NEWS
RELEASE

CWB reports strong third quarter financial performance and common share dividend increase

Strong double digit loan growth and higher net interest margin

Adjusted cash earnings per common share of $0.75 up 9% from last year

"CWB has delivered excellent performance through the first three quarters of fiscal 2018, and we are well-positioned for a strong finish this year," said Chris Fowler, President and CEO. "We surpassed a pair of key financial milestones for the first time this quarter, achieving $25 billion of total loans and more than $200 million of quarterly total revenues. With 12% loan growth from last year and 10% growth from October 31, 2017, we are confident fiscal 2018 will be another year of double-digit expansion. Strong performance is apparent across our geographic footprint, with significant contributions from our growing presence in the Ontario market and expanded capabilities within targeted industries. I'm also pleased to report that our growth this quarter was once again complemented by higher net interest margin and strong credit quality, and we announced another dividend increase for common shareholders."

"Ongoing prudent and profitable diversification of both loans and funding sources directly reflects continued execution of our balanced growth strategy. To deliver further progress against our strategic goals, we continue to invest in technology and business process improvements to enable our people to do more for our clients. This quarter we surpassed key milestones in our programs to transition to the *Advanced* approach for credit risk and capital management, to deliver more efficient credit support processes, and to transform our treasury infrastructure. Along with the successful launch of our new human resources information system subsequent to quarter end, these achievements reflect outstanding contributions from CWB teams across the organization, and represent tremendous progress against our strategy."

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

- Strong financial performance with record common shareholders' net income of $62 million, up 11%, pre-tax, pre-provision income of $111 million, up 10%, and record total revenue of $205 million, up 12%.
- Diluted and adjusted cash earnings per common share of $0.70 and $0.75, both up 9%. The business lending assets acquired on January 31, 2018, contributed approximately $0.04 of adjusted cash earnings per common share in the third quarter, and $0.07 since closing.
- 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 74% of the increase from last year.
- Net interest margin of 2.64%, up five basis points from last year and three basis points from last quarter.
- Ongoing strong credit quality, with the provision for credit losses as a percentage of average loans at 21 basis points, compared to 20 basis points in the same quarter last year.
- Gross impaired loans represented 0.53% of total loans, down from 0.74% last year.
- Very strong Basel III regulatory capital ratios under the *Standardized* approach for calculating risk-weighted assets, including 9.3% common equity Tier 1 (CET1).
- Operating leverage was positive 2.5% on a year-to-date basis and negative 1.4% in the third quarter.
- Common share dividend declared on August 29 of $0.26 per share, up two cents, or 8%, from the dividend declared one year ago and one cent, or 4%, from the dividend declared last quarter.

(1) Highlights include certain non-IFRS measures – refer to definitions on page 23.

Edmonton, August 30, 2018 – CWB Financial Group (TSX: CWB) (CWB) today announced strong third quarter financial performance with record common shareholders' net income of $62 million and pre-tax, pre-provision income of $111 million, up 11% and 10%, respectively, from the third quarter last year. Diluted and adjusted cash earnings per common share of $0.70 and $0.75 were both up 9%. Record total revenue of $205 million was up 12% from last year, including a strong 14% increase in net interest income. Higher net interest income reflects the combined benefits of strong 12% loan growth and a five basis point increase in net interest margin to 2.64%. Business lending assets acquired on January 31, 2018, contributed 3% to loan growth and $0.04 to adjusted cash earnings per common share. Non-interest income was down 8% from last year mainly reflecting lower trust fees, following the strategic transactions within Canadian Western Trust Company (CWT) to appoint successor trustees for certain accounts, and lower credit related fees.

Credit quality remained strong, with the provision for credit losses representing 21 basis points of average loans, compared to 20 basis points in the same period last year. These factors were partly offset within common shareholders' net income by increases in non-interest expenses, the provision for credit losses and acquisition-related fair value changes.

Sequentially, common shareholders' net income and pre-tax, pre-provision income were both 3% higher. Diluted and adjusted cash earnings per common share were also both up 3%. Net interest income was up 5% from the combined benefits of three additional interest-earning days, 3% loan growth and a three basis point increase in net interest margin. Non-interest income was relatively unchanged. The provision for credit losses was 21 basis points as a percentage of average loans, compared to 20 basis points last quarter. Non-interest expenses were 5% higher sequentially and acquisition-related fair value changes were down 2%.

Year-to-date common shareholders' net income of $185 million and pre-tax, pre-provision income of $325 million were up 20% and 14%, respectively. Diluted and adjusted cash earnings per common share of $2.07 and $2.23 were up 19% and 18%, respectively. Very strong earnings growth mainly reflects a 12% increase in total revenue and a lower provision for credit losses. Within total revenue, year-to-date net interest income was 14% higher, driven by 10% loan growth and a six basis point increase in net interest margin to 2.59%, while non-interest income was relatively unchanged. The year-to-date provision for credit losses of 20 basis points as a percentage of average loans was down from 24 basis points last year. Non-interest expenses were up 9% on a year-to-date basis. Acquisition-related fair value changes were 11% higher, reflecting continued strong performance within CWB Maxium.

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. ➢ Proportion of loan portfolio in Central and Eastern Canada increased to 26% from 22% one year ago, with Ontario up to 21% from 17%. ➢ Increased business diversification with 20% year-over-year growth of general commercial loans and 23% growth of equipment financing and leasing.
Growth and diversification of funding sources	➢ Increased use of securitization to fund both equipment loans and leases and residential mortgages. ➢ Increased use of debt capital markets with six successful senior deposit note issuances or re-openings totaling $1.5 billion over the past twelve months. ➢ No material change in the proportion of funding from broker deposits.
Optimized capital management through transition to the *Advanced Internal Ratings Based Approach* (AIRB)	➢ On track to apply in fiscal 2019 for transition to the AIRB approach.

Balanced growth of assets and funding sources

Total loans, excluding the allowance for credit losses, at July 31, 2018 of $25,665 million were up 12% from last year, 3% from the prior quarter and 10% from October 31, 2017. The composition of year-over-year loan growth was consistent with our Balanced Growth strategy, with 9% organic growth complemented by the purchase of business lending assets to deliver further industry and geographic diversification. Ontario accounted for 55% of loan growth from last year, reflecting the combined impact of business lending assets acquired on January 31, 2018, 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 our loan portfolio, up from 22% last year, and 4% ten years ago. British Columbia represents 34%, and Alberta comprises 32%. The strategically targeted general commercial, and equipment financing and leasing categories were up 20% and 23%, respectively, from the third quarter last year, with increases in these categories accounting for 74% of total annual loan growth. This partly reflects the purchase of business lending assets on January 31, 2018.

We also continue to execute on key strategic objectives to grow and diversify core funding sources. Total deposits increased 9% from July 31, 2017. Branch-raised deposits were down slightly on an annual basis, with lower balances of demand and notice deposits partially offset by strong growth of branch-raised term deposits. With respect to funding diversification, we grew the proportion of total deposits from capital markets to 13% from 9%, and further increased the balance of outstanding securitization funding compared to one year ago.

Growth of funding from capital markets reflects the impact of six successful senior deposit note issuances, or re-openings, totaling $1.5 billion over the past twelve months. Increased securitization primarily reflects both success in funding the January 31 purchase of business lending assets mainly through CWB's existing securitization channel, as well as increased utilization of the National Housing Act Mortgage Backed Securities (NHA MBS) and Canada Mortgage Bond (CMB) programs.

Ongoing improvements to CWB's technology infrastructure and business processes to enhance our client experience and support growth of full-service client relationships

We continue to invest in CWB's technology infrastructure and business processes through a number of targeted initiatives. We are pleased to report that the rate of full-service client on-boarding within the CWB Virtual Branch, launched in a pilot phase during the first quarter this year, has exceeded our expectations. 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 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 our digital capabilities will include simple-to-use 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.

This quarter we also achieved key milestones in our programs to transition to the AIRB methodology for capital and risk management, to deliver more efficient credit support processes, and to transform our treasury infrastructure. Complemented by the launch of our new human resources information system subsequent to quarter end, we expect these initiatives to improve our competitive position 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 $135 million and represented 0.53% of total loans. This compares to $169 million, or 0.74%, last year and $123 million, or 0.50%, last quarter. While Alberta-based loans comprised 32% of CWB's total portfolio at July 31, 2018, Alberta-based impaired loans accounted for 48% of total impairments this quarter, down from 56% last year and relatively unchanged from 47% 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 Alberta represented 0.40% of total non-Alberta loans, compared to 0.49% last year and 0.38% last quarter.

