 | 3.33 | 2.16 |
| New Housing Price Index, year over year | (4) | 1 | 1 | 2 | - | 2 |
| 5 Year fixed mortgage interest rate | 5 | 5 | 6 | 5 | 6 | 5 |
| Oil Exports, year over year | (4) | 5 | 10 | 9 | 7 | 8 |

The primary macroeconomic variables impacting ECL for personal loan portfolios are GDP, New Housing Price Index, and residential mortgage interest rates. 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, oil exports, and New Housing Price Index will generally result in lower ECL.

We weight each scenario based on our view of the probability of each scenario, and the impact of weighting these scenarios increased our ECL on performing loans by $7 million relative to the base scenario as at July 31, 2024 (April 30, 2024 – $16 million; October 31, 2023 – $8 million).

*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 July 31, 2024 | | | |
|---|---|---|---|---|
| | Performing | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Personal** | | | | |
| Balance at beginning of period | $ 1,846 | $ 3,057 | $ 420 | $ 5,323 |
| Transfers to (from)(1) | | | | |
| Stage 1 | 203 | (203) | - | - |
| Stage 2 | (421) | 421 | - | - |
| Stage 3 | - | (119) | 119 | - |
| Net remeasurement(2) | (175) | 970 | 358 | 1,153 |
| New originations | 1,015 | - | - | 1,015 |
| Derecognitions and maturities | (118) | (248) | - | (366) |
| Provision for credit losses(3) | 504 | 821 | 477 | 1,802 |
| Write-offs | - | - | (134) | (134) |
| Recoveries | - | - | 3 | 3 |
| Balance at end of period | 2,350 | 3,878 | 766 | 6,994 |
| **Business** | | | | |
| Balance at beginning of period | 68,875 | 60,865 | 56,004 | 185,744 |
| Transfers to (from)(1) | | | | |
| Stage 1 | 4,285 | (4,285) | - | - |
| Stage 2 | (7,815) | 7,898 | (83) | - |
| Stage 3 | (87) | (6,371) | 6,458 | - |
| Net remeasurement(2) | (17,609) | 15,403 | 49,189 | 46,983 |
| New originations | 25,846 | - | - | 25,846 |
| Derecognitions and maturities | (9,628) | (6,907) | (3,122) | (19,657) |
| Provision for (reversal of) credit losses(3) | (5,008) | 5,738 | 52,442 | 53,172 |
| Write-offs | - | - | (15,505) | (15,505) |
| Recoveries | - | - | 890 | 890 |
| Balance at end of period | 63,867 | 66,603 | 93,831 | 224,301 |
| **Total Allowance for Credit Losses(4)** | $ 66,217 | $ 70,481 | $ 94,597 | $ 231,295 |
| Represented by: | | | | |
| Loans | $ 63,238 | $ 69,293 | $ 94,597 | $ 227,128 |
| Committed but undrawn credit exposures and letters of credit(5) | 2,979 | 1,188 | - | 4,167 |
| **Total Allowance for Credit Losses(4)** | $ 66,217 | $ 70,481 | $ 94,597 | $ 231,295 |

