CWB FINANCIAL GROUP

NEWS RELEASE

CWB reports very strong second quarter financial performance
Record total revenue with pre-tax, pre-provision income up 19% compared to last year
Adjusted cash earnings per common share of $0.73 up 24% from last year
Higher net interest margin and positive operating leverage

"I'm pleased to report that CWB closed the first half of the year with a robust second quarter, and we are well-positioned for a strong second half," said Chris Fowler, President and CEO. "Second quarter highlights include record total revenues, very strong 19% growth of pre-tax, pre-provision income from last year, 24% growth of adjusted cash earnings per common share, with our strongest quarter of organic loan growth since 2016 and positive operating leverage. We were pleased to deliver a higher net interest margin this quarter, including contributions from the business lending assets we acquired on January 31, and we continue to deliver strong credit quality with an improving trend in impairments."

"Excellent financial performance this quarter directly reflects ongoing execution of our balanced growth strategy. We continue to work hard to expand the scope of what we can offer to our current and future clients, and to increase our presence in targeted geographic markets and industries. With continued investment in our people and technology, we are better-equipped to deliver personalized service that consistently meets our clients' sense of urgency. We were excited to onboard our first full-service clients to the CWB Virtual Branch this quarter as we make steady progress to develop more and deeper relationships with the owners of successful businesses driving strong growth across the country."

Second Quarter 2018 Highlights[(1)] (compared to the same period in the prior year)

- Very strong performance with common shareholders' net income of $60 million, up 27%, pre-tax, pre-provision income of $107 million, up 19%, and record total revenue of $197 million, up 14%.
- Diluted and adjusted cash earnings per common share of $0.68 and $0.73, up 26% and 24%, respectively. Business lending assets acquired on January 31, 2018, contributed approximately $0.03 of adjusted cash earnings per common share.
- Robust operating leverage of 5.4%.
- Continued execution of CWB's balanced growth strategy with 12% loan growth. Loan growth included expansion in every province, with the strategically targeted general commercial and equipment financing and leasing categories accounting for over 80% of the increase from last year.
- Net interest margin of 2.61%, up seven basis points from last year and nine basis points from last quarter.
- Strong credit quality, with the provision for credit losses as a percentage of average loans at 20 basis points, compared to 25 basis points last year and 18 basis points last quarter.
- Gross impaired loans represented 0.50% of total loans, down from 0.62% last year and 0.57% last quarter.
- Very strong Basel III regulatory capital ratios under the *Standardized* approach for calculating risk-weighted assets, including 9.4% common equity Tier 1 (CET1).

(1) Highlights include certain non-IFRS measures – refer to definitions on page 22.

Edmonton, June 7, 2018 – CWB Financial Group (TSX: CWB) (CWB) today announced very strong second quarter financial performance with common shareholders' net income of $60 million and pre-tax, pre-provision income of $107 million, up 27% and 19%, respectively, from the second quarter last year. Record total revenue of $197 million was up 14% from last year, including a very strong 17% increase in net interest income. Higher net interest income reflects the combined benefits of strong 12% loan growth and a seven basis point increase in net interest margin to 2.61%. Non-interest income was 8% lower with decreases in several categories partially offset by higher 'other' non-interest income. Business lending assets acquired on January 31, 2018, contributed 3% to year-over-year loan growth. Credit quality was strong, with the provision for credit losses representing 20 basis points of average loans, down from 25 basis points last year. These factors were partly offset within common shareholders' net income by increases in non-interest expenses and acquisition-related fair value changes. Diluted and adjusted cash earnings per common share of $0.68 and $0.73 were up 26% and 24%, respectively. The business lending assets acquired last quarter contributed approximately $0.03 to adjusted cash earnings per common share.

Compared to the prior quarter, common shareholders' net income was 2% lower and pre-tax, pre-provision income was unchanged. Total revenue increased 2%. Net interest income was up 4%, as the combined benefits of 2% loan growth and a nine basis point increase in net interest margin were partially offset by three fewer interest-earning days. Non-interest income was down 15%, mainly reflecting gains recorded last quarter related to strategic transactions within CWT to appoint successor trustees for certain accounts. The provision for credit losses was 20 basis points as a percentage of average loans, compared to 18 basis points last quarter. Non-interest expenses were 4% higher sequentially and acquisition-related fair value changes were up 3%. Diluted and adjusted cash earnings per common share were down 1% and 3%, respectively.

Year-to-date common shareholders' net income of $122 million and pre-tax, pre-provision income of $214 million were up 26% and 16%, respectively. Strong earnings growth reflects a 12% increase in total revenue, including 13% growth of net interest income and a 2% increase in non-interest income. Higher net interest income was driven by 10% loan growth, on an average balance basis, and a seven basis point increase in net interest margin. Higher non-interest income mainly reflects gains associated with CWT's strategic transactions, partially offset by lower trust fees due to the transfer of certain CWT accounts, and lower credit related fee income. The year-to-date provision for credit losses of 19 basis points as a percentage of average loans was down from 26 basis points last year. These factors were partially offset by reductions to common shareholders' net income attributable to higher non-interest expenses and acquisition-related fair value changes. Diluted and adjusted cash earnings per common share of $1.37 and $1.48 were up 25% and 23%, respectively.

Execution of CWB Financial Group's Balanced Growth strategy

Balanced Growth Objective	Strategic Execution
Full-service client growth with a focus on business owners, including further geographic and industry diversification	➢ 12% year-over-year loan growth, including 9% organic growth. ➢ 17% year-over-year loan growth outside of Alberta. ➢ Proportion of loan portfolio in Central and Eastern Canada increased to 26% from 21% one year ago, with Ontario up to 21% from 17%. ➢ Increased business diversification with 25% year-over-year growth of general commercial loans and 20% growth of equipment financing and leasing.
Growth and diversification of funding sources	➢ 12% deposit growth with higher branch-raised deposits. ➢ Increased use of securitization, with the portfolio acquired on January 31, 2018 primarily funded through CWB's established securitization channels. ➢ Increased use of debt capital markets with four successful senior deposit note issuances totaling $1.3 billion over the past twelve months.
Optimized capital management through transition to the *Advanced Internal Ratings Based Approach* (AIRB)	➢ On track to apply for transition to the AIRB approach in fiscal 2019.

Balanced growth of assets and funding sources

Total loans at April 30, 2018 of $24,793 million were up 12% from last year, 2% from the prior quarter and 7% from October 31, 2017. The composition of year-over-year loan growth was consistent with CWB's Balanced Growth strategy, with 9% organic growth complemented by purchased assets to deliver further industry and geographic diversification. Ontario accounted for nearly 60% of CWB's loan growth from last year, reflecting the combined impact of acquired growth and ongoing strong performance from CWB's established businesses with a national footprint, including CWB Maxium, CWB Optimum Mortgage, CWB National Leasing, and CWB Franchise Finance. Central and Eastern Canada now account for 26% of CWB's total loan portfolio, up from 21% last year. British Columbia represents 34%, and Alberta comprises 32% of the total. The strategically targeted general commercial, and equipment financing and leasing categories were up 25% and 20%, respectively, from the second quarter last year, with increases in these categories accounting for over 80% of total annual loan growth. This partly reflects the purchase of business lending assets on January 31, 2018.

CWB also continues to execute on key strategic objectives to grow and diversify core funding sources. Total deposits increased 12% from April 30, 2017. Branch-raised deposits were up 2% on an annual basis, including very strong 24% growth of branch-raised term deposits partially offset by lower balances of demand and notice deposits. With respect to funding diversification, we doubled the balance of outstanding securitization funding compared to one year ago, and increased the proportion of total deposits from capital markets to 12% from 9%. Growth of funding from capital markets reflects the impact of four successful senior deposit note issuances totaling $1.3 billion over the past twelve months. Increased securitization primarily reflects our success in funding the January 31 purchase of business lending assets mainly through CWB's existing securitization channel. Of note, there was no increase in broker-sourced deposits as a proportion of total funding this quarter.

Ongoing enhancements to CWB's client experience in support of full-service client relationships

CWB continues to deliver enhanced client experiences through a number of targeted initiatives. We were excited to launch the pilot phase of the CWB Virtual Branch last quarter, and were very pleased to successfully onboard our first full-service CWB Virtual Branch clients in Ontario during the second quarter. The CWB Virtual Branch offers a differentiated remote banking experience for business owners, with access to high-touch, personal client service from experienced commercial banking relationship managers and cash management specialists. This unique approach to remote service delivery is complemented by convenient on-line banking options, including remote deposit capture for business, electronic signature capabilities for easy account opening, enhanced on-line wire transfer services, and next generation online banking tools for businesses, which allow small business clients to house their business and personal banking on a common platform. Further improvements to CWB's digital capabilities will include simple features to automatically transfer pre-authorized debits and credits to accounts at CWB. These are key steps to enhance CWB's full-service banking experience. Together we expect these initiatives to improve our client experience and support development of broader client relationships across the country.

Strong credit quality

Strong overall credit quality continues to reflect CWB's secured lending business model, disciplined underwriting practices and proactive loan management. Gross impaired loans this quarter totaled $123 million and represented 0.50% of total loans. This compares favourably to $138 million, or 0.62%, last year and $137 million, or 0.57%, last quarter. While Alberta-based loans comprised 32% of CWB's total portfolio at April 30, 2018, Alberta-based impaired loans accounted for 47% of total impairments this quarter, unchanged from last year and down from 58% last quarter. The relative concentration of impaired loans in Alberta continues to reflect the lagging impacts of the 2015 – 2016 regional recession, and remains consistent with management's expectations. Gross impairments outside of Alberta represented 0.38% of total non-Alberta loans, compared to 0.51% last year and 0.36% in the prior quarter.

The second quarter provision for credit losses of 20 basis points of average loans was down from 25 basis points in the same period last year and up from 18 basis points in the prior quarter. The level of the provision in each of the last four quarters is consistent with CWB's traditional range of 18 – 23 basis points.

Although periodic increases in the balance of impaired loans may occur, loss rates on current and future impaired loans are expected to be consistent with CWB's prior experience, where write-offs have been low as a percentage of impaired loans.

Efficient operations and positive operating leverage

The second quarter efficiency ratio of 45.4% improved 230 basis points from the same quarter last year and increased 80 basis points from last quarter. The year-to-date efficiency ratio of 45.0% improved 190 basis points from a year ago.

Operating leverage, which is calculated as the growth rate of total revenue less the growth rate of non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets, over the past twelve months, was 5.4% in the second quarter, compared to negative 1.7% in the same period last year, and up from 3.9% in the previous quarter. The year-to-date operating leverage was positive 4.6%, up from 0.3% last year.

Prudent capital management and dividends

At April 30, 2018, CWB's capital ratios were 9.4% common equity Tier 1, 10.6% Tier 1 and 12.3% Total capital. With a very strong capital position under the more conservative *Standardized* approach for calculating risk-weighted assets, CWB is well-positioned to create value for shareholders through a range of capital deployment options consistent with our balanced growth strategy. Ongoing support and development of each of CWB's core businesses will remain a key priority, and we will continue to evaluate potential strategic acquisitions.

The common share dividend declared yesterday of $0.25 per share is up two cents, or 9%, from the dividends declared one year ago and consistent with the dividend declared last quarter. While the dividend payout ratio this quarter was approximately 36%, we expect earnings growth to result in migration of this metric toward 30% while supporting our track record of dividend increases over the medium-term.

Medium-term Performance Target Ranges

CWB's performance target ranges for key financial metrics reflect the objectives embedded within CWB's strategic direction and a time horizon consistent with the longer-term interests of our shareholders. These targets are based on expectations for moderate economic growth and a relatively stable net interest margin environment in Canada over the three- to five-year forecast horizon. Our target ranges are presented in the following table:

Key Metrics[1]	Medium-term Performance Target Ranges	Second Quarter Context
Adjusted cash earnings per common share growth	7 - 12%	Exceeded target at 24%.
Adjusted return on common shareholders' equity	12 - 15%	Met target at 12%.
Operating leverage	Positive	Met target at positive 5.4%.
Common equity Tier 1 capital ratio under the Standardized approach	Strong	Maintained a very strong ratio of 9.4%.
Common share dividend payout ratio	~30%	Delivered 36%.

(1) See definitions on page 22.

About CWB Financial Group

CWB Financial Group (CWB) is a diversified financial services organization serving businesses and individuals across Canada. Operating from its headquarters in Edmonton, Alberta, CWB's key business lines include full service business and personal banking offered through 43 branches of Canadian Western Bank, including the CWB Virtual Branch, and Internet banking services provided by Motive Financial. Highly responsive specialized financing is delivered under the banners of CWB Optimum Mortgage, CWB Equipment Financing, CWB National Leasing, CWB Maxium Financial and CWB Franchise Finance. Trust Services are offered through Canadian Western Trust. Comprehensive wealth management offerings are provided through CWB Wealth Management, which includes the businesses of McLean & Partners Wealth Management and Canadian Western Financial. As a public company on the Toronto Stock Exchange (TSX), CWB trades under the symbols "CWB" (common shares), "CWB.PR.B" (Series 5 Preferred Shares) and "CWB.PR.C" (Series 7 Preferred Shares). Learn more at www.cwb.com.

Fiscal 2018 Second Quarter Results Conference Call

CWB's second quarter results conference call is scheduled for Thursday, June 7, 2018, at **12:00 p.m. ET (10:00 a.m. MT**). CWB's executives will comment on financial results and respond to questions from analysts.

The conference call may be accessed on a listen-only basis by dialing (703) 736-7380 (Toronto) or (844) 400-1695 (toll free) and entering passcode: 7873985. The call will also be webcast live on CWB's website:

www.cwb.com/investor-relations/webcasts-and-events.

A replay of the conference call will be available until June 14, 2018, by dialing (404) 537-3406 (Toronto) or (855) 859-2056 (toll-free) and entering passcode 7873985.