The third quarter provision for credit losses of 21 basis points of average loans was relatively consistent with 20 basis points in both the same period last year and the prior quarter. The level of the provision in each of the last five 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 operating leverage

The third quarter efficiency ratio of 46.0% compares to 45.4% in both the same quarter last year and last quarter. The year-to-date efficiency ratio of 45.4% improved 100 basis points from a year ago.

On a year-to-date basis, 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, improved 220 basis points from last year to positive 2.5%. Operating leverage was negative 1.4% in the third quarter, compared to positive 0.4% in the same period last year, and positive 5.4% in the previous quarter. Adjusted for differences in incentive pay accruals, third quarter operating leverage would have been positive.

Prudent capital management and dividends

At July 31, 2018, CWB's capital ratios were 9.3% common equity Tier 1, 10.5% Tier 1 and 12.1% 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 continue to evaluate potential strategic acquisitions.

The common share dividend declared yesterday of $0.26 per share is up two cents, or 8%, from the dividend declared one year ago and one cent, or 4%, higher than the dividend declared last quarter.

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**	**Third Quarter Context**
Adjusted cash earnings per common share growth	7 - 12%	18% year-to-date, with 9% this quarter.
Adjusted return on common shareholders' equity	12 - 15%	11.9% year-to-date, with 11.7% this quarter.
Operating leverage	Positive	Positive 2.5% year-to-date, with negative 1.4% this quarter.
Common equity Tier 1 capital ratio under the *Standardized* approach	Strong	Maintained a very strong ratio of 9.3%.
Common share dividend payout ratio	~30%	36% this quarter.

(1) See definitions on page 23.

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 Third Quarter Results Conference Call

CWB's third quarter results conference call is scheduled for Thursday, August 30, 2018, at **2:30 p.m. ET (12:30 p.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: 5958859. 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 September 6, 2018, by dialing (404) 537-3406 (Toronto) or (855) 859-2056 (toll-free) and entering passcode 5958859.

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Contents

Selected Financial Highlights[1]

(unaudited) ($ thousands, except per share amounts)	For the three months ended **July 31 2018**	 April 30 2018	 July 31 2017	Change from July 31 2017	For the nine months ended **July 31 2018**	 July 31 2017	Change from July 31 2017
Results from Operations							
Net interest income	**$ 186,644**	$ 177,986	$ 163,991	14 %	**$ 535,897**	$ 471,896	14 %
Non-interest income	**18,345**	18,600	19,852	(8)	**58,895**	59,617	(1)
Total revenue	**204,989**	196,586	183,843	12	**594,792**	531,513	12
Pre-tax, pre-provision income	**110,695**	107,247	100,360	10	**325,006**	284,827	14
Common shareholders' net income	**62,362**	60,464	56,308	11	**184,755**	153,444	20
Earnings per common share							
Basic	**0.70**	0.68	0.64	9	**2.08**	1.74	20
Diluted	**0.70**	0.68	0.64	9	**2.07**	1.74	19
Adjusted cash	**0.75**	0.73	0.69	9	**2.23**	1.89	18
Return on common shareholders' equity	**10.8 %**	11.1 %	10.4 %	40 bp[2]	**11.0 %**	9.7 %	130 bp[2]
Adjusted return on common shareholders' equity	**11.7**	12.0	11.3	40	**11.9**	10.6	130
Return on assets	**0.88**	0.89	0.89	(1)	**0.89**	0.82	7
Efficiency ratio	**46.0**	45.4	45.4	60	**45.4**	46.4	(100)
Net interest margin	**2.64**	2.61	2.59	5	**2.59**	2.53	6
Operating leverage	**(1.4)**	5.4	0.4	(180)	**2.5**	0.3	220
Provision for credit losses as a percentage of average loans	**0.21**	0.20	0.20	1	**0.20**	0.24	(4)
Number of full-time equivalent staff	**2,173**	2,112	2,034	7 %	**2,173**	2,034	7 %
Per Common Share							
Cash dividends	**$ 0.25**	$ 0.25	$ 0.23	9 %	**$ 0.74**	$ 0.69	7 %
Book value	**25.87**	25.40	24.31	6	**25.87**	24.31	6
Closing market value	**36.49**	34.07	28.00	30	**36.49**	28.00	30
Common shares outstanding (thousands)	**88,917**	88,831	88,361	1	**88,917**	88,361	1
Balance Sheet and Off-Balance Sheet							
Assets	**$ 28,170,077**	$ 28,134,203	$ 25,344,867	11 %			
Loans	**25,537,677**	24,793,351	22,718,871	12			
Deposits	**22,821,967**	22,828,859	20,880,279	9			
Debt	**2,060,974**	2,004,306	1,325,270	56			
Shareholders' equity	**2,565,192**	2,521,583	2,412,767	6			
Assets under administration	**8,315,137**	8,568,385	11,441,989	(27)			
Assets under management	**2,227,293**	2,161,473	1,974,733	13			
Capital Adequacy							
Common equity Tier 1 ratio	**9.3 %**	9.4 %	9.6 %	(30) bp[2]			
Tier 1 ratio	**10.5**	10.6	10.9	(40)			
Total ratio	**12.1**	12.3	12.7	(60)			

(1) Non-IFRS measures defined on page 23.

(2) bp – basis point change.

Management's Discussion and Analysis

This management's discussion and analysis (MD&A), dated August 29, 2018, should be read in conjunction with Canadian Western Bank's (CWB) unaudited condensed interim consolidated financial statements for the period ended July 31, 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 housing market conditions, the volatility and level of liquidity in financial markets, fluctuations in interest rates and currency values, the volatility and level of various commodity prices, changes in monetary policy, changes in economic and political conditions, material changes to standing free trade agreements, 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 in the second 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. 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, as well as approximately $3 million, or $0.03 of adjusted cash earnings per common share, in the first quarter and $0.4 million, or nil of adjusted cash earnings per common share, in the third quarter of fiscal 2018. Annual revenue associated with the transferred accounts was approximately $3 million. In aggregate, approximately $97 million of CWT branch-raised deposits and $3 billion of assets under administration have transferred to the successor trustees. Further transfers of deposits and assets under administration related to this process, with associated gains on sale, may occur in forthcoming periods but are not expected to be material.

Overview

Q3 2018 vs. Q3 2017

Record common shareholders' net income of $62 million and pre-tax, pre-provision income of $111 million were up 11% and 10%, respectively. Diluted and adjusted cash earnings per common share of $0.70 and $0.75 were both up 9%. Record total revenue of $205 million was up 12% from last year, including a strong 14% increase in net interest income. Higher net interest income reflects the combined benefits of strong 12% loan growth and a five basis point increase in net interest margin to 2.64%. Non-interest income was down 8%, mainly due to lower trust fees following the CWT strategic transactions, and lower credit related fees. Credit quality remained strong, with the provision for credit losses representing 21 basis points of average loans, compared to 20 basis points last year. Non-interest expenses of $96 million were 12% higher, while the provision for credit losses of $13 million was up 17%. Acquisition-related fair value changes increased $0.4 million, or 9%. Business lending assets acquired on January 31, 2018, contributed 3% to total loan growth and approximately $0.04 to adjusted cash earnings per common share.

Q3 2018 vs. Q2 2018

Common shareholders' net income and pre-tax, pre-provision income were both 3% higher. Total revenue increased 4%, with net interest income up 5%, reflecting the combined benefits of three additional interest-earning days, 3% loan growth and a three basis point increase in net interest margin. Non-interest income was down 1%, with higher credit related fees and wealth management revenues more than offset by decreases in other categories. The provision for credit losses was 21 basis points as a percentage of average loans, compared to 20 basis points last quarter. Non-interest expenses were 5% higher sequentially and acquisition-related fair value changes were down 2%. Diluted and adjusted cash earnings per common share were both up 3%.