| | For the nine months ended July 31, 2024 | | | |
|---|---|---|---|---|
| | Performing | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Personal** | | | | |
| Balance at beginning of period | $ 1,492 | $ 2,140 | $ 42 | $ 3,674 |
| Transfers to (from)(1) | | | | |
| Stage 1 | 433 | (433) | - | - |
| Stage 2 | (1,303) | 1,303 | - | - |
| Stage 3 | - | (657) | 657 | - |
| Net remeasurement(2) | (527) | 2,113 | 303 | 1,889 |
| New originations | 2,506 | - | - | 2,506 |
| Derecognitions and maturities | (251) | (588) | - | (839) |
| Provision for credit losses(3) | 858 | 1,738 | 960 | 3,556 |
| Write-offs | - | - | (247) | (247) |
| Recoveries | - | - | 11 | 11 |
| Balance at end of period | 2,350 | 3,878 | 766 | 6,994 |
| **Business** | | | | |
| Balance at beginning of period | 66,372 | 62,109 | 43,157 | 171,638 |
| Transfers to (from)(1) | | | | |
| Stage 1 | 13,618 | (13,618) | - | - |
| Stage 2 | (20,464) | 20,547 | (83) | - |
| Stage 3 | (339) | (42,564) | 42,903 | - |
| Net remeasurement(2) | (33,538) | 58,387 | 50,839 | 75,688 |
| New originations | 67,578 | - | - | 67,578 |
| Derecognitions and maturities | (29,360) | (18,258) | (3,122) | (50,740) |
| Provision for (reversal of) credit losses(3) | (2,505) | 4,494 | 90,537 | 92,526 |
| Write-offs | - | - | (43,933) | (43,933) |
| Recoveries | - | - | 4,070 | 4,070 |
| Balance at end of period | 63,867 | 66,603 | 93,831 | 224,301 |
| **Total Allowance for Credit Losses(4)** | $ 66,217 | $ 70,481 | $ 94,597 | $ 231,295 |
| Represented by: | | | | |
| Loans | $ 63,238 | $ 69,293 | $ 94,597 | $ 227,128 |
| Committed but undrawn credit exposures and letters of credit(5) | 2,979 | 1,188 | - | 4,167 |
| **Total Allowance for Credit Losses(4)** | $ 66,217 | $ 70,481 | $ 94,597 | $ 231,295 |

(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 July 31, 2023 | | | |
|---|---|---|---|---|
| | Performing | | Impaired | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Personal** | | | | |
| Balance at beginning of period | $ 1,159 | $ 3,311 | $ 288 | $ 4,758 |
| Transfers to (from) | | | | |
| Stage 1 | 27 | (27) | - | - |
| Stage 2 | (75) | 75 | - | - |
| Stage 3 | - | (19) | 19 | - |
| Net remeasurement | (243) | - | 189 | (54) |
| New originations | 291 | - | - | 291 |
| Derecognitions and maturities | (51) | (122) | (19) | (192) |
| Provision for (reversal of) credit losses | (51) | (93) | 189 | 45 |
| Write-offs | - | - | (320) | (320) |
| Recoveries | - | - | 89 | 89 |
| Balance at end of period | 1,108 | 3,218 | 246 | 4,572 |
| **Business** | | | | |
| Balance at beginning of period | 66,242 | 52,962 | 46,562 | 165,766 |
| Transfers to (from) | | | | |
| Stage 1 | 2,269 | (2,269) | - | - |
| Stage 2 | (3,071) | 3,071 | - | - |
| Stage 3 | (58) | (854) | 912 | - |
| Net remeasurement | (9,338) | 7,681 | 13,618 | 11,961 |
| New originations | 16,301 | - | - | 16,301 |
| Derecognitions and maturities | (5,130) | (3,103) | (5,019) | (13,252) |
| Provision for credit losses | 973 | 4,526 | 9,511 | 15,010 |
| Write-offs | - | - | (7,377) | (7,377) |
| Recoveries | - | - | 697 | 697 |
| Balance at end of period | 67,215 | 57,488 | 49,393 | 174,096 |
| **Total Allowance for Credit Losses** | $ 68,323 | $ 60,706 | $ 49,639 | $ 178,668 |