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Selected Financial Highlights[1]

(unaudited) ($ thousands, except per share amounts)	For the three months ended April 30 2018	January 31 2018	April 30 2017	Change from April 30 2017	For the six months ended April 30 2018	April 30 2017	Change from April 30 2017
Results from Operations							
Net interest income	**$ 177,986**	$ 171,267	$ 152,156	17 %	**$ 349,253**	$ 307,905	13 %
Non-interest income	**18,600**	21,950	20,287	(8)	**40,550**	39,765	2
Total revenue	**196,586**	193,217	172,443	14	**389,803**	347,670	12
Pre-tax, pre-provision income	**107,247**	107,064	90,203	19	**214,311**	184,467	16
Common shareholders' net income	**60,464**	61,929	47,594	27	**122,393**	97,136	26
Earnings per common share							
Basic	**0.68**	0.70	0.54	26	**1.38**	1.10	25
Diluted	**0.68**	0.69	0.54	26	**1.37**	1.10	25
Adjusted cash	**0.73**	0.75	0.59	24	**1.48**	1.20	23
Return on common shareholders' equity	**11.1 %**	11.1 %	9.2 %	190 bp[2]	**11.1 %**	9.3 %	180 bp[2]
Adjusted return on common shareholders' equity	**12.0**	12.0	10.1	190	**12.0**	10.2	180
Return on assets	**0.89**	0.91	0.79	10	**0.90**	0.79	11
Efficiency ratio	**45.4**	44.6	47.7	(230)	**45.0**	46.9	(190)
Net interest margin	**2.61**	2.52	2.54	7	**2.57**	2.50	7
Operating leverage	**5.4**	3.9	(1.7)	710	**4.6**	0.3	430
Provision for credit losses as a percentage of average loans	**0.20**	0.18	0.25	(5)	**0.19**	0.26	(7)
Number of full-time equivalent staff	**2,112**	2,085	1,993	6 %	**2,112**	1,993	6 %
Per Common Share							
Cash dividends	**$ 0.25**	$ 0.24	$ 0.23	9 %	**$ 0.49**	$ 0.46	7 %
Book value	**25.40**	24.98	24.27	5	**25.40**	24.27	5
Closing market value	**34.07**	38.70	26.83	27	**34.07**	26.83	27
Common shares outstanding (thousands)	**88,831**	88,772	88,300	1	**88,831**	88,300	1
Balance Sheet and Off-Balance Sheet							
Assets	**$ 28,134,203**	$ 27,914,204	$ 24,617,568	14 %			
Loans	**24,793,351**	24,268,866	22,215,190	12			
Deposits	**22,828,859**	22,812,435	20,473,739	12			
Debt	**2,004,306**	2,083,444	1,167,217	72			
Shareholders' equity	**2,521,583**	2,482,909	2,408,064	5			
Assets under administration	**8,568,385**	9,027,373	11,614,170	(26)			
Assets under management	**2,161,473**	2,187,193	2,064,422	5			
Capital Adequacy							
Common equity Tier 1 ratio	**9.4 %**	9.4 %	9.6 %	(20) bp[2]			
Tier 1 ratio	**10.6**	10.6	10.9	(30)			
Total ratio	**12.3**	12.3	12.7	(40)			

(1) Non-IFRS measures defined on page 22.

(2) bp – basis point change.

Management’s Discussion and Analysis

This management’s discussion and analysis (MD&A), dated June 6, 2018, should be read in conjunction with Canadian Western Bank’s (CWB) unaudited condensed interim consolidated financial statements for the period ended April 30, 2018, and the audited consolidated financial statements and MD&A for the year ended October 31, 2017, available on SEDAR at www.sedar.com and CWB’s website at www.cwb.com.

Forward-looking Statements

From time to time, CWB makes written and verbal forward-looking statements. Statements of this type are included in the Annual Report and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about CWB’s 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 management’s predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that its assumptions may not be correct and that its strategic goals will not be achieved.

A variety of factors, many of which are beyond CWB’s control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Canada, including the volatility and 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, legislative and regulatory developments, legal developments, the level of competition, the occurrence of natural catastrophes, changes in accounting standards and policies, the accuracy and completeness of information CWB receives about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and management’s ability to anticipate and manage the risks associated with these factors. It is important to note that the preceding list is not exhaustive of possible factors.

Additional information about these factors can be found in the Risk Management section of CWB’s annual Management’s Discussion and Analysis (MD&A). These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause CWB’s actual results to differ materially from the expectations expressed in such forward-looking statements. Unless required by securities law, CWB does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

Assumptions about the performance of the Canadian economy over the forecast horizon and how it will affect CWB’s businesses are material factors considered when setting organizational objectives and targets. In determining expectations for economic growth, CWB primarily considers economic data and forecasts provided by the Canadian government and its agencies, as well as an average of 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 sections of this MD&A, and/or Outlook sections of CWB’s MD&A for the year ended October 31, 2017.

Strategic Transactions

On October 30, 2017, CWB entered into a definitive asset purchase agreement to acquire for cash approximately $900 million of equipment loans and leases, and general commercial lending assets. The transaction closed on January 31, 2018, and totaled approximately $850 million (referred to as the "business lending assets acquired"). The business lending assets acquired are fully aligned with CWB's Balanced Growth strategy, including strategic objectives for industry and geographic diversification. The portfolio is primarily comprised of assets concentrated within the transportation, construction and healthcare industries, with approximately three quarters of the exposures distributed across Central and Eastern Canada. The transaction was immediately accretive to earnings per common share and return on common shareholders' equity, with positive contributions beginning this quarter to net interest margin and operating leverage. Management expects the acquired portfolio to contribute approximately $0.10 of adjusted cash earnings per common share in both fiscal 2018 and 2019, while contributing to a slight increase in the provision for credit losses as a percentage of average loans. CWB's common equity Tier 1 capital (CET1) ratio remained in a very strong position upon closing, with approximately 25 basis points of existing CET1 capital deployed on January 31, 2018, as part of the purchase. Management funded the portfolio primarily through its securitization facilities.

On August 16, 2017, CWB announced that Canadian Western Trust (CWT) will focus its activities within business lines that are most aligned with the strategic objectives of CWB Financial Group, and will no longer offer self-directed account services to holders of certain securities, and CWT initiated a process to appoint successor trustees for these accounts (referred to as the "CWT strategic transactions"). As a result of this process, CWB realized pre-tax gains on sale of approximately $6 million, or $0.06 of adjusted cash earnings per common share, in the fourth quarter of fiscal 2017 and approximately $3 million, or $0.03 of adjusted cash earnings per common share, in the first quarter of fiscal 2018. Annual revenue associated with the transferred accounts to date was approximately $3 million. In aggregate, approximately $93 million of CWT branch-raised deposits and $3 billion of assets under administration has transferred to the successor trustees. Further transfers of deposits and assets under administration related to this process, with associated gains on sale, may occur but are not expected to be material.

Overview

Q2 2018 vs. Q2 2017

Common shareholders' net income of $60 million and pre-tax, pre-provision income of $107 million were up 27% and 19%, respectively. Record total revenue of $197 million was up 14% from last year, including a very strong 17% increase in net interest income. Higher net interest income reflects the combined benefits of strong 12% loan growth and a seven basis point increase in net interest margin to 2.61%. Non-interest income was 8% lower with decreases in several categories partially offset by higher 'other' non-interest income. Business lending assets acquired on January 31, 2018, contributed 3% to total loan growth. Credit quality was strong, with the provision for credit losses representing 20 basis points of average loans, down from 25 basis points last year. These factors were partly offset within common shareholders' net income by increases in non-interest expenses and acquisition-related fair value changes. Diluted and adjusted cash earnings per common share of $0.68 and $0.73 were up 26% and 24%, respectively. The business lending assets acquired last quarter contributed approximately $0.03 to adjusted cash earnings per common share.

Q2 2018 vs. Q1 2018

Common shareholders' net income was 2% lower and pre-tax, pre-provision income was unchanged. Total revenue increased 2%. Net interest income was up 4%, as the combined benefits of 2% loan growth and a nine basis point increase in net interest margin were partially offset by three fewer interest-earning days. Non-interest income was down 15%, mainly reflecting gains recorded last quarter related to strategic transactions within CWT to appoint successor trustees for certain accounts. The provision for credit losses was 20 basis points as a percentage of average loans, compared to 18 basis points last quarter. Non-interest expenses were 4% higher sequentially and acquisition-related fair value changes were up 3%. Diluted and adjusted cash earnings per common share were down 1% and 3%, respectively.

YTD 2018 vs. YTD 2017

Common shareholders' net income of $122 million and pre-tax, pre-provision income of $214 million were up 26% and 16%, respectively. Strong earnings growth reflects a 12% increase in total revenue, including 13% growth of net interest income and a 2% increase in non-interest income. Higher net interest income was driven by 7% loan growth and a seven basis point increase in net interest margin.

Higher non-interest income mainly reflects gains associated with CWT's strategic transactions, partially offset by lower trust fees due to the transfer of certain CWT accounts, and lower credit related fee income. The provision for credit losses of 19 basis points as a percentage of average loans was down from 26 basis points last year. These factors were partially offset within common shareholders' net income by higher non-interest expenses and acquisition-related fair value changes. Diluted and adjusted cash earnings per common share of $1.37 and $1.48 were up 25% and 23%, respectively.

Adjusted ROE and ROA

The second quarter adjusted return on common shareholders' equity (ROE) was consistent with CWB's medium-term target range at 12.0%. This result was up 190 basis points from the same period last year and unchanged from the previous quarter. Strong year-over-year growth of profitability reflects continued execution of CWB's Balanced Growth strategy, with well-diversified loan growth, ongoing diversification of funding sources, higher net interest margin, a normalized credit experience and disciplined control of non-interest expenses.

Year-to-date adjusted ROE of 12.0% was up 180 basis points from last year driven by the same factors mentioned above, as well as the impact of CWT-related gains on sale within non-interest income.

The second quarter return on assets (ROA) of 0.89% was up 10 basis points from the same period last year driven by the same factors above. Sequentially, ROA was down two basis points due to the combined impact of slightly lower common shareholders' net income and asset growth. Year-to-date ROA of 0.90% was up 11 basis points from last year.

Outlook for profitability ratios

Over the medium-term, management expects CWB's earnings growth and profitability to benefit from the expansion of existing client relationships through exceptional service and enhanced client experiences, the attraction of new full-service clients and the planned transition to the *Advanced Internal Ratings Based* (AIRB) methodology for managing credit risk and calculating risk-weighted assets. The assets acquired on January 31, 2018, offer relatively higher yields at a lower average risk-weighting than CWB's overall portfolio. Related earnings contributions were accretive to profitability beginning this quarter.

Total Revenue

Record quarterly total revenue of $197 million, comprised of net interest income and non-interest income, increased 14% from the same quarter last year and 2% from the previous quarter. Year-to-date total revenue of $390 million was up 12%.

Net Interest Income

Commencing last quarter, CWB discontinued the use of the taxable equivalent basis (teb) non-IFRS measure as the teb adjustment is no longer of material significance to CWB's results. Previously, teb increased interest income and the provision for income taxes to what they would have been had certain tax-exempt securities been taxed at the statutory rate..

Q2 2018 vs. Q2 2017

Net interest income of $178 million increased 17%, reflecting the combined benefits of 12% loan growth and a seven basis point increase in net interest margin. The increase in net interest margin primarily reflects higher asset yields, mainly due to an increase in the average prime rate of 75 basis points, which more than offset higher funding costs.

Q2 2018 vs. Q1 2018

Net interest income was up 4%, reflecting the combined positive impacts of 2% loan growth and a nine basis point increase in net interest margin, partially offset by three fewer interest-earning days. Net interest margin benefitted from both higher asset yields and favourable changes in asset mix, with growth of higher-yielding loan portfolios and lower average balances of cash and securities. Funding costs were higher due to both the impact of the January Bank of Canada rate increase on floating and administered rate deposits, and replacement of maturing broker deposits with new deposits sourced at higher rates and longer average duration.

YTD 2018 vs. YTD 2017

Net interest income of $349 million was up 13% ($41 million), reflecting 10% loan growth, on an average balance basis, and a seven basis point increase in net interest margin. The change in net interest margin primarily reflects an overall increase in asset yields, mainly due to the impact of three successive Bank of Canada rate increases, partially offset by higher funding costs and changes in funding mix.

Interest rate sensitivity

Note 15 to the unaudited interim consolidated financial statements summarizes CWB's exposure to interest rate risk as at April 30, 2018. The estimated sensitivity of net interest income to a change in interest rates is presented in the table below. The amounts represent the estimated change in net interest income that would result over the following 12 months from a one-percentage point parallel shift in the yield curve. The estimates are based on a number of assumptions and factors, which include:

- a constant structure in the interest sensitive asset and liability portfolios;
- interest rate changes affecting interest sensitive assets and liabilities by proportionally the same amount, except floor levels for various deposit liabilities and certain floating rate loans, and applied at the appropriate repricing dates; and,
- no early redemptions

($ thousands)	**April 30 2018**	January 31 2018	April 30 2017
Estimated impact on net interest income of a 1% increase in interest rates			
1 year	**$ 10,142**	$ 1,427	$ 8,755
1 year percentage change	**1.44 %**	0.21 %	1.41 %
Estimated impact on net interest income of a 1% decrease in interest rates			
1 year	**$ (12,748)**	$ (6,115)	$ (9,810)
1 year percentage change	**(1.81)%**	(0.90)%	(1.58)%

In addition to the projected changes in net interest income noted above, it is estimated that a one-percentage point increase in all interest rates at April 30, 2018 would increase unrealized losses related to available-for-sale securities and the fair value of interest rate swaps designated as hedges, and result in a reduction in other comprehensive income of approximately $90 million, net of tax (April 30, 2017 – $61 million). It is estimated that a one-percentage point decrease in all interest rates at April 30, 2018 would have the opposite effect, increasing other comprehensive income by approximately $88 million, net of tax (April 30, 2017 – $62 million). Management maintains the asset liability structure and interest rate sensitivity within CWB's established policies through pricing and product initiatives, as well as the use of interest rate swaps.

Outlook for net interest margin

CWB's Balanced Growth strategy targets growth of branch-raised funding sources along with selective, geographically diversified loan growth in higher yielding portfolios with an acceptable risk profile. The combined positive impact of continued strategic execution and the higher interest rate environment is expected to support up to five basis points of net interest margin improvement in fiscal 2018 compared to last year. Competitive pressure on loan yields is expected to remain apparent, and deposit costs are expected to move incrementally higher this year, due to both competitive factors and cumulative impacts from the Bank of Canada's rate increases in both the previous twelve months and expectations for an additional increase before the end of this fiscal year. Management may periodically increase balance sheet liquidity in the event of macroeconomic or financial market volatility, and in preparation for upcoming maturities and/or transactions. Acceleration of loan growth in 2018 may require increased utilization of the relatively higher-cost broker deposit funding channel, where depositors have begun to demonstrate a preference for longer duration.

Non-interest Income

Q2 2018 vs. Q2 2017

Non-interest income of $19 million was down 8% ($2 million) reflecting decreases in various categories. Trust services fees were down $1 million due to the transfer of certain CWT accounts to successor trustees. Lower credit related fees partly relates to the shift in loan growth to emphasize general commercial loans, which tend to be associated with lower fees as compared to real estate loans with more complex structures. In addition, the first two quarters of last year included both recognition of certain loan fees when collected, along with the remaining amortization of fees collected prior to the new banking system conversion. 'Other' non-interest income was up $1 million, primarily reflecting increases in foreign exchange and derivative-related income.

Q2 2018 vs. Q1 2018

Non-interest income was down 15% ($3 million), mainly due to lower 'other' non-interest income as gains related to the CWT strategic transactions were recorded last quarter.

YTD 2018 vs. YTD 2017

Non-interest income of $41 million was up 2%, as gains related to the CWT strategic transactions within 'other' non-interest income were partially offset by lower trust services fees as a result of the CWT transactions, and lower credit related fees. The decrease in credit related fees primarily relates to the same factors noted above.

Outlook for non-interest income

Growth of non-interest income is expected to reflect CWB's strategy to extend and deepen relationships with both new and existing business and personal clients. This includes a continued focus to deliver strong, high-quality loan growth with associated fee income, as well as enhanced transactional capabilities in cash management and other retail services, including CWB's relationship-based, branch-raised deposit franchise. Credit related fee income through the remainder of fiscal 2018 is expected to be relatively consistent with the first half of the year. Management expects increases in wealth management revenue to result over the medium term from solid performance within CWB Wealth Management, including organic growth of discretionary investment services, and further growth of proprietary investment products. Trust services revenue will likely be lower this year compared to 2017 as a result of the CWT strategic transactions. Further gains related to these transactions may occur, but are not expected to be material. Based on the current composition of the securities portfolio, net gains/losses on securities are not expected to contribute materially to non-interest income in fiscal 2018; however, the magnitude and timing of gains or losses are dependent on market factors that are difficult to predict.