YTD 2018 vs. YTD 2017

Common shareholders' net income of $185 million and pre-tax, pre-provision income of $325 million were up 20% and 14%, respectively. Diluted and adjusted cash earnings per common share of $2.07 and $2.23 were up 19% and 18%, respectively, from last year. Very strong earnings growth reflects a 12% increase in total revenue, including 14% growth of net interest income, partially offset by a 1% decrease in non-interest income. Higher net interest income was driven by 10% loan growth and a six basis point increase in net interest margin. Significant changes within non-interest income include gains recorded in the first quarter this year related to the CWT strategic transactions and lower trust service fees following these transactions. The provision for credit losses of 20 basis points as a percentage of average loans improved from 24 basis points last year. Non-interest expenses of $275 million were 9% higher and acquisition-related fair value changes of $15 million were up 11%. The business lending assets acquired in Q1 2018 contributed approximately $0.07 to adjusted cash earnings per common share.

Adjusted ROE and ROA

The third quarter adjusted return on common shareholders' equity (ROE) was 11.7%, up 40 basis points from the same period last year and down 30 basis points 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, and higher net interest margin. The change in ROE from last quarter mainly reflects the impact of higher growth rates in non-interest expenses and the provision for credit losses compared to the growth rate of total revenue.

Year-to-date adjusted ROE of 11.9% was up 130 basis points from last year and relatively consistent with CWB's medium-term target range. Improved profitability mainly reflected the same factors mentioned in the year-over-year comparison above.

The third quarter return on assets (ROA) of 0.88% was relatively unchanged from the prior period and the prior quarter. Year-to-date ROA of 0.89% was up 7 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 in the second quarter.

Total Revenue

Record quarterly total revenue of $205 million surpassed the $200 million milestone for the first time. Total revenue, which is comprised of net interest income and non-interest income, increased 12% from the same quarter last year and 4% from the previous quarter. Year-to-date total revenue of $595 million was up 12%.

Net Interest Income

Commencing in Q1 2018, 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. All prior period comparatives have been restated to conform to the current period presentation.

Q3 2018 vs. Q3 2017

Net interest income of $187 million increased 14%, reflecting the combined benefits of strong 12% loan growth and a five basis point increase in net interest margin. Higher net interest margin primarily reflects an increase in the average prime rate of 75 basis points, partially offset by higher funding costs due to a shift in depositor preference toward longer duration fixed term deposits.

Q3 2018 vs. Q2 2018

Net interest income was up 5%, reflecting the combined positive impact of three additional interest-earning days, 3% loan growth and a three basis point increase in net interest margin. The increase in net interest margin mainly reflects lower average balances of cash and securities, partially offset by a shift in the overall funding mix toward higher cost capital markets and branch-raised term deposits. Due to the timing of the change, the mid-July Bank of Canada interest rate increase had only a nominal impact on net interest margin this quarter.

YTD 2018 vs. YTD 2017

Net interest income of $536 million was up 14% ($64 million), reflecting 10% loan growth, on an average balance basis, and a six basis point increase in net interest margin to 2.59%. The change in net interest margin primarily reflects higher asset yields, mainly due to an increase in the average prime rate of 68 basis points, partially offset by increased funding costs and the shift in funding mix toward higher cost capital markets, securitization and branch-raised term deposits.

Interest rate sensitivity

Note 15 to the unaudited interim consolidated financial statements summarizes CWB's exposure to interest rate risk as at July 31, 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)	**July 31 2018**	April 30 2018	July 31 2017
Estimated impact on net interest income of a 1% increase in interest rates			
1 year	**$ 11,428**	$ 10,142	$ 13,376
1 year percentage change	**1.59 %**	1.44 %	2.12 %
Estimated impact on net interest income of a 1% decrease in interest rates			
1 year	**$ (13,398)**	$ (12,748)	$ (16,278)
1 year percentage change	**(1.87)%**	(1.81)%	(2.58)%

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 July 31, 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 $104 million, net of tax (July 31, 2017 – $76 million). It is estimated that a one-percentage point decrease in all interest rates at July 31, 2018 would have the opposite effect, increasing other comprehensive income by approximately $102 million, net of tax (July 31, 2017 – $77 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 includes the objective to compete more effectively for branch-raised funding sources, and to continue to deliver 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 approximately 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 continue to move incrementally higher due to impacts from the Bank of Canada's rate increases in the previous twelve months, competitive factors and depositor preference for longer duration fixed term instruments. Management may periodically increase balance sheet liquidity in preparation for upcoming maturities and/or transactions or in the event of macroeconomic or financial market volatility. Continued strong loan growth through the fourth quarter may require increased utilization of the relatively higher-cost broker deposit funding channel, where depositors continue to demonstrate a preference for longer duration.

Non-interest Income

Q3 2018 vs. Q3 2017

Non-interest income of $18 million was down 8% ($2 million). Trust services fees were $1 million lower due to the CWT strategic transactions. Credit related fees of $8 million were down 6% ($0.5 million) partly due to the shift in loan growth to emphasize general commercial loans, which tend to be associated with lower fees as compared to real estate project loans with more complex structures.

Q3 2018 vs. Q2 2018

Non-interest income was relatively unchanged from the prior quarter.

YTD 2018 vs. YTD 2017

Non-interest income of $59 million was down 1%, as gains related to the CWT strategic transactions within 'other' non-interest income were more than offset by lower trust services fees following the CWT transactions, and lower credit related fees. The decrease in credit related fees partly relates to the same factors noted in the year-over-year comparison above. In addition, the 2017 year-to-date period included both recognition of certain loan fees when collected, along with the remaining amortization of fees collected prior to the new banking system conversion.

Outlook for non-interest income

Growth of non-interest income over the medium term 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. Credit related fee income in the final quarter of fiscal 2018 is expected to be relatively consistent with the third quarter. Management expects continued increases in CWB Wealth Management revenue to result over the medium term, including organic growth of discretionary investment services, and further growth of proprietary investment products. Trust services revenue will 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; 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 third quarter, up 9% from the same period last year and 2% lower than last quarter. Primarily reflecting continued strong operating performance, this brings the year-to-date change in estimated fair value consideration to $15 million, up 11% from $14 million in the same period last year. Cumulative future charges of approximately $13 million ending in the second quarter next year would represent the maximum payout available through the purchase agreement.

Non-interest Expenses

Q3 2018 vs. Q3 2017

Non-interest expenses of $96 million were up 12% ($10 million), primarily due to a 13% increase in salaries and benefits. Higher salaries and benefits mainly reflected hiring activity to support overall business growth and ongoing enhancement of CWB's business infrastructure, as well as annual salary increments and higher incentive pay accruals compared to last year. 'Other' expenses were up 14% ($2 million) mainly due to higher regulatory 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.

Q3 2018 vs. Q2 2018

Non-interest expenses were up 5% ($5 million), driven by higher salaries and benefits as well as 'other' expenses. The increase in salaries and benefits partly reflects a higher estimated payout factor related to long-term incentive plans resulting from a higher share price this quarter. Growth in 'other' expenses mainly reflects the same factors mentioned above. Premises and equipment expenses were down 1% from the prior quarter.

YTD 2018 vs. YTD 2017

Year-to-date non-interest expenses of $275 million increased 9% ($22 million) primarily due to 9% ($15 million) growth of salaries and benefits, reflecting the same factors noted above. 'Other' expenses were up 10% ($5 million) mainly due to increases in regulatory costs, fees for professional services, employee recruitment and advertising. Premises and equipment expenses were up 6% ($3 million), primarily due to ongoing investment in technology infrastructure.

Efficiency ratio and operating leverage

The third quarter efficiency ratio of 46.0%, which measures non-interest expenses, excluding the pre-tax amortization of acquisition-related intangible assets, divided by total revenue, was up 60 basis points from both the same quarter last year and the prior quarter.

On a year-to-date basis, the efficiency ratio of 45.4% improved 100 basis points.

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 negative 1.4% compared to positive 0.4% last year and positive 5.4% last quarter. Adjusted for differences in incentive pay accruals, third quarter operating leverage would have been positive. On a year-to-date basis, operating leverage of positive 2.5% was up 220 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. 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 third quarter effective income tax rate was 27.3%, compared to 27.1% in the same quarter last year and 27.3% in the prior quarter. On a year-to-date basis, the effective income tax rate was 27.1%, compared to 27.0% last year.

Outlook for income taxes

CWB's expected income tax rate for 2018 is approximately 27%.

Comprehensive Income

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

Q3 2018 vs. Q3 2017

Comprehensive income of $67 million compares to $26 million in the same period last year, reflecting a $6 million increase in net income and $36 million higher OCI.