| | For the nine months ended July 31, 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) | | | | |
| Stage 1 | 142 | (142) | - | - |
| Stage 2 | (294) | 294 | - | - |
| Stage 3 | (1) | (56) | 57 | - |
| Net remeasurement | (624) | 721 | 472 | 569 |
| New originations | 937 | - | - | 937 |
| Derecognitions and maturities | (99) | (377) | (19) | (495) |
| Provision for credit losses | 61 | 440 | 510 | 1,011 |
| Write-offs | - | - | (520) | (520) |
| Recoveries | - | - | 116 | 116 |
| Balance at end of period | 1,108 | 3,218 | 246 | 4,572 |
| **Business** | | | | |
| Balance at beginning of period | 50,239 | 66,373 | 46,551 | 163,163 |
| Transfers to (from) | | | | |
| Stage 1 | 16,359 | (16,359) | - | - |
| Stage 2 | (8,116) | 8,116 | - | - |
| Stage 3 | (106) | (3,033) | 3,139 | - |
| Net remeasurement | (26,386) | 11,339 | 10,383 | (4,664) |
| New originations | 49,101 | - | - | 49,101 |
| Derecognitions and maturities | (13,876) | (8,948) | (5,666) | (28,490) |
| Provision for (reversal of) credit losses | 16,976 | (8,885) | 7,856 | 15,947 |
| Write-offs | - | - | (21,451) | (21,451) |
| Recoveries | - | - | 16,437 | 16,437 |
| Balance at end of period | 67,215 | 57,488 | 49,393 | 174,096 |
| **Total Allowance for Credit Losses** | $ 68,323 | $ 60,706 | $ 49,639 | $ 178,668 |
| | | | | |
| Represented by: | | | | |
| Loans | $ 65,201 | $ 58,774 | $ 49,639 | $ 173,614 |
| Committed but undrawn credit exposures and letters of credit | 3,122 | 1,932 | - | 5,054 |
| **Total Allowance for Credit Losses** | $ 68,323 | $ 60,706 | $ 49,639 | $ 178,668 |

## 5. Deposits

| | As at July 31, 2024 | | | As at April 30, 2024 | | |
|---|---|---|---|---|---|---|
| | Individuals | Business and Government | Total | Individuals | Business and Government | Total |
| Payable on demand | $ 25,527 | $ 924,636 | $ 950,163 | $ 27,991 | $ 874,832 | $ 902,823 |
| Payable after notice | 7,134,212 | 5,265,384 | 12,399,596 | 7,274,162 | 5,205,773 | 12,479,935 |
| Payable on a fixed date | 13,453,129 | 6,599,934 | 20,053,063 | 13,223,795 | 6,199,568 | 19,423,363 |
| **Total** | $ 20,612,868 | $ 12,789,954 | $ 33,402,822 | $ 20,525,948 | $ 12,280,173 | $ 32,806,121 |

| | As at October 31, 2023 | | |
|---|---|---|---|
| | Individuals | Business and Government | Total |
| Payable on demand | $ 30,380 | $ 980,924 | $ 1,011,304 |
| Payable after notice | 6,616,801 | 6,139,026 | 12,755,827 |
| Payable on a fixed date | 13,126,717 | 6,434,601 | 19,561,318 |
| **Total** | $ 19,773,898 | $ 13,554,551 | $ 33,328,449 |

## 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 risks 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 cash proceeds received.

During the nine months ended July 31, 2024, we securitized equipment financing leases and loans of $800,788 (2023 – $748,898) and received gross cash proceeds of $728,941 (2023 – $681,471) from third parties.

*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.

During nine months ended July 31, 2024, we securitized residential mortgages of $68,655 (2023 – $145,773) which were sold to the CHT for gross cash proceeds of $66,641 (2023 – $143,701).

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

| | As at July 31,2024 | | As at April 30, 2024 | |
|---|---|---|---|---|
| | Carrying value | Fair Value | Carrying Value | Fair Value |
| **Transferred Assets that do not Qualify for Derecognition** | | | | |
| Securitized leases and loans | $ 2,279,846 | $ 2,240,609 | $ 2,123,212 | $ 2,075,121 |
| Securitized residential mortgages | 1,115,702 | 1,110,782 | 1,202,912 | 1,197,331 |
| | 3,395,548 | 3,351,391 | 3,326,124 | 3,272,452 |
| **Associated Liabilities**(1) | 3,216,099 | 3,214,630 | 3,163,455 | 3,146,462 |
| **Net Position** | $ 179,449 | $ 136,761 | $ 162,669 | $ 125,990 |