Acquisition-related Fair Value Changes

The change in estimated fair value of contingent consideration related to the acquisition of CWB Maxium was $5 million in the second quarter, up 10% from the same period last year and 3% higher than last quarter. Primarily reflecting continued strong operating performance, this brings the year-to-date change in estimated fair value consideration to $10 million, up 12% from $9 million in the same period last year. Cumulative future charges of approximately $18 million ending in the second quarter next year would represent maximum payout available through the purchase agreement.

Non-interest Expenses

Q2 2018 vs. Q2 2017

Non-interest expenses of $91 million were up 8% ($7 million), primarily due to an 8% increase in salaries and benefits. Higher salaries and benefits mainly reflected hiring activity to support overall business growth and annual salary increments. 'Other' expenses were up 11% ($2 million) mainly due to higher employee recruitment costs and consultant fees, along with an increase in advertising expenses to support business diversification and funding strategies. Premises and equipment expenses increased 7% ($1 million), primarily reflecting ongoing investment in technology infrastructure to position CWB for future growth.

Q2 2018 vs. Q1 2018

Non-interest expenses were up 4% ($3 million), mainly driven by 'other' expenses. Growth in 'other' expenses reflected the same factors mentioned above. Premises and equipment expenses were up 6% ($1 million), while salaries and benefits were unchanged from the prior quarter.

YTD 2018 vs. YTD 2017

Year-to-date non-interest expenses of $179 million increased 7% ($12 million) primarily due to 7% ($8 million) growth of salaries and benefits, reflecting the same factors noted above. 'Other' expenses were up 8% ($3 million) mainly due to employee recruitment and regulatory costs. Premises and equipment expenses were up 6% ($2 million) due to ongoing investment in technology infrastructure.

Efficiency ratio and operating leverage

The second quarter efficiency ratio of 45.4%, which measures non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets, divided by total revenue, improved 230 basis points from the same quarter last year, primarily reflecting revenue growth associated with CWB's strong strategic execution, in combination with disciplined control of non-interest expenses.

The efficiency ratio was up 80 basis points sequentially as growth of non-interest expenses outpaced the increase in total revenue, mainly reflecting three fewer interest earning days this quarter.

On a year-to-date basis, the efficiency ratio of 45.0% improved 190 basis points as strong growth in total revenue more than offset the increase in non-interest expenses.

Operating leverage, which is calculated as the growth rate of total revenue less the growth rate of non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets, over the same period last year was positive 5.4% compared to negative 1.7% last year and positive 3.9% last quarter. On a year-to-date basis, operating leverage of positive 4.6% was up 430 basis points from last year.

Outlook for the efficiency ratio and operating leverage

CWB's medium-term targets for growth of adjusted cash earnings per share and positive operating leverage incorporate expectations for strong business growth supported through strategic investment in people, technology and infrastructure, along with effective control of expense growth. Management anticipates CWB will deliver positive operating leverage over the medium-term, albeit at a considerably more moderate rate than was apparent this quarter. CWB's average annual efficiency ratio over the past three years is approximately 46%, and the efficiency ratio is expected to continue to fluctuate around this level.

Income Taxes

The second quarter effective income tax rate was 27.3%, compared to 27.0% in the same quarter last year and 26.7% in the prior quarter. The difference compared to last quarter's effective rate mainly relates to the tax treatment of the CWT-related gain. On a year-to-date basis, the effective income tax rate was 27.0%, unchanged from last year.

Outlook for income taxes

CWB's expected income tax rate for 2018 is approximately 27.5%.

Comprehensive Income

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

Q2 2018 vs. Q2 2017

Comprehensive income of $63 million was down 5% from the same period last year, as a $13 million increase in net income was more than offset by a $16 million decline in OCI.

Changes in OCI, all net of tax, resulted from decreases in the change in fair value of available-for-sale securities ($15 million) and derivatives designated as cash flow hedges ($1 million). CWB's portfolio of available-for-sale securities is comprised of debt securities and investment grade preferred shares. Fluctuations in value are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve. The difference compared to last year primarily reflects the impact on market values of government debt securities from three successive Bank of Canada rate increases.

YTD 2018 vs. YTD 2017

Comprehensive income of $103 million was down $6 million, with a $25 million increase in net income more than offset by a $31 million decline in OCI.

Changes within OCI reflected the same factors mentioned above, with decreases in the change in fair value of available-for-sale securities ($26 million) and derivatives designated as cash flow hedges ($6 million) contributing to lower OCI for the period.

Balance Sheet

The quarter end balance of total assets of $28,134 million was up 14% from last year and 1% from last quarter.

Cash and securities

Cash, securities and securities purchased under resale agreement totaled $2,810 million at April 30, 2018, compared to $1,935 million last year and $3,062 million last quarter. CWB maintains prudent liquidity levels at all times while remaining compliant with the Liquidity Adequacy Requirements guideline established by the Office of the Superintendent of Financial Institutions Canada (OSFI). CWB's liquidity management is based on an internal stressed cash flow model, with the level of cash and securities driven primarily by the term structure of both assets and liabilities.

The cash and securities portfolio is comprised of high quality debt instruments and investment grade preferred shares that are not held for trading purposes and, where applicable, are typically held until maturity. Net unrealized losses on cash and securities recorded on the balance sheet of $59 million were up from $28 million last year and $53 million last quarter. Fluctuations in value are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve. The difference compared to last year primarily reflects lower market values of government debt securities mainly due to increases in the Bank of Canada's overnight rate. The change from the prior quarter mainly reflects lower market values of other debt securities and preferred shares.

Nil net realized gains/losses on securities were down from $0.5 million of net gains in the second quarter last year and consistent with last quarter. Year-to-date net realized gains/losses on securities were also nil, compared to net gains of $0.6 million last year. Based on the current composition of the securities portfolio, net gains/losses on securities going forward are not expected to have a material impact on non-interest income, although debt security and preferred share market conditions are inherently unpredictable in the short-term.

Loans

Total loans, excluding the allowance for credit losses, of $24,916 million increased 12% ($2,588 million) from last year, 2% ($523 million) from the prior quarter and 7% ($1,570 million) over the past six months. The acquisition of business lending assets at the end of the first quarter contributed 3% to annual and year-to-date loan growth.

(unaudited) (millions)	**April 30 2018**	January 31 2018	April 30 2017	Change from April 30 2017
General commercial loans	**$ 6,992**	$ 6,769	$ 5,605	25 %
Personal loans and mortgages	**4,974**	4,786	4,476	11
Equipment financing and leasing	**4,565**	4,534	3,797	20
Commercial mortgages	**4,266**	4,265	4,151	3
Real estate project loans	**4,008**	3,939	4,148	(3)
Oil and gas production loans	**111**	100	151	(26)
Total loans outstanding[1]	**$ 24,916**	$ 24,393	$ 22,328	12 %

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

Year-over-year growth by lending sector was consistent with CWB's Balanced Growth strategy, with 9% organic growth complemented by the purchased assets to deliver further industry and geographic diversification. Strategically targeted general commercial loans led growth by lending sector in dollar terms with an increase of $1,387 million. Equipment financing and leasing increased $768 million, and growth of personal loans and mortgages of $498 million was also strong, reflecting continued increases in both alternative and A mortgages. Commercial mortgages were up $115 million from last year. Real estate project loans contracted $140 million, with net growth in British Columbia more than offset by the impact of successful project completions and payouts in Alberta and Ontario. Lagging impacts of the 2015 – 2016 regional recession have resulted in fewer new real estate project lending opportunities in Edmonton and Calgary. Outstanding balances within CWB's small portfolio of oil and gas production loans declined by $40 million over the past year.

On a sequential basis, total loan growth was led by general commercial category ($223 million), followed by personal loans and mortgages ($188 million), where A residential mortgages comprised 56% of the increase. Real estate project loans were up $69 million. Equipment financing and leasing added $31 million, as strong organic growth of 2% ($87 million) more than offset approximately $56 million of paydowns and payouts within the acquired portfolio. Oil and gas production loans were up sequentially for the first time since early 2016, with an increase of $11 million, while commercial mortgage balances were unchanged.

(unaudited) (millions)	**April 30 2018**	January 31 2018	April 30 2017	Change from April 30 2017
British Columbia	**$ 8,381**	$ 8,258	$ 7,727	8 %
Alberta	**7,984**	7,835	7,858	2
Ontario	**5,304**	5,032	3,777	40
Saskatchewan	**1,361**	1,344	1,327	3
Manitoba	**748**	745	726	3
Quebec	**613**	664	543	13
Other	**525**	515	370	42
Total loans outstanding(1)	**$ 24,916**	$ 24,393	$ 22,328	12 %

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

Continued growth of CWB's business presence within Central and Eastern Canada reflects the geographic diversification objectives clearly defined within its Balanced Growth strategy. Nearly 60% of annual loan growth was originated in Ontario ($1,527 million), including support from the portfolio acquisition last quarter. CWB's geographic diversification objective is further underpinned by ongoing strong performance from established businesses with a national footprint, including CWB Maxium, CWB Optimum Mortgage, CWB National Leasing, and CWB Franchise Finance. The combination of organic and acquired growth drove a 37% annual increase in CWB's outstanding loans within Central and Eastern Canada. These regions now account for 26% of CWB's total loan portfolio, up from 21% one year ago. British Columbia, which represents 34% of CWB's total loan balances, also delivered strong annual growth of $654 million. Outstanding loan balances in Alberta, which now represents 32% of the portfolio, increased $126 million. Balances in Quebec, Saskatchewan, and Manitoba increased $70 million, $34 million, and $22 million, respectively, from last year.

On a sequential basis, total outstanding loans were up across all provinces except Quebec, with the strongest growth apparent in Ontario ($272 million) and Alberta ($149 million), closely followed by British Columbia ($123 million).

CWB Optimum Mortgage

Total loans of $2,893 million within CWB Optimum increased 15% ($382 million) year-over-year, with more constrained 2% growth ($67 million) compared to the prior quarter, and 5% ($147 million) since October 31, 2017. Slower year-to-date growth in fiscal 2018 is consistent with management's previously stated expectations. Compared to the second quarter last year, total originations in dollar terms were 6% lower, while the renewal rate within CWB Optimum increased to 79% from 70%. Growth for the quarter was driven almost exclusively by alternative mortgages secured via first mortgages carrying a weighted average loan-to-value at initiation of approximately 66%. The book value of alternative mortgages represented 94% of CWB Optimum's total portfolio at quarter end, compared to 93% last year and 95% from the prior quarter. At approximately 56% of the total, Ontario represents the largest geographic exposure by province within CWB Optimum's portfolio, followed by Alberta at 18% and British Columbia at 17%. The average size of CWB Optimum mortgages originated in the second quarter was approximately $348,000, and the average size of mortgages outstanding at April 30, 2018 was $292,000.

Outlook for loans

CWB will continue to support high-quality borrowers with a focus on business owners operating within targeted industry segments across Canada. Management remains committed to delivering double-digit annual loan growth whenever prudent. This includes a continued focus on secured loans that offer an appropriate return and acceptable risk profile. Loan growth is expected to be strong across most of CWB's national geographic footprint. Business opportunities within Alberta and Saskatchewan are expected to continue to gain momentum as these provincial economies continue to recover from two years of recession in 2015 and 2016.

Within Ontario, growth is expected to continue to benefit from ongoing contributions of CWB Maxium and CWB Franchise Finance, as well as ongoing strong activity within CWB National Leasing and CWB Optimum Mortgage. The business lending assets acquired at the end of the first quarter may also provide incremental growth through retention and renewal of client relationships that are consistent with management's risk appetite. However, in view of the acquired portfolio's relatively short, approximately two-year weighted average duration, some degree of near-term run-off is expected to continue. Management continues to expect the outstanding balance of the acquired portfolio to be approximately $600 – $700 million at October 31, 2018.

In consideration of CWB's overall risk appetite for alternative mortgages as a proportion of total loans and the full scope of regulatory changes affecting residential mortgages, growth within CWB Optimum is expected to slow compared to prior years, to a level resembling overall growth across the rest of the loan portfolio. Overall growth within CWB's portfolio of residential mortgages is expected to be in the mid- to high-single digits in percentage terms this year.

Changes to OSFI's Guideline B-20: *Residential Mortgage Underwriting Practices and Procedures* appear to have somewhat curtailed market activity and reduced the pace of home price increases across the country. In particular, the 200 basis point qualifying stress test and limits on co-lending arrangements have made it more difficult for certain prospective buyers to qualify for uninsured mortgages, and constrained originations within CWB Optimum compared to prior periods; however, the changes have also resulted in increased renewals with existing borrowers, as well as incremental new lending opportunities within the alternative mortgage space as all federally-regulated mortgage lenders have been affected by revisions to the guideline. Management will continue to assess the potential impact of all macroprudential and regulatory changes on mortgage-related growth opportunities, including measures introduced through the British Columbia government's most recent budget and plan for housing affordability.

While CWB does not expect changes to Guideline B-20 to have a material impact on growth opportunities within its real estate project lending portfolio, management will continue to assess the potential impact of the new measures in British Columbia on future construction-related opportunities in that province. In general, CWB expects to continue to identify opportunities to finance well-capitalized developers on the basis of sound loan structures and acceptable pre-sale/lease levels.

Credit Quality

Strong overall credit quality continues to reflect CWB's secured lending business model, disciplined underwriting practices and proactive loan management.

(unaudited) ($ thousands)	For the three months ended **April 30 2018**	 January 31 2018	 April 30 2017	Change from April 30 2017
Gross impaired loans, beginning of period	**$ 137,194**	$ 168,261	$ 124,439	10 %
New formations	**10,420**	22,525	37,705	(72)
Reductions, impaired accounts paid down or returned to performing status	**(12,923)**	(46,646)	(16,538)	(22)
Write-offs	**(11,737)**	(6,946)	(7,772)	51
Total[1]	**$ 122,954**	$ 137,194	$ 137,834	(11) %
Balance of the ten largest impaired accounts	**$ 51,112**	$ 57,420	$ 67,402	(24) %
Total number of accounts classified as impaired[3]	**244**	239	234	4
Gross impaired loans as a percentage of total loans	**0.50 %**	0.57 %	0.62 %	(12) bp[2]

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $4,737 (January 31, 2018 – $4,093, April 30, 2017 – $3,436).
(2) bp – basis point change.
(3) Total number of accounts excludes CWB National Leasing.

The dollar level of gross impaired loans in the second quarter totaled $123 million, compared to $138 million last year and $137 million in the prior quarter. The dollar level of gross impaired loans represented 0.50% of total loans at quarter-end, down from 0.62% from last year and 0.57% in the previous quarter. Gross impaired loans within Alberta this quarter totaled $58 million and accounted for 47% of total impairments, compared to $65 million or 47% of gross impairments in the same period last year and $80 million or 58% of total impairments last quarter. The relative concentration of impaired loans in Alberta continues to reflect the lagging impacts of the 2015 – 2016 regional recession, and is consistent with management's expectations. Gross impairments outside Alberta represented 0.38% of total non-Alberta loans, compared to 0.51% last year and 0.36% last quarter.