Changes in OCI, all net of tax, resulted from increases in the change in fair value of derivatives designated as cash flow hedges ($19 million) and available-for-sale securities ($16 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.

YTD 2018 vs. YTD 2017

Comprehensive income of $171 million improved $36 million, with a $31 million increase in net income and a $4 million positive change in OCI. Within OCI, increased changes in fair value of derivatives designated as cash flow hedges ($14 million) more than offset decreases in the change in fair value of available-for-sale securities ($9 million).

Balance Sheet

The quarter end balance of total assets of $28,170 million was up 11% from last year and relatively unchanged from last quarter.

Cash and securities

Cash, securities and securities purchased under resale agreements totaled $2,086 million at July 31, 2018, compared to $2,130 million last year and $2,810 million last quarter. 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 $57 million were up from $49 million last year and down from $59 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.

Net realized losses on securities of $0.2 million in the third quarter compare to nil net gains/losses in both the same quarter last year and last quarter. Year-to-date net realized losses on securities were $0.2 million, compared to net gains of $0.7 million last year.

Outlook for cash and securities

CWB will continue to maintain prudent liquidity levels at all times, with the composition of total high-quality liquid assets supporting ongoing compliance 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 liquid assets driven primarily by the structure of both assets and liabilities, and reflects CWB's conservative liquidity risk appetite.

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 $25,665 million increased 12% ($2,823 million) from last year, 3% ($749 million) from the prior quarter and 10% ($2,319 million) over the past nine months, to surpass the $25 billion milestone. 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)	**July 31 2018**	April 30 2018	July 31 2017	Change from July 31 2017
General commercial loans	**$ 7,110**	$ 6,992	$ 5,903	20 %
Personal loans and mortgages	**5,141**	4,974	4,606	12
Equipment financing and leasing	**4,704**	4,565	3,832	23
Commercial mortgages	**4,602**	4,266	4,163	11
Real estate project loans	**3,988**	4,008	4,207	(5)
Oil and gas production loans	**120**	111	131	(8)
Total loans outstanding[1]	**$ 25,665**	$ 24,916	$ 22,842	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 acquired business lending 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 $1,207 million. Equipment financing and leasing increased $872 million, and growth of personal loans and mortgages of $535 million was also strong, reflecting continued increases in both alternative and "A" mortgages. "A" mortgages consist of residential mortgages eligible for bulk portfolio insurance. Commercial mortgages were up $439 million from last year. Real estate project loans contracted $219 million, with net growth in British Columbia more than offset by the impact of successful project completions and payouts in other markets. Lagging impacts of the 2015 – 2016 regional recession have resulted in fewer new real estate project lending opportunities in Alberta. Outstanding balances within CWB's small portfolio of oil and gas production loans declined by $11 million over the past year.

On a sequential basis, total loan growth was led by commercial mortgages ($336 million), followed by personal loans and mortgages ($167 million), where the increase was split approximately evenly between alternative and "A" mortgages. Equipment financing and leasing added $139 million, as strong organic growth offset approximately $59 million of net paydowns and payouts within the acquired portfolio. General commercial loans increased 2% ($118 million). Oil and gas production loans were up $9 million, while real estate project loans were down $20 million.

(unaudited) (millions)	**July 31 2018**	April 30 2018	July 31 2017	Change from July 31 2017
British Columbia	**$ 8,710**	$ 8,381	$ 7,991	9 %
Alberta	**8,109**	7,984	7,824	4
Ontario	**5,517**	5,304	3,965	39
Saskatchewan	**1,378**	1,361	1,331	4
Manitoba	**754**	748	727	4
Quebec	**654**	613	563	16
Other	**543**	525	441	23
Total loans outstanding(1)	**$ 25,665**	$ 24,916	$ 22,842	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 the Balanced Growth strategy. Including support from the business lending assets acquired on January 31, 2018, 55% of annual loan growth was originated in Ontario ($1,552 million). 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 35% 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 22% one year ago. British Columbia, which represents 34% of CWB's total loan balances, delivered strong annual growth of $719 million. Outstanding loan balances in Alberta increased $285 million, the largest annual increase in dollar terms in over two years. Alberta now represents 32% of the portfolio.

On a sequential basis, total outstanding loans were up across all provinces, with the strongest growth achieved in British Columbia ($329 million), Ontario ($213 million) and Alberta ($125 million).

CWB Optimum Mortgage

Total loans of $2,982 million within CWB Optimum increased 12% ($318 million) year-over-year, with 3% ($89 million) growth compared to the prior quarter, and 9% ($236 million) growth since October 31, 2017. Compared to the third quarter last year, alternative mortgage originations in dollar terms were 7% lower, while the renewal rate within CWB Optimum increased to 78% from 70%. The slower rate of originations compared to last year is consistent with management's previously stated expectations. 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 69%. The book value of alternative mortgages represented 94% of CWB Optimum's total portfolio which is consistent with the prior quarter and last year. At approximately 56% of the total, Ontario represents the largest geographic exposure by province within CWB Optimum's portfolio, followed by British Columbia at 18% and Alberta at 17%. The average size of CWB Optimum mortgages originated in the third quarter was approximately $353,000, and the average size of mortgages outstanding at July 31, 2018 was $295,000.

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 through the final quarter of fiscal 2018 is expected to be strong across CWB's national geographic footprint. Business opportunities within Alberta and Saskatchewan are expected to continue to gain momentum.

Within Ontario, growth is expected to continue to benefit from ongoing contributions of CWB Maxium, CWB Franchise Finance, CWB National Leasing and CWB Optimum Mortgage. The business lending assets acquired at the end of the first quarter may also provide incremental growth over the medium-term 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 now expects the outstanding balance of the acquired portfolio to be approximately $650 – $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 has slowed compared to prior years, to a level which continues to resemble overall growth across the rest of the loan portfolio.

Changes to OSFI's Guideline B-20: *Residential Mortgage Underwriting Practices and Procedures* 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 continues to assess the potential impact of all macro prudential and regulatory changes on mortgage-related growth opportunities.

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 continues to assess the potential impact of macroprudential measures on future construction-related opportunities within targeted markets. 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 **July 31 2018**	April 30 2018	July 31 2017	Change from July 31 2017
Gross impaired loans, beginning of period	**$ 122,954**	$ 137,194	$ 137,834	(11) %
New formations	**31,807**	10,420	56,765	(44)
Reductions, impaired accounts paid down or returned to performing status	**(6,466)**	(12,923)	(17,803)	(64)
Write-offs	**(12,865)**	(11,737)	(8,112)	59
Total[1]	**$ 135,430**	$ 122,954	$ 168,684	(20) %
Balance of the ten largest impaired accounts	**$ 55,308**	$ 51,112	$ 83,714	(34) %
Total number of accounts classified as impaired[3]	**229**	244	227	1
Gross impaired loans as a percentage of total loans	**0.53 %**	0.50 %	0.74 %	(21) bp[2]

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $6,709 (April 30, 2018 – $4,737, July 31, 2017 – $2,275).
(2) bp – basis point change.
(3) Total number of accounts excludes CWB National Leasing.

The dollar level of gross impaired loans in the third quarter totaled $135 million, compared to $169 million last year and $123 million in the prior quarter. The dollar level of gross impaired loans represented 0.53% of total loans at quarter-end, down from 0.74% from last year and up from 0.50% in the previous quarter. Gross impaired loans within Alberta this quarter totaled $65 million and accounted for 48% of total impairments, compared to $95 million or 56% of gross impairments in the same period last year and $58 million or 47% 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 0.40% of total non-Alberta loans, compared to 0.49% last year and 0.38% 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 July 31, 2018, the total allowance for credit losses (collective and specific) was $147 million, compared to $141 million one year ago and $146 million last quarter. The total allowance for credit losses represented 109% of gross impaired loans at quarter end, compared to 84% last year and 118% in the prior quarter.

The collective allowance for credit losses was relatively unchanged compared to both the third quarter last year and the prior quarter.