| | As at October 31, 2023 | |
|---|---|---|
| | Carrying Value | Fair Value |
| **Transferred Assets that do not Qualify for Derecognition** | | |
| Securitized leases and loans | $ 2,218,720 | $ 2,135,851 |
| Securitized residential mortgages | 1,307,446 | 1,299,117 |
| | 3,526,166 | 3,434,968 |
| **Associated Liabilities**(1) | 3,315,721 | 3,277,147 |
| **Net Position** | $ 210,445 | $ 157,821 |

(1) Associated liabilities consist of $2,076,108 related to securitized leases and loans (April 30, 2024 – $1,932,713; October 31, 2023 – $2,020,913), and $1,139,991 related to residential mortgages securitized through the NHA MBS program (April 30, 2024 – $1,230,742; October 31, 2023 – $1,294,808).

As at July 31, 2024, we have securitized residential mortgages through the NHA MBS program totaling $83,664 with a fair value of $83,295 that were not transferred to third parties (April 30, 2024 – $69,350 with a fair value of $69,028; October 31, 2023 – $42,066 with a fair value of $41,798).

## 7. Subordinated Debentures

*Issuance*

On January 29, 2024, we issued $250,000 of Non-Viability Contingent Capital (NVCC) subordinated debentures with a fixed annual interest rate of 5.949% until January 29, 2029. Thereafter, the rate will be set quarterly at the daily compounded Canadian Overnight Repo Rate (CORRA) plus 273 basis points until maturity on January 29, 2034. The debentures are redeemable on or after January 29, 2029 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).

*Redemption*

On June 11, 2024, we redeemed for cash all $250,000 outstanding 3.668% Series F NVCC subordinated debentures. The debentures were redeemed for an aggregate amount of $254,585 representing the principal amount plus accrued interest.

## 8. Capital Stock

***Share Capital***

| | | For the nine months ended | | | |
|---|---|---|---|---|---|
| | | **July 31, 2024** | | July 31, 2023 | |
| | | **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 | | **96,434,034** | **1,007,983** | 94,326,112 | 956,061 |
| Issued under dividend reinvestment plan | | **151,501** | **4,936** | 201,591 | 4,904 |
| Issued on exercise or exchange of options[(1)] | (Note 9) | **83,122** | **1,812** | 15,205 | 432 |
| Issued under at-the-market common equity distribution program | | **-** | **-** | 1,834,595 | 44,998 |
| | | **96,668,657** | **1,014,731** | 96,377,503 | 1,006,395 |
| **Total** | | | **$ 1,589,731** | | $ 1,581,395 |

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

***Preferred Shares***

*Preferred Shares – Series 5*

Effective May 1, 2024, we reset the Non-Viability Contingent Capital (NVCC) First Preferred Shares Series 5 (Series 5 Preferred Shares) annual dividend rate to 6.371%, representing the five-year Government of Canada Bond Yield as at April 1, 2024 plus 276 basis points. Beginning May 1, 2024, holders of Series 5 Preferred Shares are entitled to receive quarterly fixed rate non-cumulative preferential cash dividends in the amount of $0.3981875 per share, when declared by the Board of Directors of CWB. We may redeem the Series 5 Preferred Shares, in whole or in part, on April 30, 2029 and on April 30 every five years thereafter. All other terms remain unchanged.

*Preferred Shares – Series 9*

Effective May 1, 2024, we reset the NVCC First Preferred Shares Series 9 (Series 9 Preferred Shares) annual dividend rate to 7.651%, representing the five-year Government of Canada Bond Yield as at April 1, 2024 plus 404 basis points. Beginning May 1, 2024, holders of Series 9 Preferred Shares are entitled to receive quarterly fixed rate non-cumulative preferential cash dividends in the amount of $0.4781875 per share, when declared by the Board of Directors of CWB. We may redeem the Series 9 Preferred Shares, in whole or in part, on April 30, 2029 and on April 30 every five years thereafter. All other terms remain unchanged.