The level of gross impaired loans fluctuates as loans become impaired and are subsequently resolved, and does not directly reflect the dollar value of expected write-offs given tangible security held in support of lending exposures. The overall loan portfolio is reviewed regularly with credit decisions undertaken on a case-by-case basis to provide early identification of possible adverse trends.

As at April 30, 2018, the total allowance for credit losses (collective and specific) was $146 million, compared to $136 million one year ago and $142 million last quarter. The total allowance for credit losses represented 118% of gross impaired loans at quarter end, compared to 99% last year and 104% in the prior quarter. The collective allowance for credit losses increased 2% over the past twelve months and was relatively unchanged from the prior quarter.

Provision for credit losses

The second quarter provision for credit losses of 20 basis points of average loans was down from 25 basis points in the same period last year and up from 18 basis points in the previous quarter. The level of the provision in each of the last four quarters is consistent with CWB's traditional range of 18 – 23 basis points.

On a year-to-date basis, the provision for credit losses as a percentage of average loans was 19 basis points, compared to 26 basis points last year.

CWB will adopt IFRS 9 – *Financial Instruments*, the new accounting standard for loan losses and impairment, and begin to calculate the provision for credit losses using the expected credit loss methodology on November 1, 2018.

Outlook for credit quality

Overall credit quality is expected to continue to reflect CWB's secured lending business model, disciplined underwriting practices and proactive loan management. Periodic increases in the balance of impaired loans may occur across the portfolio, and gross impaired loans within CWB's exposures secured by residential real estate may increase in the event of a material correction of residential home prices. Loss rates on current and future impaired loans are expected to be low. This expectation is consistent with CWB's prior experience, where write-offs have typically been low as a percentage of impairments.

Deposits and Funding

CWB continues to execute on key strategic objectives to diversify funding sources. Total deposits of $22,829 million were up 12% ($2,355 million) from last year and stable compared to the prior quarter. Branch-raised deposits were up 2% on an annual basis, including 24% growth of fixed term deposits, and were stable compared to the prior quarter. Branch-raised demand and notice deposit balances were down 8% ($624 million) from last year and 3% ($191 million) from the previous quarter, partly due to competitive factors. CWB nearly doubled the balance of outstanding securitization funding compared to one year ago, mainly reflecting success in funding the January 31 purchase of business lending assets primarily through CWB's existing securitization channels. Further funding diversification has been achieved through four successful issuances of senior deposit notes, totaling $1.3 billion over the past twelve months.

Personal deposits represented 61% of total deposits at April 30, 2018, compared to 62% last year and 60% last quarter. Total deposits by type and source are summarized below:

(unaudited) ($ millions)	As at **April 30 2018**	 January 31 2018	 April 30 2017	Change from April 30 2017
Deposits by source and type				
CWB Financial Group branch-raised				
Demand and notice	**$ 7,388**	$ 7,579	$ 8,012	(8) %
Term	**4,575**	4,337	3,702	24
	11,963	11,916	11,714	2
Broker term	**8,155**	8,132	6,995	17
Capital markets	**2,711**	2,764	1,765	54
Total Deposits	**$ 22,829**	$ 22,812	$ 20,474	12 %

Total branch-raised deposits accounted for 52% of total deposits at quarter end, down from 57% last year and unchanged from the prior quarter. Demand and notice deposits comprised 32% of total deposits, compared to 39% last year and 33% last quarter, partly reflecting the impact of the transfer of deposits to the successor trustees for certain CWT accounts. Changes in the proportion of funding derived from branch-raised sources also reflect efforts to diversify funding sources through the above-mentioned issuance of capital markets deposits and increased use of securitization. Total funding raised through the debt capital markets of $2,711 million represented 12% of total deposits at April 30, 2018, up from 9% last year and unchanged from last quarter. The deposit broker network remains an efficient source for raising 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. CWB raises only fixed-term broker deposits, with terms to maturity between one and five years, and does not offer a High Interest Savings Account (HISA) product. Term deposits raised through the broker network represented 36% of total funding at quarter end, up from 34% last year and unchanged from the first quarter.

Securitization

Securitized leases, loans and mortgages are reported on-balance sheet with total loans. The gross amount of securitized leases and loans at April 30, 2018 was $1,729 million, compared to $906 million one year ago and $1,816 million last quarter.

The gross amount of mortgages securitized under the National Housing Act Mortgage Backed Securities (NHA MBS) program was $572 million (January 31 2018 - $460 million; April 30 2017 – $373 million). Year-to-date total funding from the securitization of leases, loans and mortgages was $835 million (2017 – $190 million), with the increase mainly reflecting success in funding the January 31 asset purchase primarily through securitization, as noted above.

Outlook for deposits and funding

CWB's strategic focus to grow and diversify funding sources will continue. This includes a goal to increase relationship-based branch-raised deposits, with particular emphasis on demand and notice deposits. This funding segment is typically lower cost and provides associated transactional fee income. Future growth in the proportion of branch-raised funding is also a key strategic objective because it reflects success in strengthening targeted full-service client relationships.

Continued development of new and more effective products, along with an ongoing strategic focus on business transformation and process improvement, are expected to enhance CWB's client experience, strengthen CWB's competitive position and support various growth initiatives related to branch-raised funding over the medium term. CWB's growing market presence to support strong performance against these goals will include further development of digital banking capabilities and may also include periodic expansion of full-service branches.

For example, CWB launched the pilot phase of the CWB Virtual Branch last quarter, and management was pleased to successfully onboard the first full-service CWB Virtual Branch clients in Ontario during the second quarter. The CWB Virtual Branch offers a differentiated remote banking experience for business owners, with access to high-touch, personal client service from experienced commercial banking relationship managers and cash management specialists. This unique approach to remote service delivery is complemented by convenient on-line banking options, including our recently deployed remote deposit capture technology. Along with next generation online banking tools which allow small business clients to house their business and personal banking on a common platform, these are key steps to enhance CWB's full-service banking experience for business owners. Management expects these initiatives to improve CWB's client experience and support development of broader client relationships across the country.

Continued diversification of funding sources is also expected to include increased utilization of both debt capital markets and CWB's growing securitization capabilities. Securitization of leases through CWB National Leasing and residential mortgages through the NHA MBS program and the Canada Mortgage Bonds (CMB) program this year is expected to continue, and will increase over the medium–term.

Other Assets and Other Liabilities

Other assets totaled $531 million at April 30, 2018, compared to $467 million last year and $584 million last quarter, with the sequential difference mainly due to collection of a commodity tax receivable related to the acquisition of business lending assets on January 31, 2018.

Other liabilities totaled $777 million at April 30, 2018, compared to $567 million last year and $533 million last quarter. The higher balance of other liabilities mainly reflected the increase in repurchase agreements used for liquidity management.

Off-Balance Sheet

Off-balance sheet items include assets under administration and assets under management. Total assets under administration, which are comprised of trust assets, mortgages under service agreements and third-party leases under administration, totaled $8,568 million at April 30, 2018, compared to $11,614 million one year ago and $9,027 million last quarter. Approximately $3,042 million of assets under administration transferred to successor trustees as part of the CWT strategic transactions over the past year. Further transfers related to this process may occur in forthcoming periods, but are not expected to be material. Assets under management were $2,161 million at quarter end, up 5% from $2,064 million a year earlier and down 1% from $2,187 million last quarter.

Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit). CWB does not utilize, nor does it have exposure to, collateralized debt obligations or credit default swaps. For additional information regarding other off-balance sheet items refer to Note 13 of the unaudited interim consolidated financial statements for the period ended April 30, 2018, as well as Note 21 of the audited consolidated financial statements in CWB's 2017 Annual Report.

Capital Management

OSFI requires Canadian financial institutions to manage and report regulatory capital in accordance with the Basel III capital management framework. CWB currently reports its regulatory capital ratios using the *Standardized* approach for calculating risk-weighted assets, which requires CWB to carry significantly more capital for certain credit exposures compared to requirements under the AIRB methodology. For this reason, regulatory capital ratios of banks that utilize the *Standardized* approach are not directly comparable with the large Canadian banks and other financial institutions which utilize the AIRB methodology. CWB's 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.

With very strong capital ratios of 9.4% CET1, 10.6% Tier 1 and 12.3% Total capital at April 30, 2018, CWB is well-positioned to create value for shareholders through a range of capital deployment options consistent with our balanced growth strategy. Ongoing support and development of each of CWB's core businesses will remain a key priority, and we will continue to evaluate potential strategic acquisitions. CWB's Basel III leverage ratio of 8.0% at quarter end remains very strong.

A normal course issuer bid (NCIB) authorizing CWB to purchase for cancellation prior to September 30, 2018, up to 1,767,000 common shares, representing approximately 2% of the issued and outstanding common shares, remains outstanding. No shares have been purchased through the NCIB to date. Management may choose to activate the NCIB in fiscal 2018 should appropriate circumstances become apparent.

Further details regarding CWB's regulatory capital and capital adequacy ratios are included in the following table:

(unaudited) ($ millions)	**As at April 30 2018**	As at January 31 2018	As at April 30 2017
Regulatory capital			
CET1 capital before deductions	**$ 2,290**	$ 2,254	$ 2,145
Net CET1 deductions	**(212)**	(211)	(207)
CET1 capital	**2,078**	2,043	1,938
Tier 1 capital(1)	**2,344**	2,308	2,204
Total capital(1)	**2,714**	2,679	2,572
Risk-weighted assets	**$ 22,157**	$ 21,825	$ 20,239
Capital adequacy ratios			
CET1	**9.4 %**	9.4 %	9.6 %
Tier 1	**10.6**	10.6	10.9
Total	**12.3**	12.3	12.7

(1) The 2018 inclusion of non-common equity instruments that do not include NVCC clauses is capped at 40% of the January 1, 2013 outstanding balances (2017 - 50%). For all periods, there were no exclusions from regulatory capital related to NVCC instruments.

Book value per common share at April 30, 2018 was $25.40, compared to $24.27 last year and $24.98 last quarter. Changes in book value per common share primarily reflect sustained earnings growth.

Common shareholders received a quarterly cash dividend of $0.25 per common share on March 30, 2018. On June 6, 2018, CWB's Board of Directors declared a cash dividend of $0.25 per common share, payable on June 28, 2018 to shareholders of record on June 15, 2018. This quarterly dividend is two cents, or 9%, higher than the dividend declared one year ago and unchanged from the prior quarter. Common share dividend increases are evaluated every quarter against the dividend payout ratio target of approximately 30%, and capital requirements under the *Standardized* approach to support ongoing strong and balanced asset growth. While the dividend payout ratio this quarter was approximately 36%, management expects earnings growth to result in migration of this metric toward 30% over the medium-term.

Series 5 and Series 7 preferred shareholders received quarterly cash dividends of $0.275 and $0.390625 on April 30, 2018. On June 6, 2018, the Board of Directors also declared cash dividends on Series 5 and Series 7 Preferred Shares in amounts unchanged from the prior quarter, both payable on July 31, 2018 to shareholders of record on July 23, 2018.

Outlook for capital management

CWB continues to operate from a very strong capital position. Management will maintain strong capital ratios under the Standardized approach for calculating risk-weighted assets, above CWB's target thresholds and OSFI's required minimums. Target capital ratios, including an appropriate capital buffer over the prescribed OSFI minimums, are reconfirmed through CWB's regulatory capital planning.

The ongoing retention of earnings, net of expected common and preferred share dividends, is expected to support capital requirements associated with the anticipated achievement of CWB's medium-term performance target for a strong common equity Tier 1 ratio. The Basel Committee on Banking Supervision finalized Basel III reforms last quarter and OSFI has indicated it will launch a public consultation on the domestic implementation of the proposed reforms in 2018. Management believes that the reforms to the *Standardized* approach for credit risk, as recommended by the Basel Committee, would not have a material impact on CWB's capital position or capital management.

AIRB transition plan

CWB's project continues in support of an application to OSFI for transition to the AIRB methodology for capital and risk management, including an anticipated three-year time frame ending in fiscal 2019. The AIRB approach will put CWB on more equal footing with its competition. It will add risk sensitivity to CWB's framework for capital management, increase risk quantification processes, improve risk-based pricing capabilities and economic capital estimations, improve CWB's stress testing capabilities and enhance CWB's ability to comply with new accounting standards and Internal Capital Adequacy Assessment Process (ICAAP) reporting requirements. These improved risk management capabilities will better equip CWB to allocate resources to target business segments that generate the most attractive risk-adjusted returns.

CWB's AIRB transition project is separated into several discrete phases, including: establishment of formalized project governance; creation of models including data collection, development and testing, deployment, operationalization and use test; model validation; implementation of CWB's risk-weighted asset production and capital reporting tools; and, submission of final application to OSFI. All material AIRB models and related scorecards were deployed into the business during the first quarter of 2018.

Work continues toward development of an enhanced enterprise data warehouse to serve as the repository for required data. Model validation and continuous improvement of existing models continues. Further development of CWB's risk function is also ongoing, including: three lines of defence enhancement; stress testing capabilities; and, economic capital estimation.

Significant Changes in Accounting Policies and Financial Statement Presentation

The unaudited interim consolidated financial statements for the quarter were prepared using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2017.

Future Accounting Changes

A number of standards and amendments have been issued by the International Accounting Standards Board (IASB) and are described in further detail in CWB's 2017 Annual Report. These standards and amendments may impact the presentation of financial statements in the future and management is currently reviewing these changes to determine the impact, if any. CWB continues to monitor the IASB's proposed changes to IFRS.

IFRS 9 – *Financial Instruments*

CWB will adopt IFRS 9 effective November 1, 2018, which addresses classification and measurement of financial assets and liabilities, impairment and hedge accounting.

IFRS 9 introduces a new impairment model based on expected credit losses (ECL) which will replace the existing incurred loss model under IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). ECL represents an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. This differs from the incurred loss model under IAS 39, which is designed to capture only losses that have been incurred, whether or not they have been specifically identified.

The new impairment model categorizes a financial asset into three stages based on changes in credit risk since inception:

- Stage one: From initial recognition until the date on which the financial asset has experienced a significant increase in credit risk, the loss allowance is measured based on credit losses expected from defaults occurring in the next 12 months.
- Stage two: A financial asset will move to stage two if it has experienced a significant increase in credit risk since inception and the loss allowance is measured based on credit losses expected from defaults occurring over the remaining life of the asset.
- Stage three: When a financial asset is identified as credit impaired, it will move to stage three and a loss allowance equal to full lifetime expected credit losses will be recognized. Interest income is recognized on the carrying amount of the asset, net of the impairment allowance.

A financial asset can move between stages depending on improvement or deterioration of credit risk. The consideration of relative changes in credit risk and incorporation of forward-looking information may result in the earlier recognition of credit losses and increase the volatility of provisions under IFRS 9 compared to IAS 39.

The determination of credit impairment under IFRS 9 is expected to be similar to the individual assessment of financial assets for objective evidence of impairment under current accounting standards and the write-off policy is expected to remain the same. CWB's specific allowances under IAS 39 will generally be replaced by stage three allowances under IFRS 9, while the collective allowance will generally be replaced by stage one and stage two allowances.