Provision for credit losses

The third quarter provision for credit losses of 21 basis points of average loans compares to 20 basis points in both the same period last year and the previous quarter. The level of the provision in each of the last five 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 20 basis points, compared to 24 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 $22,822 million were up 9% ($1,942 million) from last year and stable compared to the prior quarter. Competition for relationship-based branch-raised deposits remains intense. Mainly due to competitive factors, branch-raised deposits were slightly lower compared to the third quarter last year, with a 10% ($748 million) decline in demand and notice deposits partially offset by 15% ($579 million) growth of fixed term deposits. CWB's use of funding from capital markets increased 62% with six successful issuances or re-openings of senior deposit notes, totaling $1.5 billion over the past twelve months. Further funding diversification has also been achieved through increased use of securitization, reflecting both success in funding the January 31 purchase of business lending assets primarily through CWB's existing securitization channels, as well as increased use of the National Housing Act Mortgage Backed Securities (NHA MBS) and Canada Mortgage Bond (CMB) programs.

Compared to prior quarter, total deposits were stable with branch-raised deposits down 4% and an 11% increase in funding from capital markets.

Personal deposits represented 61% of total deposits at July 31, 2018, last year and at April 30, 2018. Total deposits by type and source are summarized below:

(unaudited) ($ millions)	As at **July 31 2018**	April 30 2018	July 31 2017	Change from July 31 2017
Deposits by Source and Type				
CWB Financial Group branch-raised				
Demand and notice	**$ 6,997**	$ 7,388	$ 7,745	(10) %
Term	**4,535**	4,575	3,956	15
	11,532	11,963	11,701	(1)
Broker term	**8,275**	8,155	7,323	13
Capital markets	**3,015**	2,711	1,856	62
Total Deposits	**$ 22,822**	$ 22,829	$ 20,880	9 %

Total branch-raised deposits accounted for 51% of total deposits at quarter end, compared to 56% last year and 52% in the prior quarter. Demand and notice deposits comprised 31% of total deposits, compared to 37% last year and 32% last quarter. The year-over-year change in this category partly reflects 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 $3,015 million represented 13% of total deposits at July 31, 2018, up from 9% last year and 12% 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 this quarter, up from 35% last year and unchanged from the second quarter.

Securitization

Securitized leases, loans and mortgages are reported on-balance sheet with total loans. The gross amount of securitized leases and loans at July 31, 2018, was $1,718 million, compared to $1,082 million one year ago and $1,729 million last quarter.

The gross amount of mortgages securitized under the NHA MBS program was $573 million (April 30, 2018 – $572 million; July 31, 2017 – $355 million). Year-to-date total funding from the securitization of leases, loans and mortgages was $1,100 million (2017 – $463 million), with the increase mainly reflecting both success in funding the January 31 purchase of business lending assets primarily through securitization, and increased use of the NHA MBS and CMB programs.

Outlook for deposits and funding

CWB's strategic focus to grow and diversify funding sources will continue. This includes a goal to compete more effectively for 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 branch-raised funding is also expected to reflect success in acquiring more clients and developing broader, full-service client relationships across the country.

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 CWB's full-service branch network.

Management is pleased to report the rate of full-service client on-boarding within the CWB Virtual Branch, launched in a pilot phase during the first quarter of fiscal 2018, has exceeded expectations. 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 service delivery is complemented by convenient on-line banking options, including 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.

Continued diversification of funding sources is also expected to include increased utilization of both debt capital markets and CWB's growing securitization capabilities.

Other Assets and Other Liabilities

Other assets totaled $546 million at July 31, 2018, compared to $496 million last year and $531 million last quarter. Other liabilities totaled $719 million at July 31, 2018, compared to $725 million last year and $777 million last quarter.

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 $8,315 million at July 31, 2018, compared to $11,442 million one year ago and $8,568 million last quarter. Approximately $3.3 billion of assets under administration transferred to successor trustees as part of the CWT strategic transactions over the past year, including $225 million this quarter. Further transfers related to this process may occur in forthcoming periods, but are not expected to be material. Assets under management were $2,227 million at quarter end, up 13% from $1,975 million a year earlier and up 3% from $2,161 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 July 31, 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 9.3% CET1, 10.5% Tier 1 and 12.1% Total capital at July 31, 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 8.2% 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 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 July 31 2018**	As at April 30 2018	As at July 31 2017
Regulatory Capital			
CET1 capital before deductions	**$ 2,333**	$ 2,290	$ 2,169
Net CET1 deductions	**(213)**	(212)	(206)
CET1 capital	**2,120**	2,078	1,963
Tier 1 capital[1]	**2,385**	2,344	2,228
Total capital[1]	**2,755**	2,714	2,596
Risk-weighted Assets	**$ 22,807**	$ 22,157	$ 20,527
Capital Adequacy Ratios			
CET1	**9.3 %**	9.4 %	9.6 %
Tier 1	**10.5**	10.6	10.9
Total	**12.1**	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 July 31, 2018 was $25.87, compared to $24.31 last year and $25.40 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 June 28, 2018. On August 29, 2018, CWB's Board of Directors declared a cash dividend of $0.26 per common share, payable on September 28, 2018 to shareholders of record on September 14, 2018. This quarterly dividend is up two cents, or 8%, from the dividend declared one year ago and one cent, or 4%, higher than the dividend declared last 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. The dividend payout ratio this quarter was approximately 36%.

Series 5 and Series 7 preferred shareholders received quarterly cash dividends of $0.275 and $0.390625 on July 31, 2018. On August 29, 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 October 31, 2018 to shareholders of record on October 22, 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 in December 2017 and OSFI has launched a public consultation on the proposed Canadian adoption. OSFI's proposal includes potential revisions to the credit risk, operational risk, leverage ratio, and credit valuation adjustment frameworks included in the Basel III reforms as well as the implementation timelines. An assessment of the impact of the domestic implementation of the Basel III reforms on CWB's capital position and capital management is under way.

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; and, submission of the final application to OSFI.

All material AIRB models and related scorecards have been deployed into the business. Work continues toward development of an enhanced enterprise data warehouse to serve as the repository for required data. Model validation and enhancement 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. Implementation of CWB's risk-weighted asset production and capital reporting tools is underway.

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 (IFRS 9)*

CWB will adopt IFRS 9 effective November 1, 2018, which replaces IAS 39 – *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 addresses classification and measurement of financial assets and liabilities, impairment and hedge accounting.

Impairment

The most significant impact to CWB with the transition to IFRS 9 is the introduction of a new expected credit loss (ECL) model for calculating impairment that is applicable for financial assets measured at amortized cost, debt securities measured at fair value through other comprehensive income, and off-balance sheet loan commitments and financial guarantee contracts, which were previously provided for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (IAS 37).

The ECL approach categorizes financial assets into three stages based on changes in credit risk since inception. A financial asset can move between stages depending on improvement or deterioration of credit risk.

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

ECL represents the difference between all contractual cash flows that are due to CWB in accordance with the contract and the cash flows that are expected to be received, discounted to the reporting date using the original effective interest rate. ECL calculations are a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD). PD, which represents the estimate of the likelihood of default, considers past events, current market conditions and forward-looking information over the 12-month or lifetime horizon. LGD represents an estimate of loss arising from default based on the difference between the contractual cash flows due and those that CWB expects to receive, including consideration for the amount and quality of collateral held. EAD represents an estimate of the exposure at a future default date, taking into account estimated future repayments of principal and draws on committed facilities.

For most financial instruments, CWB will measure ECL on an individual basis. Financial instruments for which allowances for credit losses will be measured on a collective basis are grouped based on similar credit risk characteristics.

There are several key concepts, which are subject to significant judgement, that will impact the level of allowances for credit losses and may increase the volatility of provisions upon transition to IFRS 9, including the determination of when a SICR has occurred, the measurement of both 12-month and lifetime ECL and the incorporation of forward-looking information through the use of multiple probability-weighted scenarios.

Assessment of SICR

Movement between stages one and two is impacted by changes in borrower-specific risk characteristics as well as changes in applicable forward-looking information. For CWB's loans, the main factors considered in assessing whether a SICR has occurred are expected to be relative changes in internal risk ratings since initial recognition, which incorporate both borrower and non-borrower specific probability-weighted forward-looking macroeconomic factors, and certain other criteria such as 30 days past due and watchlist status.

The determination of impairment under IFRS 9 is expected to be generally consistent with the definition under IAS 39, with one exception. Under IAS 39, residential mortgages guaranteed or insured for both principal and interest by the Canadian government, a province or a Canadian government agency and loans that are fully secured and in the process of collection are not classified as impaired until payments are 365 days and 180 days in arrears, respectively. Under IFRS 9, all loans are classified as impaired when payments are contractually past due 90 or more days.