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

Our ATM program, which expired on July 1, 2024, allowed 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-form base shelf prospectus.

| | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| | **July 31, 2024** | July 31, 2023 | **July 31, 2024** | July 31, 2023 |
| Common shares issued | **-** | - | **-** | 1,834,595 |
| Average price per share | **$ -** | $ - | **$ -** | $ 24.53 |
| Gross proceeds | **-** | - | **-** | 44,998 |
| Net proceeds[1] | **-** | - | **-** | 44,253 |

[1] Gross proceeds less sales commissions and other issuance costs.

## 9. Share-based Payments

***Stock Options***

| | For the three months ended | | | |
|---|---|---|---|---|
| | **July 31, 2024** | | July 31, 2023 | |
| **Options** | **Number of Options** | **Weighted Average Exercise Price** | Number of Options | Weighted Average Exercise Price |
| Balance at beginning of period | **2,258,245** | **$ 30.40** | 2,309,848 | $ 30.23 |
| Granted | **20,321** | **43.35** | - | - |
| Exercised or exchanged | **(310,097)** | **31.21** | - | - |
| Expired | **(10,304)** | **31.93** | (7,464) | 31.87 |
| Forfeited | **-** | **-** | (62,235) | 28.71 |
| **Balance at End of Period** | **1,958,165** | **$ 30.40** | 2,240,149 | $ 30.27 |

| | For the nine months ended | | | |
|---|---|---|---|---|
| | **July 31, 2024** | | July 31, 2023 | |
| **Options** | **Number of Options** | **Weighted Average Exercise Price** | Number of Options | Weighted Average Exercise Price |
| Balance at beginning of period | **2,214,627** | **$ 30.25** | 1,871,717 | $ 31.63 |
| Granted | **415,196** | **31.70** | 570,049 | 24.23 |
| Exercised or exchanged | **(329,332)** | **31.12** | (124,654) | 23.70 |
| Expired | **(227,661)** | **31.00** | (7,464) | 31.87 |
| Forfeited | **(114,665)** | **28.98** | (69,499) | 29.13 |
| **Balance at End of Period** | **1,958,165** | **$ 30.40** | 2,240,149 | $ 30.27 |

All exercised options are settled via non-cash 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 nine months ended July 31, 2024, option holders exchanged the rights to 329,332 (2023 – 124,654) options and received 83,122 (2023 – 15,205) shares in return by way of cashless settlement.

For the nine months ended July 31, 2024, salary expense of $1,213 (2023 – $1,382) was recognized relating to the estimated fair value of options granted. The fair value of options granted were estimated using binomial option pricing models with the following variables and assumptions:

| | For the three months ended | | |
|---|---|---|---|
| **Stock options granted during the period ended** | **July 31, 2024** | January 31, 2024 | January 31, 2023 |
| Number of options granted | **20,321** | 394,875 | 570,049 |
| Risk-free interest rate | **3.6%** | 3.2% | 3.1% |
| Contractual option life | **7.0 years** | 7.0 years | 5.0 years |
| Expected annual volatility | **37%** | 32% | 34% |
| Expected annual dividends | **3.3%** | 4.4% | 5.4% |
| Estimated weighted average fair value of options granted | **$12.30** | $5.96 | $4.18 |

Further details related to stock options outstanding and exercisable at July 31, 2024 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** |
| $24.23 | **485,342** | **5.4** | **$ 24.23** | **-** | **$ -** |
| $29.07 to $31.93 | **1,029,345** | **4.0** | **30.56** | **634,470** | **30.23** |
| $35.15 to $37.03 | **423,157** | **3.2** | **36.47** | **126,679** | **35.15** |
| $43.35 | **20,321** | **6.9** | **43.35** | **-** | **-** |
| **Total** | **1,958,165** | **4.2** | **$ 30.40** | **761,149** | **$ 31.00** |