CWB's IFRS 9 transition activities in fiscal 2018 have focused on operationalizing impairment models, building an expected credit loss (ECL) calculation process and developing a comprehensive estimation governance framework. All material AIRB models, which are being leveraged to satisfy IFRS 9 requirements with consideration for specific differences between regulatory and accounting standards, were deployed into the business during the first quarter of 2018 and related scorecards are being populated to generate risk parameters for use in the estimation of ECL. Testing of the ECL calculation process and related governance is underway and the data, systems, models and parameters that support the calculations will undergo further refinement and validation throughout the remainder of the parallel run year. This includes assessing the process to forecast and incorporate multiple probability-weighted macroeconomic scenarios and calibrating triggers used to identify significant increases in credit risk.

During the remainder of the 2018 fiscal year, CWB will also focus on updating accounting and risk policies, as necessary, and developing required financial and regulatory disclosures. CWB's project is on schedule and management continues to monitor industry interpretations of IFRS 9 requirements and adjust implementation plans accordingly. The impact of transitioning to IFRS 9 has not yet been quantified.

Conceptual Framework for Financial Reporting

In March 2018, the IASB issued a revised version of the *Conceptual Framework for Financial Reporting* which assists the IASB in developing IFRS standards and serves as an accounting policy guide when no IFRS standard applies. The revision is effective for CWB's fiscal year beginning November 1, 2020 with early adoption permitted. CWB is in the process of assessing the impact.

Controls and Procedures

There were no significant changes in CWB's disclosure controls and procedures and internal controls over financial reporting that occurred during the quarter ended April 30, 2018 that have materially affected, or are reasonably likely to materially affect, CWB's 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 of CWB.

Third-party Credit Ratings

DBRS Limited (DBRS) maintains published credit ratings on CWB's long-term senior debt, long-term deposits, short-term debt, subordinated debentures, and both series of First Preferred Shares of "A (low)", "A (low)", "R1 (low)", "BBB (high)" and "Pfd-3", respectively, all with a stable outlook. 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. Management believes the ratings widen the base of clients and investors who can participate in CWB's offerings, while also lowering overall funding costs and the cost of capital.

Updated Share Information

As at May 31, 2018, there were 88,831,381 common shares and 3,047,997 stock options outstanding. For additional information on share capital and stock options, see Notes 18 and 19 of audited annual consolidated financial statements for the year ended October 31, 2017 and Notes 11 and 12 to the interim consolidated financial statements for this quarter.

Dividend Reinvestment Plan

CWB common shares (TSX: CWB) and preferred shares (TSX: CWB.PR.B; CWB.PR.C) are deemed eligible 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. CWB has elected to issue common shares for the Plan at the average market price (as defined in the Plan). Further details for the Plan are available on CWB's website.

Summary of Quarterly Financial Information

	2018		2017				2016	
($ thousands)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	**196,586**	$ 193,217	$ 195,122	$ 183,843	$ 172,443	$ 175,227	$ 168,252	$ 168,412
Common shareholders' net income	**60,464**	61,929	60,833	56,308	47,594	49,542	47,834	45,582
Earnings per common share								
Basic	**0.68**	0.70	0.69	0.64	0.54	0.56	0.54	0.55
Diluted	**0.68**	0.69	0.68	0.64	0.54	0.56	0.54	0.55
Adjusted cash	**0.73**	0.75	0.74	0.69	0.59	0.61	0.59	0.60
Total assets ($ millions)	**28,134**	27,914	26,447	25,345	24,618	24,815	25,223	25,185

The financial results for each of the last eight quarters are summarized above. In general, CWB's performance reflects a relatively consistent trend, although the second quarter contains three fewer revenue-earning days in non-leap years. Total revenue in the first quarter of 2018 and the fourth quarter of 2017 includes the impact of gains related to the CWT process to appoint successor trustees for certain accounts.

For additional details on variations between the prior quarters, refer to the summary of quarterly results section of CWB's MD&A for the year ended October 31, 2017 and the individual quarterly reports to shareholders which are available on SEDAR at www.sedar.com and on CWB's website at www.cwb.com.

Non-IFRS Measures

CWB uses a number of financial measures to assess its performance. These measures provide readers with an enhanced understanding of how management views the results. Non-IFRS measures may also provide readers the ability to analyze trends and provide comparisons with our competitors. These non-IFRS measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other financial institutions. The non-IFRS measures used in this MD&A are calculated as follows:

- pre-tax, pre-provision income - total revenue less non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets (see calculation below);
- adjusted cash earnings per common share – diluted earnings per common share calculated with adjusted common shareholders' net income (see calculation below), which excludes the amortization of acquisition-related intangible assets and contingent consideration fair value changes, net of tax. Excluded items are not considered to be indicative of ongoing business performance;
- return on common shareholders' equity – annualized common shareholders' net income divided by average common shareholders' equity;
- adjusted return on common shareholders' equity – annualized common shareholders' net income excluding the amortization of acquisition-related intangible assets and contingent consideration fair value changes, net of tax (see calculation below), divided by average common shareholders' equity;
- return on assets – annualized common shareholders' net income divided by average total assets;
- efficiency ratio – non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets, divided by total revenue, (see calculation below);
- net interest margin – annualized net interest income divided by average total assets;
- provision for credit losses as a percentage of average loans – annualized provision for credit losses divided by average total loans;
- operating leverage – growth rate of total revenue less growth rate of non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets;
- common share dividend payout ratio - common share dividends declared during the past twelve months divided by common shareholders' net income earned over the same period;
- Basel III common equity Tier 1, Tier 1 and Total capital ratios – in accordance with guidelines issued by OSFI; and
- average balances – average daily balances.

Of note, commencing with the first quarter of 2018, CWB discontinued the use of the taxable equivalent basis non-IFRS measure as it is no longer of material significance to CWB's results. Previously, teb increased interest income and the provision for income taxes to what they would have been had certain tax-exempt securities been taxed at the statutory rate.

Adjusted Financial Measures

(unaudited) ($ thousands)	For the three months ended **April 30 2018**	January 31 2018	April 30 2017	Change from April 30 2017	For the six months ended **April 30 2018**	April 30 2017	Change from April 30 2017
Non-interest expenses	**$ 91,120**	$ 87,917	$ 84,139	8 %	**$ 179,037**	$ 166,954	7 %
Adjustments (before tax):							
Amortization of acquisition-related intangible assets	**(1,781)**	(1,764)	(1,899)	(6)	**(3,545)**	(3,751)	(5)
Adjusted non-interest expenses	**$ 89,339**	$ 86,153	$ 82,240	9 %	**$ 175,492**	$ 163,203	8 %
Common shareholders' net income	**$ 60,464**	$ 61,929	$ 47,594	27 %	**$ 122,393**	$ 97,136	26 %
Adjustments (after-tax)							
Acquisition-related fair value changes	**3,749**	3,640	3,392	11	**7,389**	6,576	12
Amortization of acquisition-related intangible assets	**1,315**	1,344	1,399	(6)	**2,659**	2,763	(4)
Adjusted common shareholders' net income	**$ 65,528**	$ 66,913	$ 52,385	25 %	**$ 132,441**	$ 106,475	24 %

Pre-tax, pre-provision income

(unaudited) ($ thousands)	For the three months ended **April 30 2018**	January 31 2018	April 30 2017	Change from April 30 2017	For the six months ended **April 30 2018**	April 30 2017	Change from April 30 2017
Total revenue	**$ 196,586**	$ 193,217	$ 172,443	14 %	**$ 389,803**	$ 347,670	12 %
Less:							
Adjusted non-interest expenses	**89,339**	86,153	82,240	9	**175,492**	163,203	8
Pre-tax, pre-provision income	**$ 107,247**	$ 107,064	$ 90,203	19 %	**$ 214,311**	$ 184,467	16 %

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at April 30 2018	As at January 31 2018	As at October 31 2017	As at April 30 2017	Change from April 30 2017
Assets						
Cash Resources						
Cash and non-interest bearing deposits with financial institutions		**$ -**	$ 52,776	$ 17,491	$ 67,963	(100) %
Interest bearing deposits with regulated financial institutions	(Note 4)	**231,890**	320,394	503,895	722,075	(68)
Cheques and other items in transit		**-**	18,639	410	15,708	(100)
		231,890	391,809	521,796	805,746	(71)
Securities	(Note 4)					
Issued or guaranteed by Canada		**1,562,377**	1,639,543	1,307,298	725,527	115
Issued or guaranteed by a province or municipality		**542,297**	640,303	438,858	173,268	213
Other debt securities		**361,468**	257,768	308,421	88,614	308
Preferred shares		**98,733**	132,348	132,410	141,925	(30)
		2,564,875	2,669,962	2,186,987	1,129,334	127
Securities Purchased under Resale Agreements		**12,843**	-	-	-	100
Loans	(Notes 5 and 7)					
Personal		**4,974,101**	4,786,226	4,725,715	4,475,620	11
Business		**19,942,141**	19,606,672	18,619,853	17,852,517	12
		24,916,242	24,392,898	23,345,568	22,328,137	12
Allowance for credit losses	(Note 6)	**(122,891)**	(124,032)	(116,329)	(112,947)	9
		24,793,351	24,268,866	23,229,239	22,215,190	12
Other						
Property and equipment		**55,491**	54,798	56,115	56,131	(1)
Goodwill		**85,084**	85,353	85,669	85,669	(1)
Intangible assets		**153,201**	150,923	149,730	149,134	3
Derivative related	(Note 9)	**9,384**	15,464	12,393	5,437	73
Other assets		**228,084**	277,029	205,524	170,927	33
		531,244	583,567	509,431	467,298	14
Total Assets		**$ 28,134,203**	$ 27,914,204	$ 26,447,453	$ 24,617,568	14 %
Liabilities and Equity						
Deposits						
Personal		**$ 13,850,248**	$ 13,722,242	$ 13,394,562	$ 12,694,328	9 %
Business and government		**8,978,611**	9,090,193	8,508,420	7,779,411	15
		22,828,859	22,812,435	21,902,982	20,473,739	12
Other						
Cheques and other items in transit		**74,230**	54,756	55,545	54,192	37
Securities sold under repurchase agreements		**178,005**	-	58,358	102,553	74
Derivative related	(Note 9)	**50,145**	54,745	35,381	9,470	430
Other liabilities		**474,313**	423,530	455,009	401,228	18
		776,693	533,031	604,293	567,443	37
Debt						
Debt securities	(Note 8)	**1,754,306**	1,833,444	1,226,336	917,217	91
Subordinated debentures		**250,000**	250,000	250,000	250,000	-
		2,004,306	2,083,444	1,476,336	1,167,217	72
Equity						
Preferred shares	(Note 11)	**265,000**	265,000	265,000	265,000	-
Common shares	(Note 11)	**741,462**	740,133	731,885	725,912	2
Retained earnings		**1,567,671**	1,528,682	1,488,634	1,413,324	11
Share-based payment reserve		**23,743**	23,819	24,979	26,878	(12)
Other reserves		**(76,293)**	(74,725)	(49,453)	(23,050)	231
Total Shareholders' Equity		**2,521,583**	2,482,909	2,461,045	2,408,064	5
Non-controlling interests		**2,762**	2,385	2,797	1,105	150
Total Equity		**2,524,345**	2,485,294	2,463,842	2,409,169	5
Total Liabilities and Equity		**$ 28,134,203**	$ 27,914,204	$ 26,447,453	$ 24,617,568	14 %

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

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)	For the three months ended April 30 2018	January 31 2018	April 30 2017(1)	Change from April 30 2017	For the six months ended April 30 2018	April 30 2017(1)	Change from April 30 2017
Interest Income							
Loans	**$ 287,328**	$ 273,544	$ 235,249	22 %	**$ 560,872**	$ 479,049	17 %
Securities	**9,909**	8,891	5,255	89	**18,800**	12,285	53
Deposits with regulated financial institutions	**781**	1,982	2,447	(68)	**2,763**	4,516	(39)
	298,018	284,417	242,951	23	**582,435**	495,850	17
Interest Expense							
Deposits	**107,980**	104,247	83,860	29	**212,227**	173,334	22
Debt	**12,052**	8,903	6,935	74	**20,955**	14,611	43
	120,032	113,150	90,795	32	**233,182**	187,945	24
Net Interest Income	**177,986**	171,267	152,156	17	**349,253**	307,905	13
Non-interest Income							
Credit related	**7,774**	7,893	8,324	(7)	**15,667**	17,093	(8)
Wealth management services	**5,046**	5,042	5,490	(8)	**10,088**	9,792	3
Retail services	**2,472**	2,763	2,693	(8)	**5,235**	5,440	(4)
Trust services	**1,911**	2,177	3,016	(37)	**4,088**	5,965	(31)
Gains on securities, net	**17**	7	539	(97)	**24**	609	(96)
Other	**1,380**	4,068	225	513	**5,448**	866	529
	18,600	21,950	20,287	(8)	**40,550**	39,765	2
Total Revenue	**196,586**	193,217	172,443	14	**389,803**	347,670	12
Provision for Credit Losses (Note 6)	**11,946**	10,561	13,159	(9)	**22,507**	28,151	(20)
Acquisition-related Fair Value Changes	**5,100**	4,953	4,647	10	**10,053**	9,008	12
Non-interest Expenses							
Salaries and employee benefits	**58,345**	58,103	54,082	8	**116,448**	108,446	7
Premises and equipment	**15,804**	14,901	14,747	7	**30,705**	29,095	6
Other expenses	**16,971**	14,913	15,310	11	**31,884**	29,413	8
	91,120	87,917	84,139	8	**179,037**	166,954	7
Net Income before Income Taxes	**88,420**	89,786	70,498	25	**178,206**	143,557	24
Income taxes	**24,147**	24,007	19,009	27	**48,154**	38,704	24
Net Income	**64,273**	65,779	51,489	25	**130,052**	104,853	24
Net income attributable to non-controlling interests	**247**	287	333	(26)	**534**	592	(10)
Shareholders' Net Income	**64,026**	65,492	51,156	25	**129,518**	104,261	24
Preferred share dividends	**3,562**	3,563	3,562	-	**7,125**	7,125	-
Common Shareholders' Net Income	**$ 60,464**	$ 61,929	$ 47,594	27 %	**$ 122,393**	$ 97,136	26 %
Average number of common shares (in thousands)	**88,794**	88,629	88,271	1 %	**88,710**	88,227	1 %
Average number of diluted common shares (in thousands)	**89,222**	89,217	88,490	1	**89,235**	88,500	1
Earnings Per Common Share							
Basic	**$ 0.68**	$ 0.70	$ 0.54	26 %	**$ 1.38**	$ 1.10	25 %
Diluted	**0.68**	0.69	0.54	26	**1.37**	1.10	25

(1) During the fourth quarter of 2017, certain fee income was reclassified from retail services to wealth management services within Non-interest Income. Comparative figures have been restated to conform to the current period presentation.