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.

Expected life

In respect to the lifetime of a financial instrument, CWB considers the maximum contractual period over which the bank is exposed to credit risk. For most instruments, the expected life is limited to the remaining contractual life, including prepayment and extension options. For certain revolving credit facilities, the expected life is estimated based on the period over which CWB is exposed to credit risk and how credit losses are mitigated by management actions, including those taken as part of the credit review cycle.

Forecasting forward-looking information

Under IFRS 9, forward-looking information is incorporated into both the assessment of whether a loan has experienced a SICR since its initial recognition and the estimation of ECL. Key economic variables incorporated into CWB's estimate of ECL will include unemployment rates, residential mortgage rates, gross domestic product growth, housing resale price growth, the Canadian dollar/U.S. dollar exchange rate, interest rates and oil price. Macroeconomic variables are projected at a national level and weighted to the geographic composition of CWB's portfolio. Where relevant, each macroeconomic scenario used in ECL calculations will include a projection of all relevant macroeconomic variables used in the models for a five year period.

Transition

CWB's IFRS 9 transition activities in fiscal 2018 have focused on operationalizing impairment models, building and refining an 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 2018 and related scorecards are being populated to generate risk parameters for use in the estimation of ECL.

The ECL calculation process and related governance is now in place, and the data, systems, models and parameters that support the calculations will undergo further refinement and validation throughout fiscal 2018. This includes the process to forecast and incorporate multiple probability-weighted macroeconomic scenarios and calibrate triggers used to identify when a SICR has occurred. During the final quarter of this 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 on the financial statements of transitioning to IFRS 9 on November 1, 2018 is not yet determinable.

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 July 31, 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 August 23, 2018, there were 88,916,765 common shares and 2,879,765 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)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	**$ 204,989**	$ 196,586	$ 193,217	$ 195,122	$ 183,843	$ 172,443	$ 175,227	$ 168,252
Common shareholders' net income	**62,362**	60,464	61,929	60,833	56,308	47,594	49,542	47,834
Earnings per common								
Basic	**0.70**	0.68	0.70	0.69	0.64	0.54	0.56	0.54
Diluted	**0.70**	0.68	0.69	0.68	0.64	0.54	0.56	0.54
Adjusted cash	**0.75**	0.73	0.75	0.74	0.69	0.59	0.61	0.59
Total assets ($ millions)	**28,170**	28,134	27,914	26,447	23,345	24,618	24,815	25,223

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. 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 (teb) 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. Comparative figures have been restated to conform to the current period presentation.

Adjusted Financial Measures

	For the three months ended			Change from	For the nine months ended		Change from
(unaudited)	**July 31**	April 30	July 31	July 31	**July 31**	July 31	July 31
($ thousands)	**2018**	2018	2017	2017	**2018**	2017	2017
Non-interest expenses	**$ 95,695**	$ 91,120	$ 85,383	12 %	**$ 274,732**	$ 252,337	9 %
Adjustments (before tax):							
Amortization of acquisition-related intangible assets	**(1,401)**	(1,781)	(1,900)	(26)	**(4,946)**	(5,651)	(12)
Adjusted non-interest expenses	**$ 94,294**	$ 89,339	$ 83,483	13 %	**$ 269,786**	$ 246,686	9 %
Common shareholders' net income	**$ 62,362**	$ 60,464	$ 56,308	11 %	**$ 184,755**	$ 153,444	20 %
Adjustments (after-tax)							
Acquisition-related fair value changes	**3,675**	3,749	3,364	9	**11,064**	9,940	11
Amortization of acquisition-related intangible assets	**1,031**	1,315	1,401	(26)	**3,690**	4,164	(11)
Adjusted common shareholders' net income	**$ 67,068**	$ 65,528	$ 61,073	10 %	**$ 199,509**	$ 167,548	19 %

Pre-tax, Pre-provision Income

	For the three months ended			Change from	For the nine months ended		Change from
(unaudited)	**July 31**	April 30	July 31	July 31	**July 31**	July 31	July 31
($ thousands)	**2018**	2018	2017	2017	**2018**	2017	2017
Total revenue	**$ 204,989**	$ 196,586	$ 183,843	12 %	**$ 594,792**	$ 531,513	12 %
Less:							
Adjusted non-interest expenses	**94,294**	89,339	83,483	13	**269,786**	246,686	9
Pre-tax, pre-provision income	**$ 110,695**	$ 107,247	$ 100,360	10 %	**$ 325,006**	$ 284,827	14 %

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at July 31 2018	As at April 30 2018	As at October 31 2017	As at July 31 2017	Change from July 31 2017
Assets						
Cash Resources						
Cash and non-interest bearing deposits with financial institutions		**$ 90,847**	$ -	$ 17,491	$ 57,599	58 %
Interest bearing deposits with regulated financial institutions	(Note 4)	**48,534**	231,890	503,895	137,633	(65)
Cheques and other items in transit		**-**	-	410	1,427	(100)
		139,381	231,890	521,796	196,659	(29)
Securities	(Note 4)					
Issued or guaranteed by Canada		**1,256,841**	1,562,377	1,307,298	1,097,193	15
Issued or guaranteed by a province or municipality		**425,397**	542,297	438,858	578,505	(26)
Other debt securities		**164,213**	361,468	308,421	118,706	38
Preferred shares		**100,334**	98,733	132,410	139,092	(28)
		1,946,785	2,564,875	2,186,987	1,933,496	1
Securities Purchased under Resale Agreements		**-**	12,843	-	-	-
Loans	(Notes 5 and 7)					
Personal		**5,141,440**	4,974,101	4,725,715	4,605,813	12
Business		**20,523,645**	19,942,141	18,619,853	18,236,098	13
		25,665,085	24,916,242	23,345,568	22,841,911	12
Allowance for credit losses	(Note 6)	**(127,408)**	(122,891)	(116,329)	(123,040)	4
		25,537,677	24,793,351	23,229,239	22,718,871	12
Other						
Property and equipment		**57,765**	55,491	56,115	55,555	4
Goodwill		**85,168**	85,084	85,669	85,669	(1)
Intangible assets		**155,809**	153,201	149,730	149,344	4
Derivative related	(Note 9)	**6,251**	9,384	12,393	6,619	(6)
Other assets		**241,241**	228,084	205,524	198,654	21
		546,234	531,244	509,431	495,841	10
Total Assets		**$ 28,170,077**	$ 28,134,203	$ 26,447,453	$ 25,344,867	11 %
Liabilities and Equity						
Deposits						
Personal		**$ 13,957,503**	$ 13,850,248	$ 13,394,562	$ 12,785,428	9 %
Business and government		**8,864,464**	8,978,611	8,508,420	8,094,851	10
		22,821,967	22,828,859	21,902,982	20,880,279	9
Other						
Cheques and other items in transit		**42,390**	74,230	55,545	53,486	(21)
Securities sold under repurchase agreements		**147,929**	178,005	58,358	264,401	(44)
Derivative related	(Note 9)	**49,992**	50,145	35,381	31,696	58
Other liabilities		**478,997**	474,313	455,009	375,556	28
		719,308	776,693	604,293	725,139	(1)
Debt						
Debt securities	(Note 8)	**1,810,974**	1,754,306	1,226,336	1,075,270	68
Subordinated debentures		**250,000**	250,000	250,000	250,000	-
		2,060,974	2,004,306	1,476,336	1,325,270	56
Equity						
Preferred shares	(Note 11)	**265,000**	265,000	265,000	265,000	-
Common shares	(Note 11)	**743,788**	741,462	731,885	727,539	2
Retained earnings		**1,607,816**	1,567,671	1,488,634	1,450,386	11
Share-based payment reserve		**23,642**	23,743	24,979	27,325	(13)
Other reserves		**(75,054)**	(76,293)	(49,453)	(57,483)	31
Total Shareholders' Equity		**2,565,192**	2,521,583	2,461,045	2,412,767	6
Non-controlling interests		**2,636**	2,762	2,797	1,412	87
Total Equity		**2,567,828**	2,524,345	2,463,842	2,414,179	6
Total Liabilities and Equity		**$ 28,170,077**	$ 28,134,203	$ 26,447,453	$ 25,344,867	11 %