## 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 sets out the fair values of financial instruments (including derivatives) using the valuation methods and assumptions referred to below the table. 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 July, 31 2024** | **Derivatives** | **Amortized Cost** | **FVOCI** | **FVTPL** | **Total Carrying Amount** | **Fair Value** | **Fair Value Over/(Under) Carrying Amount** |
|---|---|---|---|---|---|---|---|
| Financial Assets | | | | | | | |
| Cash resources | **$ -** | **$ 94,598** | **$ 58,267** | **$ -** | **$ 152,865** | **$ 152,865** | **$ -** |
| Securities | **-** | **-** | **4,084,200** | **16,901** | **4,101,101** | **4,101,101** | **-** |
| Securities purchased under resale agreements | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Loans[1] | **-** | **37,457,967** | **-** | **-** | **37,457,967** | **37,172,161** | **(285,806)** |
| Derivatives | **123,048** | **-** | **-** | **-** | **123,048** | **123,048** | **-** |
| **Total** | **$ 123,048** | **$ 37,552,565** | **$ 4,142,467** | **$ 16,901** | **$ 41,834,981** | **$ 41,549,175** | **$ (285,806)** |
| Financial Liabilities | | | | | | | |
| Deposits[1] | **$ -** | **$ 33,434,322** | **$ -** | **$ -** | **$ 33,434,322** | **$ 33,496,378** | **$ 62,056** |
| Debt | **-** | **3,738,589** | **-** | **-** | **3,738,589** | **3,775,397** | **36,808** |
| Derivatives | **59,427** | **-** | **-** | **-** | **59,427** | **59,427** | **-** |
| **Total** | **$ 59,427** | **$ 37,172,911** | **$ -** | **$ -** | **$ 37,232,338** | **$ 37,331,202** | **$ 98,864** |
| **As at April 30, 2024** | | | | | | | |
| Total Financial Assets | $ 78,488 | $ 37,277,121 | $ 3,818,521 | $ 17,292 | $ 41,191,422 | $ 40,938,239 | $ (253,183) |
| Total Financial Liabilities | $ 143,462 | $ 36,775,215 | $ - | $ - | $ 36,918,677 | $ 36,938,893 | $ 20,216 |
| **As at October 31, 2023** | | | | | | | |
| Total Financial Assets | $ 109,290 | $ 37,453,424 | $ 4,019,042 | $ 39,049 | $ 41,620,805 | $ 41,246,036 | $ (374,769) |
| Total Financial Liabilities | $ 198,596 | $ 37,194,697 | $ - | $ - | 37,393,293 | $ 36,979,189 | $ (414,104) |

(1) 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, 2023.

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, 2023.

***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:

| **As at July 31, 2024** | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Financial Assets | | | | |
| Cash resources | **$ 152,865** | **$ 139,057** | **$ 13,808** | **$ -** |
| Securities | **4,101,101** | **673,071** | **3,428,030** | **-** |
| Securities purchased under resale agreements | **-** | **-** | **-** | **-** |
| Loans | **37,172,161** | **-** | **-** | **37,172,161** |
| Derivatives | **123,048** | **-** | **123,048** | **-** |
| **Total** | **$ 41,549,175** | **$ 812,128** | **$ 3,564,886** | **$ 37,172,161** |
| Financial Liabilities | | | | |
| Deposits | **$ 33,496,378** | **$ -** | **$ 33,496,378** | **$ -** |
| Debt | **3,775,397** | **-** | **3,775,397** | **-** |
| Derivatives | **59,427** | **-** | **59,427** | **-** |
| **Total** | **$ 37,331,202** | **$ -** | **$ 37,331,202** | **$ -** |
| **As at April 30, 2024** | | | | |
| Financial Assets | $ 40,938,239 | $ 420,369 | $ 3,585,426 | $ 36,932,444 |
| Financial Liabilities | $ 36,938,893 | $ - | $ 36,938,893 | $ - |
| **As at October 31, 2023** | | | | |
| Financial Assets | $ 41,246,036 | $ 667,341 | $ 3,701,226 | $ 36,877,469 |
| Financial Liabilities | $ 36,979,189 | $ - | $ 36,979,189 | $ - |