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

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended April 30 2018	 April 30 2017	For the six months ended April 30 2018	 April 30 2017
Net Income	**$ 64,273**	$ 51,489	**$ 130,052**	$ 104,853
Other Comprehensive Income (Loss), net of tax				
Available-for-sale securities:				
Gains (losses) from change in fair value[1]	**(4,359)**	10,902	**(13,581)**	12,442
Reclassification to net income[2]	**(12)**	(395)	**(17)**	(446)
	(4,371)	10,507	**(13,598)**	11,996
Derivatives designated as cash flow hedges:				
Gains (losses) from change in fair value[3]	**1,797**	3,366	**(12,651)**	(6,881)
Reclassification to net income[4]	**1,006**	824	**(591)**	(586)
	2,803	4,190	**(13,242)**	(7,467)
	(1,568)	14,697	**(26,840)**	4,529
Comprehensive Income for the Period	**$ 62,705**	$ 66,186	**$ 103,212**	$ 109,382
Comprehensive income for the period attributable to:				
Shareholders of CWB	**$ 62,458**	$ 65,853	**$ 102,678**	$ 108,790
Non-controlling interests	**247**	333	**534**	592
Comprehensive Income for the Period	**$ 62,705**	$ 66,186	**$ 103,212**	$ 109,382

(1) Net of income tax of $1,662 and $5,038 for the three and six months ended April 30, 2018, respectively (2017 - $4,031 and $4,554).
(2) Net of income tax of $5 and $7 for the three and six months ended April 30, 2018, respectively (2017 – $149 and $163).
(3) Net of income tax of $637 and $4,679 for the three and six months ended April 30, 2018, respectively (2017 - $1,239 and $2,532).
(4) Net of income tax of $369 and $219 for the three and six months ended April 30, 2018, respectively (2017 - $303 and $216).

Items presented in other comprehensive income will be subsequently reclassified to the Consolidated Statement of Income when specific conditions are met.

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

Consolidated Statements of Changes in Equity

(unaudited) ($ thousands)		For the six months ended April 30 2018	 April 30 2017
Retained Earnings			
Balance at beginning of period		**$ 1,488,634**	$ 1,354,966
Shareholders' net income		**129,518**	104,261
Dividends – Preferred shares		**(7,125)**	(7,125)
– Common shares		**(43,481)**	(40,587)
Increase in equity attributable to non-controlling interests		**125**	1,809
Balance at end of period		**1,567,671**	1,413,324
Other Reserves			
Balance at beginning of period		**(49,453)**	(27,579)
Changes in available-for-sale securities		**(13,598)**	11,996
Changes in derivatives designated as cash flow hedges		**(13,242)**	(7,467)
Balance at end of period		**(76,293)**	(23,050)
Preferred Shares	(Note 11)		
Balance at beginning and end of period		**265,000**	265,000
Common Shares	(Note 11)		
Balance at beginning of period		**731,885**	718,377
Issued on acquisition-related contingent consideration instalment payment	(Note 14)	**5,750**	-
Issued under dividend reinvestment plan		**1,644**	2,057
Transferred from share-based payment reserve on the exercise or exchange of options		**2,183**	5,478
Balance at end of period		**741,462**	725,912
Share-based Payment Reserve			
Balance at beginning of period		**24,979**	31,276
Amortization of fair value of options	(Note 12)	**947**	1,080
Transferred to common shares on the exercise or exchange of options		**(2,183)**	(5,478)
Balance at end of period		**23,743**	26,878
Total Shareholders' Equity		**2,521,583**	2,408,064
Non-Controlling Interests			
Balance at beginning of period		**2,797**	773
Net income attributable to non-controlling interests		**534**	592
Dividends to non-controlling interests		**(882)**	(554)
Increase in equity attributable to non-controlling interests		**-**	411
Partial ownership decrease (increase)		**313**	(117)
Balance at end of period		**2,762**	1,105
Total Equity		**$ 2,524,345**	$ 2,409,169

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

Consolidated Statements of Cash Flow

(unaudited) ($ thousands)		For the six months ended April 30 2018	April 30 2017
Cash Flows from Operating Activities			
Net income		**$ 130,052**	$ 104,853
Adjustments to determine net cash flows:			
Provision for credit losses		**22,507**	28,151
Depreciation and amortization		**14,873**	14,428
Current income taxes receivable and payable		**(3,209)**	6,394
Amortization of fair value of employee stock options	(Note 12)	**947**	1,080
Accrued interest receivable and payable, net		**25,786**	(11,523)
Deferred income taxes, net		**(8,054)**	(1,460)
Net gain on CWT strategic transactions	(Note 3)	**(3,009)**	-
Gains on securities, net		**(24)**	(609)
Fair value change in contingent consideration	(Note 14)	**10,053**	9,008
Change in operating assets and liabilities:			
Deposits, net		**925,877**	(720,814)
Loans, net		**(1,583,483)**	(281,971)
Securities sold under repurchase agreements, net		**119,647**	102,553
Securities purchased under resale agreements, net		**(12,843)**	163,318
Other items, net		**(828)**	14,484
		(361,708)	(572,108)
Cash Flows from Financing Activities			
Contributions by non-controlling interests		**1,479**	2,220
Debt securities issued		**834,719**	189,682
Debt securities repaid		**(306,749)**	(215,663)
Debentures redeemed		**-**	(75,000)
Dividends		**(48,962)**	(45,655)
Dividends to non-controlling interests		**(882)**	(554)
		479,605	(144,970)
Cash Flows from Investing Activities			
Interest bearing deposits with regulated financial institutions, net		**272,005**	168,441
Securities, purchased		**(1,937,165)**	(2,916,115)
Securities, sale proceeds		**775,231**	2,907,865
Securities, matured		**767,820**	608,482
Proceeds from CWT strategic transactions	(Note 3)	**3,059**	-
Property, equipment and intangible assets		**(18,183)**	(12,003)
Partial ownership increase		**-**	(1,838)
Acquisition-related contingent consideration instalment payment	(Note 14)	**(17,250)**	(10,132)
		(154,483)	744,700
Change in Cash and Cash Equivalents		**(36,586)**	27,622
Cash and Cash Equivalents at Beginning of Period		**(37,644)**	1,857
Cash and Cash Equivalents at End of Period *		**$ (74,230)**	$ 29,479
* Represented by:			
Cash and non-interest bearing deposits with financial institutions		**$ -**	$ 67,963
Cheques and other items in transit (included in Cash Resources)		**-**	15,708
Cheques and other items in transit (included in Other Liabilities)		**(74,230)**	(54,192)
Cash and Cash Equivalents at End of Period		**$ (74,230)**	$ 29,479
Supplemental Disclosure of Cash Flow Information			
Interest and dividends received		**$ 588,389**	$ 505,327
Interest paid		**202,840**	201,797
Income taxes paid		**48,072**	35,372

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

(unaudited)
($ thousands, unless otherwise noted)

1. Basis of Presentation and Significant Accounting Policies

These unaudited condensed interim consolidated financial statements of Canadian Western Bank (CWB) have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2017. These interim consolidated financial statements of CWB, domiciled in Canada, have also been prepared in accordance with subsection 308 (4) of the Bank Act and the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). Under International Financial Reporting Standards (IFRS), additional disclosures are required in annual financial statements and accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2017.

The interim consolidated financial statements were authorized for issue by the Board of Directors on June 6, 2018.

2. Future Accounting Changes

CWB continues to monitor the IASB's proposed changes to accounting standards. Although not expected to materially impact CWB's 2018 consolidated financial statements, proposed changes may have a significant impact on future financial statements. Additional discussion on certain accounting standards that may impact CWB is included in the audited consolidated financial statements within CWB's 2017 Annual Report.

IFRS 9 – *Financial Instruments*

CWB will adopt IFRS 9 effective November 1, 2018. CWB's IFRS 9 transition activities in fiscal 2018 have focused on operationalizing impairment models, building an expected credit loss (ECL) calculation process and developing a comprehensive estimation governance framework. All material AIRB models, which are being leveraged to satisfy IFRS 9 requirements with consideration for specific differences between regulatory and accounting standards, were deployed into the business during the first quarter of 2018 and related scorecards are being populated to generate risk parameters for use in the estimation of ECL. Testing of the ECL calculation process and related governance is underway and the data, systems, models and parameters that support the calculations will undergo further refinement and validation throughout the remainder of the parallel run year. This includes assessing the process to forecast and incorporate multiple probability-weighted macroeconomic scenarios and calibrating triggers used to identify significant increases in credit risk.

During the remainder of the fiscal year, CWB will also focus on updating accounting and risk policies, as necessary, and developing required financial and regulatory disclosures. CWB is on schedule to meet transition timelines and continues to monitor industry interpretations of IFRS 9 requirements and adjust implementation plans accordingly. The impact of transitioning to IFRS 9 has not yet been quantified.

Conceptual Framework for Financial Reporting

In March 2018, the IASB issued a revised version of the *Conceptual Framework for Financial Reporting* which assists the IASB in developing IFRS standards and serves as an accounting policy guide when no IFRS standard applies. The revision is effective for CWB's fiscal year beginning November 1, 2020 with early adoption permitted. CWB is in the process of assessing the impact.

3. Strategic Transactions

Equipment Loans and Leases and General Commercial Lending Assets

On January 31, 2018, CWB acquired a portfolio of equipment loans and leases and general commercial lending assets, which added $846.0 million to performing loans at fair value. No goodwill or intangible assets were included in the purchase. No allowance for credit losses was recorded on the acquisition date and loans are evaluated for impairment at each balance sheet date using the same methodology as other CWB loans.

Canadian Western Trust (CWT)

On August 16, 2017, CWB announced that CWT, a wholly-owned subsidiary of CWB, will no longer offer self-directed account services to clients holding certain securities, and CWT initiated a process to appoint successor trustees for these accounts. Pre-tax gains of $3.0 million in the first quarter of 2018 related to these transactions are recorded in other non-interest income in the consolidated statements of income, reflecting sales proceeds less the carrying value of assets sold and related transaction costs. The carrying value of deposits transferred in the first quarter of 2018 totalled $21.9 million and the market value of the related assets under administration totalled $1.7 billion, along with $71.3 million of deposits and $1.3 billion of assets under administration in the fourth quarter of 2017.

The operations and cash flows of CWT's self-directed account services provided to clients holding certain securities cannot be clearly distinguished operationally or financially from the rest of CWB, nor do they represent a separate major line of business or geographic area of operations. As such, the transaction does not require the presentation of discontinued operations within the consolidated statements of income.

4. Securities

Net unrealized gains (losses) reflected on the consolidated balance sheets follow:

	As at April 30 2018	As at January 31 2018	As at October 31 2017
Interest bearing deposits with regulated financial institutions	**$ (24)**	$ (31)	$ (18)
Securities issued or guaranteed by			
Canada	**(33,196)**	(33,197)	(20,243)
A province or municipality	**(8,485)**	(8,710)	(4,652)
Other debt securities	**(2,750)**	462	1,750
Preferred shares	**(14,138)**	(11,016)	(16,749)
Unrealized Losses, Net	**$ (58,593)**	$ (52,492)	$ (39,912)

The securities portfolio is primarily comprised of high quality debt and equity instruments that are not held for trading purposes and, where applicable, are typically held until maturity. Fluctuations in value are generally attributed to changes in interest rates, market credit spreads and shifts in the interest rate curve as well as volatility in equity markets. As at April 30, 2018, CWB assessed the securities with unrealized losses and, based on available objective evidence, concluded that unrealized losses resulted from changes in interest rates and not from deterioration in creditworthiness of the issuers. No impairment losses were included in gains (losses) on securities, net during the three and six months ended April 30, 2018 (2017 – nil).

5. Loans

The composition of CWB's loan portfolio by geographic region and industry sector follows:

									Composition Percentage		
($ millions)	BC	AB	ON	SK	MB	QC	Other	Total	April 30 2018	January 31 2018	October 31 2017
Personal(1)	$ 1,325	$ 1,249	$ 1,999	$ 201	$ 106	$ -	$ 94	$ 4,974	20 %	20 %	20 %
Business											
General commercial loans	2,069	2,324	1,812	310	248	104	125	6,992	28	28	27
Equipment financing and leasing(2)	684	1,162	1,274	416	217	507	305	4,565	19	19	17
Commercial mortgages	1,726	2,083	89	271	94	2	1	4,266	17	17	18
Real estate project loans	2,577	1,067	130	151	83	-	-	4,008	16	16	17
Oil and gas production loans	-	99	-	12	-	-	-	111	-	-	1
	7,056	6,735	3,305	1,160	642	613	431	19,942	80	80	80
Total Loans(3)	$ 8,381	$ 7,984	$ 5,304	$ 1,361	$ 748	$ 613	$ 525	$ 24,916	100 %	100 %	100 %
Composition Percentage											
April 30, 2018	34 %	32 %	21%	5 %	3 %	3 %	2 %	100 %			
January 31, 2018	34 %	32 %	21%	5 %	3 %	3 %	2 %	100 %			
October 31, 2017	35 %	33 %	19%	6 %	3 %	2 %	2 %	100 %			

(1) Includes mortgages securitized through the *National Housing Act* Mortgage-backed Securities program reported on-balance sheet of $572 (January 31, 2018 – $460, October 31, 2017 – $381).
(2) Includes securitized leases reported on-balance sheet of $1,729 (January 31, 2018 – $1,816, October 31, 2017 – $1,212).
(3) This table does not include an allocation for credit losses.