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 July 31 2018	April 30 2018	July 31 2017	Change from July 31 2017	For the nine months ended July 31 2018	July 31 2017	Change from July 31 2017
Interest Income							
Loans	**$ 305,348**	$ 287,328	$ 250,326	22 %	**$ 866,220**	$ 729,375	19 %
Securities	**8,654**	9,909	5,525	57	**27,454**	17,810	54
Deposits with regulated financial institutions	**378**	781	2,068	(82)	**3,141**	6,584	(52)
	314,380	298,018	257,919	22	**896,815**	753,769	19
Interest Expense							
Deposits	**114,520**	107,980	86,557	32	**326,747**	259,891	26
Debt	**13,216**	12,052	7,371	79	**34,171**	21,982	55
	127,736	120,032	93,928	36	**360,918**	281,873	28
Net Interest Income	**186,644**	177,986	163,991	14	**535,897**	471,896	14
Non-interest Income							
Credit related	**8,042**	7,774	8,538	(6)	**23,709**	25,631	(7)
Wealth management services	**5,164**	5,046	4,854	6	**15,252**	14,646	4
Retail services	**2,511**	2,472	2,564	(2)	**7,746**	8,004	(3)
Trust services	**1,777**	1,911	2,819	(37)	**5,865**	8,784	(33)
(Losses) gains on securities, net	**(242)**	17	46	nm	**(218)**	655	nm
Other	**1,093**	1,380	1,031	6	**6,541**	1,897	245
	18,345	18,600	19,852	(8)	**58,895**	59,617	(1)
Total Revenue	**204,989**	196,586	183,843	12	**594,792**	531,513	12
Provision for Credit Losses (Note 6)	**13,318**	11,946	11,424	17	**35,825**	39,575	(9)
Acquisition-related Fair Value Changes	**5,000**	5,100	4,577	9	**15,053**	13,585	11
Non-interest Expenses							
Salaries and employee benefits	**61,231**	58,345	54,209	13	**177,679**	162,655	9
Premises and equipment	**15,575**	15,804	14,619	7	**46,280**	43,714	6
Other expenses	**18,889**	16,971	16,555	14	**50,773**	45,968	10
	95,695	91,120	85,383	12	**274,732**	252,337	9
Net Income before Income Taxes	**90,976**	88,420	82,459	10	**269,182**	226,016	19
Income taxes	**24,804**	24,147	22,302	11	**72,958**	61,006	20
Net Income	**66,172**	64,273	60,157	10	**196,224**	165,010	19
Net income attributable to non-controlling interests	**247**	247	286	(14)	**781**	878	(11)
Shareholders' Net Income	**65,925**	64,026	59,871	10	**195,443**	164,132	19
Preferred share dividends	**3,563**	3,562	3,563	-	**10,688**	10,688	-
Common Shareholders' Net Income	**$ 62,362**	$ 60,464	$ 56,308	11 %	**$ 184,755**	$ 153,444	20 %
Average number of common shares (in thousands)	**88,869**	88,794	88,321	1 %	**88,764**	88,259	1 %
Average number of diluted common shares (in thousands)	**89,265**	89,222	88,355	1	**89,274**	88,418	1
Earnings Per Common Share							
Basic	**$ 0.70**	$ 0.68	$ 0.64	9 %	**$ 2.08**	$ 1.74	20 %
Diluted	**0.70**	0.68	0.64	9	**2.07**	1.74	19

(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.

nm – not meaningful

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 July 31 2018	 July 31 2017	For the nine months ended July 31 2018	 July 31 2017
Net Income	**$ 66,172**	$ 60,157	**$ 196,224**	$ 165,010
Other Comprehensive Income (Loss), net of tax				
Available-for-sale securities:				
Gains (losses) from change in fair value(1)	**731**	(15,438)	**(12,850)**	(2,996)
Reclassification to net income(2)	**176**	(33)	**159**	(479)
	907	(15,471)	**(12,691)**	(3,475)
Derivatives designated as cash flow hedges:				
Gains (losses) from change in fair value(3)	**2,007**	(18,802)	**(10,644)**	(25,683)
Reclassification to net income(4)	**(1,675)**	(160)	**(2,266)**	(746)
	332	(18,962)	**(12,910)**	(26,429)
	1,239	(34,433)	**(25,601)**	(29,904)
Comprehensive Income for the Period	**$ 67,411**	$ 25,724	**$ 170,623**	$ 135,106
Comprehensive income for the period attributable to:				
Shareholders of CWB	**$ 67,164**	$ 25,438	**$ 169,842**	$ 134,228
Non-controlling interests	**247**	286	**781**	878
Comprehensive Income for the Period	**$ 67,411**	$ 25,724	**$ 170,623**	$ 135,106

(1) Net of income tax of $264 and $4,774 for the three and nine months ended July 31, 2018, respectively (2017 – $5,661 and $1,107).
(2) Net of income tax of $66 and $59 for the three and nine months ended July 31, 2018, respectively (2017 – $13 and $176).
(3) Net of income tax of $742 and $3,937 for the three and nine months ended July 31, 2018, respectively (2017 – $6,919 and $9,450).
(4) Net of income tax of $619 and $838 for the three and nine months ended July 31, 2018, respectively (2017 – $59 and $275).

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 nine months ended July 31 2018	 July 31 2017
Retained Earnings			
Balance at beginning of period		**$ 1,488,634**	$ 1,354,966
Shareholders' net income		**195,443**	164,132
Dividends – Preferred shares		**(10,688)**	(10,688)
– Common shares		**(65,698)**	(60,896)
Increase in equity attributable to non-controlling interests ownership change		**125**	2,872
Balance at end of period		**1,607,816**	1,450,386
Other Reserves			
Balance at beginning of period		**(49,453)**	(27,579)
Changes in available-for-sale securities		**(12,691)**	(3,475)
Changes in derivatives designated as cash flow hedges		**(12,910)**	(26,429)
Balance at end of period		**(75,054)**	(57,483)
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		**3,455**	3,684
Transferred from share-based payment reserve on the exercise or exchange of options		**2,698**	5,478
Balance at end of period		**743,788**	727,539
Share-based Payment Reserve			
Balance at beginning of period		**24,979**	31,276
Amortization of fair value of options	(Note 12)	**1,361**	1,527
Transferred to common shares on the exercise or exchange of options		**(2,698)**	(5,478)
Balance at end of period		**23,642**	27,325
Total Shareholders' Equity		**2,565,192**	2,412,767
Non-Controlling Interests			
Balance at beginning of period		**2,797**	773
Net income attributable to non-controlling interests		**781**	878
Dividends to non-controlling interests		**(1,186)**	(607)
Increase in equity attributable to non-controlling interests		**-**	485
Partial ownership decrease (increase)		**244**	(117)
Balance at end of period		**2,636**	1,412
Total Equity		**$ 2,567,828**	$ 2,414,179