Financial instruments that are not carried on the balance sheet at fair value, but where fair values are disclosed above, include select cash resource balances, securities purchased under resale agreements, loans, deposits 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, 2023. 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 | 2 to 5 Years | More than 5 Years | Non-interest Sensitive | Total |
|---|---|---|---|---|---|---|---|---|
| **July 31, 2024** | | | | | | | | |
| **Assets** | | | | | | | | |
| Cash resources and securities | **$ 728** | **$ 693** | **$ 944** | **$ 2,365** | **$ 1,849** | **$ 17** | **$ 23** | **$ 4,254** |
| Loans[1] | **14,943** | **2,579** | **6,459** | **23,981** | **13,245** | **247** | **(260)** | **37,213** |
| Other assets[2] | **-** | **-** | **-** | **-** | **-** | **-** | **995** | **995** |
| Derivative financial instruments[3] | **1,731** | **200** | **1,930** | **3,861** | **5,115** | **173** | **487** | **9,636** |
| **Total** | **17,402** | **3,472** | **9,333** | **30,207** | **20,209** | **437** | **1,245** | **52,098** |
| **Liabilities and Equity** | | | | | | | | |
| Deposits[1] | **13,984** | **1,501** | **6,179** | **21,664** | **11,462** | **305** | **(28)** | **33,403** |
| Other liabilities[2] | **-** | **-** | **-** | **-** | **-** | **-** | **1,021** | **1,021** |
| Debt | **115** | **218** | **896** | **1,229** | **2,531** | **-** | **(21)** | **3,739** |
| Equity | **-** | **-** | **-** | **-** | **575** | **-** | **3,724** | **4,299** |
| Derivative financial instruments[3] | **7,638** | **90** | **169** | **7,897** | **1,252** | **-** | **487** | **9,636** |
| **Total** | **21,737** | **1,809** | **7,244** | **30,790** | **15,820** | **305** | **5,183** | **52,098** |
| **Interest Rate Sensitive Gap** | **$ (4,335)** | **$ 1,663** | **$ 2,089** | **$ (583)** | **$ 4,389** | **$ 132** | **$ (3,938)** | **$ -** |
| **Cumulative Gap** | **$ (4,335)** | **$ (2,672)** | **$ (583)** | **$ (583)** | **$ 3,806** | **$ 3,938** | **$ -** | **$ -** |
| **Cumulative Gap as a Percentage of Total Assets** | **(8.3) %** | **(5.1)%** | **(1.1) %** | **(1.1) %** | **7.3 %** | **7.6 %** | **- %** | **- %** |
| **April 30, 2024** | | | | | | | | |
| Cumulative Gap | $ (4,275) | $ (2,568) | $ (93) | $ (93) | $ 3,648 | $ 3,751 | $ - | $ - |
| Cumulative Gap as a Percentage of Total Assets | (8.3) % | (5.0) % | (0.2) % | (0.2) % | 7.1 % | 7.3 % | - % | - % |
| **October 31, 2023** | | | | | | | | |
| Cumulative Gap | $ (4,240) | $ (1,294) | $ 1,103 | $ 1,103 | $ 3,421 | $ 3,692 | $ - | $ - |
| Cumulative Gap as a Percentage of Total Assets | (8.1) % | (2.5) % | 2.1 % | 2.1 % | 6.6 % | 7.1 % | - % | - % |