6. Allowance for Credit Losses

The following table shows the changes in the allowance for credit losses:

	For the three months ended April 30, 2018			For the three months ended January 31, 2018		
	Specific Allowance	**Collective Allowance for Credit Losses**	**Total**	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	**$ 21,716**	**$ 120,283**	**$ 141,999**	$ 16,617	$ 119,298	$ 135,915
Provision for credit losses	**11,837**	**109**	**11,946**	9,576	985	10,561
Write-offs	**(11,737)**	**-**	**(11,737)**	(6,946)	-	(6,946)
Recoveries	**3,404**	**-**	**3,404**	2,469	-	2,469
Balance at End of Period	**$ 25,220**	**$ 120,392**	**$ 145,612**	$ 21,716	$ 120,283	$ 141,999
Represented by:						
Loans	**$ 25,220**	**$ 97,671**	**$ 122,891**	$ 21,716	$ 102,316	$ 124,032
Committed but undrawn exposures and letters of credit	**-**	**22,721**	**22,721**	-	17,967	17,967
Total Allowance	**$ 25,220**	**$ 120,392**	**$ 145,612**	$ 21,716	$ 120,283	$ 141,999

	For the three months ended April 30, 2017		
	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	$ 14,168	$ 115,348	$ 129,516
Provision for credit losses	10,388	2,771	13,159
Write-offs	(7,772)	-	(7,772)
Recoveries	1,490	-	1,490
Balance at End of Period	$ 18,274	$ 118,119	$ 136,393
Represented by:			
Loans	$ 18,274	$ 94,673	$ 112,947
Committed but undrawn exposures and letters of credit	-	23,446	23,446
Total Allowance	$ 18,274	$ 118,119	$ 136,393

	For the six months ended April 30, 2018			For the six months ended April 30, 2017		
	Specific Allowance	**Collective Allowance for Credit Losses**	**Total**	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	**$ 16,617**	**$ 119,298**	**$ 135,915**	$ 16,269	$ 110,943	$ 127,212
Provision for credit losses	**21,413**	**1,094**	**22,507**	20,975	7,176	28,151
Write-offs	**(18,683)**	**-**	**(18,683)**	(21,477)	-	(21,477)
Recoveries	**5,873**	**-**	**5,873**	2,507	-	2,507
Balance at End of Period	**$ 25,220**	**$ 120,392**	**$ 145,612**	$ 18,274	$ 118,119	$ 136,393

7. Impaired and Past Due Loans

Outstanding impaired loans, net of allowance for credit losses, by loan type, follow:

	As at April 30, 2018				As at January 31, 2018			
	Gross Amount	**Gross Impaired Amount**	**Specific Allowance**	**Net Impaired Loans**	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Personal	**$ 4,974,101**	**$ 23,142**	**$ 457**	**$ 22,685**	$ 4,786,226	$ 22,675	$ 546	$ 22,129
Business								
General commercial	**6,992,240**	**22,998**	**6,834**	**16,164**	6,769,048	35,042	8,716	26,326
Equipment financing and leasing	**4,564,831**	**50,294**	**13,939**	**36,355**	4,533,746	46,781	8,464	38,317
Commercial mortgages(1)	**4,265,692**	**15,975**	**2,370**	**13,605**	4,264,485	20,454	2,370	18,084
Real estate project loans	**4,008,601**	**10,545**	**1,620**	**8,925**	3,939,378	12,242	1,620	10,622
Oil and gas production loans	**110,777**	**-**	**-**	**-**	100,015	-	-	-
Total(2)	**$ 24,916,242**	**$ 122,954**	**$ 25,220**	**97,734**	$ 24,392,898	$ 137,194	$ 21,716	115,478
Collective Allowance(3)				**(120,392)**				(120,283)
Net Impaired Loans After Collective Allowance				**$ (22,658)**				$ (4,805)

	As at October 31, 2017			
	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Personal	$ 4,725,715	$ 19,816	$ 209	$ 19,607
Business				
General commercial	6,307,560	58,183	3,071	55,112
Equipment financing and leasing	3,892,150	50,760	10,132	40,628
Commercial mortgages(1)	4,266,702	16,571	385	16,186
Real estate project loans	4,029,810	21,391	2,020	19,371
Oil and gas production loans	123,631	1,540	800	740
Total(2)	$ 23,345,568	$ 168,261	$ 16,617	151,644
Collective Allowance(3)				(119,298)
Net Impaired Loans After Collective Allowance				$ 32,346

(1) Multi-family residential mortgages are included in real estate loans.
(2) Gross impaired loans include foreclosed assets with a carrying value of $4,737 (January 31, 2018 – $4,093; October 31, 2017 – $1,983) which are held for sale. CWB pursues timely realization on foreclosed assets and does not use the assets for its own operations.
(3) The collective allowance for credit loss includes amounts related to committed by undrawn credit exposures and is not allocated by loan type.

Outstanding impaired loans, net of allowance for credit losses, by provincial location of security, follow:

	As at April 30, 2018			As at January 31, 2018		
	Gross Impaired Amount	**Specific Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	**$ 58,142**	**$ 9,733**	**$ 48,409**	$ 79,710	$ 11,258	$ 68,452
British Columbia	**13,202**	**1,740**	**11,462**	15,355	1,892	13,463
Ontario	**19,026**	**4,247**	**14,779**	14,813	2,726	12,087
Saskatchewan	**8,178**	**1,482**	**6,696**	7,218	1,172	6,046
Manitoba	**9,767**	**3,797**	**5,970**	6,519	1,307	5,212
Quebec	**6,917**	**2,978**	**3,939**	5,842	1,995	3,847
Other	**7,722**	**1,243**	**6,479**	7,737	1,366	6,371
Total	**$ 122,954**	**$ 25,220**	**97,734**	$ 137,194	$ 21,716	115,478
Collective Allowance(1)			**(120,392)**			(120,283)
Net Impaired Loans After Collective Allowance			**$ (22,658)**			$ (4,805)

	As at October 31, 2017		
	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	$ 105,831	$ 6,270	$ 99,561
British Columbia	17,460	2,179	15,281
Ontario	19,169	3,134	16,035
Saskatchewan	8,273	1,485	6,788
Manitoba	6,635	1,099	5,536
Quebec	3,721	1,369	2,352
Other	7,172	1,081	6,091
Total	$ 168,261	$ 16,617	151,644
Collective Allowance(1)			(119,298)
Net Impaired Loans After Collective Allowance			$ 32,346

(1) The collective allowance for credit loss includes amounts related to committed by undrawn credit exposures and is not allocated by province.

7. Impaired and Past Due Loans - continued

Loans are considered past due when a customer has not made a payment by the contractual due date. These loans are not classified as impaired as they are either less than 90 days past due or well secured and collection efforts are reasonably expected to result in repayment or restoring it to current status in accordance with CWB's policy. Details of such past due loans follow:

	As at April 30, 2018				
	1 – 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Personal	**$ 43,124**	**$ 14,218**	**$ 955**	**$ 243**	**$ 58,540**
Business	**85,670**	**46,266**	**15,226**	**127**	**147,289**
Total	**$ 128,794**	**$ 60,484**	**$ 16,181**	**$ 370**	**$ 205,829**
Total as at January 31, 2018	$ 124,903	$ 25,361	$ 14,143	$ 1,157	$ 165,564
Total as at October 31, 2017	$ 110,336	$ 37,518	$ 6,116	$ 683	$ 154,653

8. Financial Assets Transferred But Not Derecognized

Securitization of leases and loans

CWB securitizes equipment financing leases and loans to third parties. These securitizations do not qualify for derecognition as CWB continues to be exposed to certain risks associated with the leases and loans, therefore, CWB has not transferred substantially all of the risk and rewards of ownership. As the leases and loans do not qualify for derecognition, the assets are not removed from the consolidated balance sheet and a securitization liability is recognized within debt securities for the cash proceeds received.

During the six months ended April 30, 2018, CWB sold securitized equipment financing leases and loans of $847,917 to third parties (2017 - $111,094) for cash proceeds of $768,487 (2017 - $99,679)

Securitization of residential mortgages

CWB securitizes 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 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 CWB. The CHT issues CMBs, which are government guaranteed, to third party investors and uses resulting proceeds to purchase NHA MBS from CWB 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 CWB retains 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 securities.

During the six months ended April 30, 2018, CWB sold securitized residential mortgages of $67,269 to the CHT (2017 – nil) for cash proceeds of $66,232 (2017 – nil), and did not sell securitized residential mortgages directly to third party investors (2017 - $88,354 for cash proceeds of $90,003).

Securities sold under repurchase agreements

CWB enters into repurchase agreements under which it sells previously recognized securities, with a simultaneous agreement to purchase them back at a specific price on a future date, but retains substantially all of the credit, price, interest rate, and foreign exchange risks and rewards associated with the assets. These securities are not derecognized and the cash proceeds from the sale are recognized within other liabilities on the balance sheet.

8. Financial Assets Transferred But Not Derecognized- continued

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

	As at April 30, 2018		As at January 31, 2018	
	Carrying value	**Fair Value**	Carrying value	Fair Value
Transferred assets that do not qualify for derecognition				
Securitized leases and loans	**$ 1,728,586**	**$1,803,901**	$ 1,816,381	$ 1,900,215
Securitized residential mortgages	**175,437**	**171,339**	173,954	169,534
Securities sold under repurchase agreements	**178,005**	**178,005**	-	-
	2,082,028	**2,153,245**	1,990,335	2,069,749
Associated liabilities(1)	**1,932,311**	**1,871,204**	1,833,444	1,760,515
Net position	**$ 149,717**	**$ 282,041**	$ 156,891	$ 309,234

	As at October 31, 2017	
	Carrying Value	Fair Value
Transferred assets that do not qualify for derecognition		
Securitized leases and loans	$ 1,211,816	$ 1,248,146
Securitized residential mortgages	119,180	116,374
Securities sold under repurchase agreements	58,358	58,358
	1,389,354	1,422,878
Associated liabilities(1)	1,284,694	1,280,758
Net position	$ 104,660	$ 142,120

(1) Associated liabilities consist of $1,577,477 related to securitized equipment financing leases and loans (January 31, 2018 - $1,658,576; October 31, 2017 - $1,105,180), $176,829 related to residential mortgages securitized through the NHA MBS program (January 31, 2018 - $174,868; October 31, 2017 - $121,156) and $178,005 related to securities sold under repurchase agreements (January 31, 2018 – nil; October 31, 2017 - $58,358).

In addition, CWB has securitized residential mortgages through the NHA MBS program totaling $395,180 with a fair value of $385,949 (January 31, 2018 – $285,561 with a fair value of $278,306; October 31, 2017 - $262,213 with a fair value of $256,038) that were not transferred to third parties.

9. Derivative Financial Instruments

When designated as accounting hedges by CWB, certain derivative financial instruments are designated as either a hedge of the fair value of recognized assets or liabilities or firm commitments (fair value hedges), or a hedge of highly probable future cash flows attributable to a recognized asset or liability or a forecasted transaction (cash flow hedges). Changes in fair value attributed to both the interest rate swaps designated as fair value hedges and the associated hedged risk are included in non-interest income. Any difference between the two represents hedge ineffectiveness. Changes in fair value of the effective portion of equity, interest rate swap and bond forward derivatives designated as cash flow hedges are recorded in other comprehensive income and are reclassified to net income in the same period that the hedged item affects income. On an ongoing basis, the derivatives used in hedging transactions are assessed to determine whether they are effective in offsetting changes in fair values or cash flows of the hedged items. Changes in fair value related to the ineffective portion of a designated cash flow hedge and derivatives not designated as an accounting hedge are recognized in net income.

In fiscal 2018, CWB entered into bond forward contracts which are a contractual obligation to purchase or sell a bond at a predetermined future date. Bond forward transactions are used as hedging instruments to manage interest rate risk on commitments on loans to be pooled through the NHA MBS program and issued as CMBs. CWB enters into bond forward transactions for its own account and does not act as an intermediary in this market. The risk is limited to the change in price of the bond due to adverse change in interest rates.

9. Derivative Financial Instruments- continued

The notional value outstanding and related fair value for derivative financial instruments follow:

	As at April 30, 2018			As at January 31, 2018		
	Notional Amount	**Positive Fair Value**	**Negative Fair Value**	Notional Amount	Positive Fair Value	Negative Fair Value
Cash Flow Hedges						
Interest rate swaps[1]	**$ 3,888,000**	**$ 516**	**$ 47,804**	$ 3,993,000	$ -	$ 52,864
Equity swaps[2]	**18,222**	**6,484**	**-**	18,222	9,625	-
Bond forward	**-**	**-**	**-**	6,000	-	16
Not Designated in a Hedging Relationship						
Foreign exchange contracts [3]	**221,222**	**1,194**	**2,341**	160,837	4,060	1,865
Equity swaps [4]	**3,449**	**1,190**	**-**	3,449	1,779	-
Derivative related amounts	**$ 4,130,893**	**$ 9,384**	**$ 50,145**	$ 4,181,508	$ 15,464	$ 54,745

	As at October 31, 2017		
	Notional Amount	Positive Fair Value	Negative Fair Value
Cash flow hedges			
Interest rate swaps	$ 3,553,000	$ 239	$ 31,483
Equity swaps	18,222	7,769	-
Not designated in a hedging relationship			
Foreign exchange contracts	170,194	2,627	3,898
Equity swaps	4,237	1,758	-
Derivative related amounts	$ 3,745,653	$ 12,393	$ 35,381

(1) Interest rate swaps designated as cash flow hedges outstanding at April 30, 2018 mature between June 2018 and April 2023.
(2) Equity swaps designated as cash flow hedges outstanding at April 30, 2018 mature between June 2018 and June 2020.
(3) Foreign exchange contracts outstanding at April 30, 2018 mature between May and October 2018.
(4) Equity swaps not designated as hedges outstanding at April 30, 2018 mature in June 2018.

At April 30, 2018, hedged cash flows are expected to occur and affect profit or loss within the next five years. There were no forecasted transactions that failed to occur during the three and six months ended April 30, 2018.

CWB limits its exposure to credit losses related to derivative financial instruments by dealing with creditworthy counterparties and entering into contracts that provide for the exchange of collateral between parties where the fair value of the outstanding transactions exceeds an agreed upon threshold. The impact of pledged and received collateral is discussed in Note 10.

10. Financial Instruments – Offsetting

The following table provides a summary of financial assets and liabilities which are subject to enforceable master netting agreements and similar arrangements, as well as financial collateral received to mitigate credit exposures related to these financial instruments. The agreements do not meet the netting criteria required by IAS 32 *Financial Instruments: Presentation* as the right to set-off is only enforceable in the event of default or occurrence of other predetermined events.

		Amounts not offset in the consolidated balance sheet			
As at April 30, 2018	**Gross amounts reported on the consolidated balance sheets**	**Impact of master netting agreements**	**Cash collateral[1]**	**Securities received as collateral[1][2]**	**Net amount**
Financial Assets					
Derivative instruments	**$ 9,384**	**$ 2,145**	**$ 7,239**	**$ -**	**$ -**
Financial Liabilities					
Derivative instruments	**$ 50,145**	**$ 2,145**	**$ 45,097**	**$ -**	**$ 2,903**
As at January 31, 2018					
Financial Assets					
Derivative instruments	$ 15,464	$ 4,757	$ 10,707	$ -	$ -
Financial Liabilities					
Derivative instruments	$ 54,745	$ 4,757	$ 43,320	$ -	$ 6,668
As at October 31, 2017					
Financial Assets					
Derivative instruments	$ 12,393	$ 3,106	$ 6,670	$ -	$ 2,617
Financial Liabilities					
Derivative instruments	$ 35,381	$ 3,106	$ 30,914	$ -	$ 1,361

(1) Financial collateral is reflected at fair value. The amount of financial instruments and cash collateral disclosed is limited to the net balance sheet exposure and any over-collateralization is excluded from the table.
(2) Collateral received in the form of securities is not recognized on the consolidated balance sheets.

11. Capital Stock

Share Capital

		For the six months ended			
		April 30, 2018		April 30, 2017	
		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 7					
Outstanding at beginning and end of period		**5,600,000**	**140,000**	5,600,000	140,000
		10,600,000	**265,000**	10,600,000	265,000
Common Shares					
Outstanding at beginning of period		**88,494,353**	**731,885**	88,103,120	718,377
Issued on acquisition-related contingent consideration instalment payment	(Note 14)	**160,293**	**5,750**	-	-
Issued on exercise or exchange of options[(1)]	(Note 12)	**130,354**	**2,183**	128,463	5,478
Issued under dividend reinvestment plan		**45,982**	**1,644**	68,270	2,057
Outstanding at end of period		**88,830,982**	**741,462**	88,299,853	725,912
Share Capital			**$ 1,006,462**		$ 990,912

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

On October 2, 2017, CWB announced the approval of OSFI and the Toronto Stock Exchange to repurchase for cancellation up to 1,767,000 common shares, representing 2% of the issued and outstanding common shares, under a normal course issuer bid (NCIB) during the 12 month period expiring September 30, 2018. No common shares have been repurchased under the NCIB.