(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:

| July 31, 2024 | Floating Rate and Within 1 Month | 1 to 3 Months | 3 Months to 1 Year | Total Within 1 Year | 2 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|---|---|---|
| Total Assets | **7.0 %** | **5.5 %** | **5.2 %** | **6.3 %** | **5.0 %** | **5.6 %** | **5.8 %** |
| Total Liabilities | **4.2** | **3.9** | **4.3** | **4.2** | **4.4** | **5.2** | **4.3** |
| **Interest Rate Sensitive Gap** | **2.8 %** | **1.6 %** | **0.9 %** | **2.1 %** | **0.6 %** | **0.4 %** | **1.5 %** |
| **April 30, 2024** | | | | | | | |
| Total Assets | 7.2 % | 5.0 % | 5.0 % | 6.3 % | 4.9 % | 5.6 % | 5.7 % |
| Total Liabilities | 4.4 | 4.0 | 4.1 | 4.4 | 4.1 | 5.3 | 4.3 |
| **Interest Rate Sensitive Gap** | 2.8 % | 1.0 % | 0.9 % | 1.9 % | 0.8 % | 0.3 % | 1.4 % |
| **October 31, 2023** | | | | | | | |
| Total Assets | 7.2 % | 4.7 % | 4.6 % | 6.1 % | 4.7 % | 5.7 % | 5.6 % |
| Total Liabilities | 4.5 | 4.5 | 3.9 | 4.4 | 3.8 | 4.8 | 4.2 |
| **Interest Rate Sensitive Gap** | 2.7 % | 0.2 % | 0.7 % | 1.7 % | 0.9 % | 0.9 % | 1.4 % |

## 13. Interest Income

The composition of our interest income follows:

| | For the three months ended | | For the nine months ended | |
|---|---|---|---|---|
| | **July 31 2024** | July 31 2023 | **July 31 2024** | July 31 2023 |
| Loans and leases measured at amortized cost[1] | **$ 631,758** | $ 592,718 | **$ 1,864,095** | $ 1,664,432 |
| Securities | | | | |
| Debt securities measured at FVOCI[1] | **32,641** | 14,350 | **103,241** | 41,091 |
| Securities purchased under resale agreements measured at amortized cost[1] | **1,197** | 2,555 | **3,773** | 7,341 |
| Deposits with regulated financial institutions measured at FVOCI[1] | **2,653** | 2,537 | **11,335** | 6,718 |
| **Total** | **$ 668,249** | $ 612,160 | **$ 1,982,444** | $ 1,719,582 |

(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, 2023 and in the Capital Management section of the Q3 2024 Management's Discussion and Analysis.

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 July 31 2024** | As at April 30 2024 | As at October 31 2023 |
|---|---|---|---|
| Regulatory capital, net of deductions | | | |
| Common equity Tier 1 | **$ 3,337,058** | $ 3,289,206 | $ 3,157,495 |
| Tier 1 | **3,912,058** | 3,864,206 | 3,732,495 |
| Total | **4,571,246** | 4,771,098 | 4,388,046 |
| Capital ratios | | | |
| Common equity Tier 1 | **10.2 %** | 10.1 % | 9.7 % |
| Tier 1 | **11.9** | 11.8 | 11.5 |
| Total | **14.0** | 14.6 | 13.5 |
| Leverage ratio | **9.0** | 8.9 | 8.5 |

As at July 31, 2024, we complied with all external capital requirements.

# Shareholder Information

## CWB Financial Group Corporate Headquarters

Suite 3000, 10303 Jasper Avenue NW
CWB Place
Edmonton, AB T5J 3X6
Telephone: (780) 423-8888
Fax: (780) 423-8897
cwb.com

## 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

CWB Financial Group
Suite 3000, 10303 Jasper Avenue NW
CWB Place
Edmonton, AB T5J 3X6
Telephone: (780) 508-8229
Toll-free: (800) 836-1886
Email: InvestorRelations@cwbank.com

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 sedarplus.ca.

**Quarterly Conference Call and Webcast**

CWB's quarterly conference call and live audio webcast will take place on August 30, 2024 at 10:30 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 September 6, 2024, by dialing 1 (888) 390-0541 and entering passcode 895054#.