12. Share-based Payments

Stock Options

	For the three months ended			
	April 30, 2018		April 30, 2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**2,958,913**	**$ 31.16**	4,146,363	$ 30.40
Granted	**262,563**	**35.15**	339,630	30.84
Exercised or exchanged	**(157,292)**	**27.40**	(127,437)	26.85
Expired	**(14,093)**	**37.78**	(105,132)	34.56
Forfeited	**-**	**-**	(7,573)	39.42
Balance at End of Period	**3,050,091**	**$ 31.67**	4,245,851	$ 30.42

	For the six months ended			
	April 30, 2018		April 30, 2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**3,390,759**	**$ 31.02**	5,205,794	$ 29.63
Granted	**262,563**	**35.15**	339,630	30.84
Exercised or exchanged	**(586,466)**	**29.35**	(1,176,504)	26.56
Expired	**(16,765)**	**36.24**	(109,224)	34.27
Forfeited	**-**	**-**	(13,845)	39.28
Balance at End of Period	**3,050,091**	**$ 31.67**	4,245,851	$ 30.42

All exercised options are settled via cashless settlement, which provides the option holder the number of shares equivalent to the excess of the market value of the shares under option, determined at the exercise date, over the exercise price. During the six months ended April 30, 2018, option holders exercised 586,466 options (2017 – 1,176,504) in exchange for 130,354 shares (2017 – 128,463) by way of cashless settlement.

For the six months ended April 30, 2018, salary expense of $947 (2017 – $1,080) was recognized related to the estimated fair value of options granted. The fair value of options granted during the six months ended April 30, 2018, which expire seven years after the grant date, was estimated using a binomial option pricing model with the following weighted average variables and assumptions: (i) risk-free interest rate of 2.0% (2017 – 1.3%) (ii) expected option life of 5.0 years (2017 – 5.0 years), (iii) expected annual volatility of 28% (2017 – 26%), and (iv) expected annual dividends of 2.9% (2017 – 3.1%). The weighted average fair value of options granted was estimated at $6.48 per share (2017 – $4.77).

12. Share-based Payments - continued

Further details related to stock options outstanding and exercisable at April 30, 2018 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
$23.70 to $26.13	1,190,554	3.4	$ 24.90	587,610	$ 26.13
$28.47 to $30.85	472,543	4.3	30.17	132,913	28.47
$35.15 to $39.42	1,386,994	2.0	37.99	1,124,431	38.66
Total	3,050,091	2.9	$ 31.67	1,844,954	$ 33.94

13. Contingent Liabilities and Commitments

In the normal course of business, CWB enters into various commitments and has contingent liabilities, which are not reflected in the consolidated balance sheets. At April 30, 2018, these items include guarantees and standby letters of credit of $486,589 (January 31, 2018 – $461,315; October 31, 2017 – $451,486). Significant contingent liabilities and commitments, including guarantees provided to third parties, are discussed in Note 21 of CWB's audited consolidated financial statements for the year ended October 31, 2017 (see page 104 of the 2017 Annual Report).

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

14. Fair Value of Financial Instruments

Financial Assets and Liabilities by Measurement Basis

The table below provides the carrying amount of financial instruments by category as defined in IAS 39 – *Financial Instruments: Recognition and Measurement* and by balance sheet heading. The table does not include assets and liabilities that are not considered financial instruments. The table also excludes assets and liabilities which are considered financial instruments, but are not recorded at fair value and for which the carrying amount approximates fair value.

As at April 30, 2018	**Derivatives**	**Loans and Receivables and Non-trading Liabilities**	**Available-for-sale**	**Total Carrying Amount**	**Fair Value**	**Fair Value Over (Under) Carrying Amount**
Financial Assets						
Cash resources	**$ -**	**$ -**	**$ 231,890**	**$ 231,890**	**$ 231,890**	**$ -**
Securities	**-**	**-**	**2,564,875**	**2,564,875**	**2,564,875**	**-**
Securities purchased under resale agreements	**-**	**-**	**12,843**	**12,843**	**12,843**	**-**
Loans[1]	**-**	**24,960,198**	**-**	**24,960,198**	**25,218,340**	**258,142**
Derivative related	**9,384**	**-**	**-**	**9,384**	**9,384**	**-**
Total Financial Assets	**$ 9,384**	**$ 24,960,198**	**$ 2,809,608**	**$ 27,779,190**	**$ 28,037,332**	**$ 258,142**
Financial Liabilities						
Deposits[1]	**$ -**	**$ 22,859,129**	**$ -**	**$ 22,859,129**	**$ 22,754,880**	**$ (104,249)**
Securities sold under repurchase agreements	**-**	**178,005**	**-**	**178,005**	**178,005**	**-**
Debt	**-**	**2,004,306**	**-**	**2,004,306**	**1,946,007**	**(58,299)**
Derivative related	**50,145**	**-**	**-**	**50,145**	**50,145**	**-**
Contingent consideration	**-**	**19,873**	**-**	**19,873**	**19,873**	**-**
Total Financial Liabilities	**$ 50,145**	**$ 25,061,313**	**$ -**	**$ 25,111,458**	**$ 24,948,910**	**$ (162,548)**
As at January 31, 2018						
Total Financial Assets	$ 15,464	$ 24,406,861	$ 3,061,771	$ 27,484,096	$ 27,755,025	$ 270,929
Total Financial Liabilities	$ 54,745	$ 24,916,865	$ -	$ 24,971,610	$ 24,832,476	$ (139,134)
As at October 31, 2017						
Total Financial Assets	$ 12,393	$ 23,365,410	$ 2,708,783	$ 26,086,586	$ 26,370,982	$ 284,396
Total Financial Liabilities	$ 35,381	$ 23,425,840	$ 58,358	$ 23,519,579	$ 23,439,165	$ (80,414)

(1) Loans and deposits exclude deferred premiums, deferred revenue, allowances for credit losses, which are not financial instruments.

Fair values are based on management's best estimates based on market conditions and pricing policies at a certain point in time. The 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 the fair value of financial instruments is determined is included in Note 27 of the October 31, 2017 consolidated audited financial statements (see page 109 of the 2017 Annual Report).

14. Fair Value of Financial Instruments - continued

Fair Value Hierarchy

CWB categorizes its fair value measurements of financial instruments recorded on the consolidated balance sheets according to a three-level hierarchy. Level 1 fair value measurements reflect unadjusted quoted prices in active markets for identical assets and liabilities that CWB can access at the measurement date. Level 2 fair value measurements were 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 were 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 CWB's financial assets and liabilities that are either carried at fair value on the balance sheet or for which fair value is disclosed, categorized by level under the fair value hierarchy:

Fair Value Hierarchy

		Valuation Technique		
As at April 30, 2018	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash resources	**$ 231,890**	**$ 19,740**	**$ 212,150**	**$ -**
Securities	**2,564,875**	**251,204**	**2,313,671**	**-**
Securities purchased under resale agreements	**12,843**	**-**	**12,843**	**-**
Loans	**25,218,340**	**-**	**-**	**25,218,340**
Derivative related	**9,384**	**-**	**9,384**	**-**
Total Financial Assets	**$ 28,037,332**	**$ 270,944**	**$ 2,548,048**	**$ 25,218,340**
Financial Liabilities				
Deposits	**$ 22,754,880**	**$ -**	**$ 22,754,880**	**$ -**
Securities sold under repurchase agreements	**178,005**	**-**	**178,005**	
Debt	**1,946,007**	**-**	**1,946,007**	**-**
Derivative related	**50,145**	**-**	**50,145**	**-**
Contingent consideration	**19,873**	**-**	**-**	**19,873**
Total Financial Liabilities	**$ 24,948,910**	**$ -**	**$ 24,929,037**	**$ 19,873**
As at January 31, 2018				
Financial Assets	$ 27,755,025	$ 399,984	$ 2,677,251	$ 24,677,790
Financial Liabilities	$ 24,832,476	$ -	$ 24,817,603	$ 14,873
As at October 31, 2017				
Financial Assets	$ 26,370,982	$ 313,438	$ 2,407,738	$ 23,649,806
Financial Liabilities	$ 23,439,165	$ -	$ 23,406,245	$ 32,920

Financial instruments that are not carried on the balance sheet at fair value, but for which fair value is disclosed above, include loans, deposits and debt.

Level 3 Financial Instruments

The Level 3 financial liabilities measured at fair value on the consolidated balance sheets are comprised of contingent consideration on business acquisitions and divestitures. The following table shows a reconciliation of the fair value measurements related to the Level 3 valued instruments:

	For the six months ended April 30	
	2018	2017
Acquisitions		
Balance at beginning of period	**$ 32,420**	$ 24,257
Acquisition-related fair value changes	**10,053**	9,008
Contingent consideration instalment payment(1)	**(23,000)**	(10,132)
	19,473	23,133
Divestitures		
Balance at beginning of period	**500**	-
Divestiture-related fair value changes	**(100)**	-
	400	-
Balance at End of Period	**$ 19,873**	$ 23,133

(1) Under the terms of the March 2016 purchase agreement relating to the acquisition of CWB Maxium Financial, contingent payment instalments will be made annually with determination of the total amount payable based on CWB Maxium Financial's cumulative business performance over a 36-month period. Up to 50% of each contingent consideration payment may be settled with CWB common shares at the vendor's option, provided the average share price over the preceding 20 days exceeds $30.00, with the remainder to be paid in cash. CWB completed the second contingent instalment payment in the first quarter of 2018 with cash totaling $17,250 and the issuance of 160,293 CWB common shares with a fair value of $5,750. The 2017 instalment was paid in cash.

15. Interest Rate Sensitivity

CWB's 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 26 of the audited consolidated financial statements for the year ended October 31, 2017 (see page 108 of the 2017 Annual Report). The following table shows the gap position for selected time intervals.

Asset Liability Gap Positions

($ millions)	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Non-interest Sensitive	Total
April 30, 2018								
Assets								
Cash resources and securities	$ 408	$ 20	$ 415	$ 843	$ 1,941	$ 26	$ -	$ 2,810
Loans	10,655	1,715	3,710	16,080	8,523	342	(152)	24,793
Other assets	-	-	-	-	-	-	531	531
Derivative financial instruments(1)	400	363	690	1,453	2,457	-	221	4,131
Total	11,463	2,098	4,815	18,376	12,921	368	600	32,265
Liabilities and Equity								
Deposits	7,709	1,737	3,764	13,210	9,641	3	(25)	22,829
Other liabilities	178	-	-	178	-	-	599	777
Debt	54	102	435	591	1,413	-	-	2,004
Equity	-	-	125	125	140	-	2,259	2,524
Derivative financial instruments(1)	3,910	-	-	3,910	-	-	221	4,131
Total	11,851	1,839	4,324	18,014	11,194	3	3,054	32,265
Interest Rate Sensitive Gap	$ (388)	$ 259	$ 491	$ 362	$ 1,727	$ 365	$ (2,454)	$ -
Cumulative Gap	$ (388)	$ (129)	$ 362	$ 362	$ 2,089	$ 2,454	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(1.2) %	(0.4)%	1.1 %	1.1 %	6.5 %	7.6 %	- %	- %
January 31, 2018								
Cumulative Gap	$ (293)	$ (330)	$ 367	$ 367	$ 1,864	$ 2,299	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(0.9) %	(1.0) %	1.1 %	1.1 %	5.8 %	7.2 %	- %	- %
October 31, 2017								
Cumulative Gap	$ 351	$ 717	$ 752	$ 752	$ 1,960	$ 2,358	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	1.2 %	2.4 %	2.5 %	2.5 %	6.5 %	7.8 %	- %	- %

(1) Derivative financial instruments are included in this table at the notional amount.
(2) Accrued interest is excluded in calculating interest sensitive assets and liabilities.
(3) Potential prepayments of fixed rate loans and early redemption of redeemable fixed term deposits have not been estimated. Redemptions of fixed 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.

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

April 30, 2018	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Total Assets	3.9 %	3.4 %	3.9 %	3.8 %	3.6 %	5.5 %	3.8 %
Total Liabilities	1.4	1.9	2.0	1.6	2.3	-	1.9
Interest Rate Sensitive Gap	2.5 %	1.5 %	1.9 %	2.2 %	1.3 %	5.5 %	1.9 %
January 31, 2018							
Total Assets	3.9 %	3.2 %	3.5 %	3.7 %	3.5 %	5.2 %	3.7 %
Total Liabilities	1.4	1.9	1.9	1.6	2.2	-	2.2
Interest Rate Sensitive Gap	2.5 %	1.3 %	1.6 %	2.1 %	1.3 %	5.2 %	1.5 %
October 31, 2017							
Total Assets	3.6 %	3.5 %	3.4 %	3.5 %	3.5 %	4.8 %	3.5 %
Total Liabilities	0.7	1.7	1.8	1.1	2.2	-	2.0
Interest Rate Sensitive Gap	2.9 %	1.8 %	1.6 %	2.4 %	1.3 %	4.8 %	1.5 %

Based on the current interest rate gap position, it is estimated that a one-percentage point increase in all interest rates would increase net interest income by approximately $10,142 (January 31, 2018 – $1,427; October 31, 2017 – $8,324) and decrease other comprehensive income by $89,601 (January 31, 2018 – $89,735; October 31, 2017 – $77,293) net of tax, respectively over the following twelve months. A one-percentage point decrease in all interest rates would decrease net interest income by approximately $12,748 (January 31, 2018 – $6,115; October 31, 2017 – $13,226) and increase other comprehensive income by $87,835 (January 31, 2018 – $88,099; October 31, 2017 – $76,173) net of tax.

16. 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 using the *Standardized* approach for calculating risk-weighted assets. Additional information about CWB's capital management practices is provided in Note 30 to the fiscal 2017 audited consolidated financial statements within the 2017 Annual Report and in the Capital Management section in the second quarter of 2018 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, protect customer deposits and provide capacity for internally generated growth and strategic opportunities that do not otherwise require accessing the public capital markets, all while providing a satisfactory return for shareholders.

Capital Structure and Regulatory Ratios

	As at April 30 2018	As at January 31 2018	As at April 30 2017
Regulatory capital, net of deductions			
Common equity Tier 1	**$ 2,078,303**	$ 2,043,260	$ 1,938,648
Tier 1	**2,343,524**	2,308,450	2,203,740
Total	**2,713,968**	2,678,778	2,571,881
Capital ratios			
Common equity Tier 1	**9.4 %**	9.4 %	9.6 %
Tier 1	**10.6**	10.6	10.9
Total	**12.3**	12.3	12.7
Leverage ratio	**8.0**	8.0	8.7

During the six months ended April 30, 2018, CWB complied with all internal and external capital requirements.

Shareholder Information

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Stock Exchange Listings

The Toronto Stock Exchange
Common Shares: CWB
Series 5 Preferred Shares: CWB.PR.B
Series 7 Preferred Shares: CWB.PR.C

Transfer Agent and Registrar

Computershare
100 University Avenue, 8th Floor
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Toll-free fax: 1-888-453-0330
Website: www.computershare.com

Eligible Dividends Designation

CWB designates all dividends for both common and preferred shares 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 or visit cwb.com.

Investor Relations

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Online Investor Information

Additional investor information including supplemental financial information and corporate presentations are available on CWB's website at cwb.com.

Quarterly Conference Call and Webcast

CWB's quarterly conference call and live audio webcast will take place on June 7, 2018 at 12:00 noon ET. The webcast will be archived on CWB's website at cwb.com for sixty days. A replay of the conference call will be available until June 14, 2018 by dialing 404-537-3406 (Toronto) or 1-855-859-2056 (toll-free) and entering passcode 7873985.