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

Consolidated Statements of Cash Flows

(unaudited) ($ thousands)		For the nine months ended July 31 2018	July 31 2017
Cash Flows from Operating Activities			
Net income		**$ 196,224**	$ 165,010
Adjustments to determine net cash flows:			
Provision for credit losses		**35,825**	39,575
Depreciation and amortization		**22,093**	21,795
Current income taxes receivable and payable		**5,778**	(1,098)
Amortization of fair value of employee stock options	(Note 12)	**1,361**	1,527
Accrued interest receivable and payable, net		**9,555**	(36,356)
Deferred income taxes, net		**(9,836)**	(1,779)
Net gain on CWT strategic transactions	(Note 3)	**(3,401)**	-
Losses (gains) on securities, net		**218**	(655)
Fair value change in contingent consideration	(Note 14)	**15,053**	13,585
Change in operating assets and liabilities:			
Deposits, net		**918,985**	(314,274)
Loans, net		**(2,344,065)**	(802,458)
Securities sold under repurchase agreements, net		**89,571**	264,401
Securities purchased under resale agreements, net		**-**	163,318
Other items, net		**(1,028)**	10,114
		(1,063,667)	(477,295)
Cash Flows from Financing Activities			
Debt securities issued		**1,099,816**	463,158
Debt securities repaid		**(515,178)**	(331,086)
Dividends		**(72,931)**	(67,900)
Contributions by non-controlling interests		**1,316**	3,401
Dividends to non-controlling interests		**(1,186)**	(607)
Debentures redeemed		**-**	(75,000)
		511,837	(8,034)
Cash Flows from Investing Activities			
Interest bearing deposits with regulated financial institutions, net		**455,361**	752,883
Securities, purchased		**(2,295,076)**	(5,047,787)
Securities, sale proceeds		**1,264,651**	4,026,773
Securities, matured		**1,257,069**	788,116
Proceeds from CWT strategic transactions	(Note 3)	**3,451**	-
Partial ownership increase		**-**	(1,838)
Property, equipment and intangible assets		**(30,275)**	(19,003)
Acquisition-related contingent consideration instalment payment	(Note 14)	**(17,250)**	(10,132)
		637,931	489,012
Change in Cash and Cash Equivalents		**86,101**	3,683
Cash and Cash Equivalents at Beginning of Period		**(37,644)**	1,857
Cash and Cash Equivalents at End of Period *		**$ 48,457**	$ 5,540
* Represented by:			
Cash and non-interest bearing deposits with financial institutions		**$ 90,847**	$ 57,599
Cheques and other items in transit (included in Cash Resources)		**-**	1,427
Cheques and other items in transit (included in Other Liabilities)		**(42,390)**	(53,486)
Cash and Cash Equivalents at End of Period		**$ 48,457**	$ 5,540
Supplemental Disclosure of Cash Flow Information			
Interest and dividends received		**$ 912,666**	$ 761,594
Interest paid		**350,441**	315,263
Income taxes paid		**67,230**	52,791

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 August 29, 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 (IFRS 9)*

CWB will adopt IFRS 9 effective November 1, 2018. The adoption of IFRS 9 is a significant initiative for CWB supported by a formal governance framework and a robust implementation plan. For more details related to CWB's transition to IFRS 9, see the Future Accounting Changes section of Management's Discussion and Analysis.

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 $3.4 million in the nine months ended July 31, 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 year-to-date in fiscal 2018 totalled $26.4 million and the market value of the related assets under administration totalled $1.9 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:

	As at July 31 2018	As at April 30 2018	As at October 31 2017
Interest bearing deposits with regulated financial institutions	**$ -**	$ (24)	$ (18)
Securities issued or guaranteed by			
Canada	**(33,423)**	(33,196)	(20,243)
A province or municipality	**(8,449)**	(8,485)	(4,652)
Other debt securities	**(2,956)**	(2,750)	1,750
Preferred shares	**(12,536)**	(14,138)	(16,749)
Unrealized Losses, Net	**$ (57,364)**	$ (58,593)	$ (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 July 31, 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 nine months ended July 31, 2018 (2017 – nil).

5. Loans

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

									Composition Percentage		
($ millions)	BC	AB	ON	SK	MB	QC	Other	Total	July 31 2018	April 30 2018	October 31 2017
Personal[1]	$ 1,375	$ 1,296	$ 2,044	$ 219	$ 110	$ -	$ 97	$ 5,141	20 %	20 %	20 %
Business											
General commercial loans	2,174	2,390	1,792	295	226	105	128	7,110	28	28	27
Equipment financing and leasing[2]	729	1,187	1,294	429	222	526	317	4,704	18	19	17
Commercial mortgages	1,906	2,133	113	272	154	23	1	4,602	18	17	18
Real estate project loans	2,526	998	274	148	42	-	-	3,988	16	16	17
Oil and gas production loans	-	105	-	15	-	-	-	120	-	-	1
	7,335	6,813	3,473	1,159	644	654	446	20,524	80	80	80
Total Loans[3]	$ 8,710	$ 8,109	$ 5,517	$ 1,378	$ 754	$ 654	$ 543	$ 25,665	100 %	100 %	100 %
Composition Percentage											
July 31, 2018	34 %	32 %	21%	5 %	3 %	3 %	2 %	100 %			
April 30, 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 $573 (April 30, 2018 – $572, October 31, 2017 – $381).
(2) Includes securitized leases reported on-balance sheet of $1,718 (April 30, 2018 – $1,729, 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 July 31, 2018			For the three months ended April 30, 2018		
	Specific Allowance	**Collective Allowance for Credit Losses**	**Total**	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	**$ 25,220**	**$ 120,392**	**$ 145,612**	$ 21,716	$ 120,283	$ 141,999
Provision for credit losses	**14,182**	**(864)**	**13,318**	11,837	109	11,946
Write-offs	**(12,865)**	**-**	**(12,865)**	(11,737)	-	(11,737)
Recoveries	**1,127**	**-**	**1,127**	3,404	-	3,404
Balance at End of Period	**$ 27,664**	**$ 119,528**	**$ 147,192**	$ 25,220	$ 120,392	$ 145,612
Represented by:						
Loans	**$ 27,664**	**$ 99,744**	**$ 127,408**	$ 25,220	$ 97,671	$ 122,891
Committed but undrawn exposures and letters of credit	**-**	**19,784**	**19,784**	-	22,721	22,721
Total Allowance	**$ 27,664**	**$ 119,528**	**$ 147,192**	$ 25,220	$ 120,392	$ 145,612

	For the three months ended July 31, 2017		
	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	$ 18,274	$ 118,119	$ 136,393
Provision for credit losses	11,236	188	11,424
Write-offs	(8,112)	-	(8,112)
Recoveries	1,398	-	1,398
Balance at End of Period	$ 22,796	$ 118,307	$ 141,103
Represented by:			
Loans	$ 22,796	$ 100,244	$ 123,040
Committed but undrawn exposures and letters of credit	-	18,063	18,063
Total Allowance	$ 22,796	$ 118,307	$ 141,103

	For the nine months ended July 31, 2018			For the nine months ended July 31, 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	**35,595**	**230**	**35,825**	32,211	7,364	39,575
Write-offs	**(31,548)**	**-**	**(31,548)**	(29,589)	-	(29,589)
Recoveries	**7,000**	**-**	**7,000**	3,905	-	3,905
Balance at End of Period	**$ 27,664**	**$ 119,528**	**$ 147,192**	$ 22,796	$ 118,307	$ 141,103

7. Impaired and Past Due Loans

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

	As at July 31, 2018				As at April 30, 2018			
	Gross Amount	**Gross Impaired Amount**	**Specific Allowance**	**Net Impaired Loans**	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Personal	**$ 5,141,440**	**$ 23,320**	**$ 575**	**$ 22,745**	$ 4,974,101	$ 23,142	$ 457	$ 22,685
Business								
General commercial	**7,109,948**	**20,664**	**6,156**	**14,508**	6,992,240	22,998	6,834	16,164
Equipment financing and leasing	**4,704,359**	**47,737**	**16,993**	**30,744**	4,564,831	50,294	13,939	36,355
Commercial mortgages[1]	**4,601,407**	**27,923**	**2,940**	**24,983**	4,265,692	15,975	2,370	13,605
Real estate project loans	**3,987,705**	**15,786**	**1,000**	**14,786**	4,008,601	10,545	1,620	8,925
Oil and gas production loans	**120,226**	**-**	**-**	**-**	110,777	-	-	-
Total[2]	**$ 25,665,085**	**$ 135,430**	**$ 27,664**	**107,766**	$ 24,916,242	$ 122,954	$ 25,220	97,734
Collective Allowance[3]				**(119,528)**				(120,392)
Net Impaired Loans After Collective Allowance				**$ (11,762)**				$ (22,658)

	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 commercial mortgages.
(2) Gross impaired loans include foreclosed assets with a carrying value of $6,709 (April 30, 2018 – $4,737; 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 letters of credit and is not allocated by loan type.

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

	As at July 31, 2018			As at April 30, 2018		
	Gross Impaired Amount	**Specific Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	**$ 64,760**	**$ 9,472**	**$ 55,288**	$ 58,142	$ 9,733	$ 48,409
British Columbia	**16,213**	**1,817**	**14,396**	13,202	1,740	11,462
Ontario	**24,465**	**6,641**	**17,824**	19,026	4,247	14,779
Saskatchewan	**7,081**	**1,179**	**5,902**	8,178	1,482	6,696
Manitoba	**9,608**	**4,229**	**5,379**	9,767	3,797	5,970
Quebec	**5,771**	**2,803**	**2,968**	6,917	2,978	3,939
Other	**7,532**	**1,523**	**6,009**	7,722	1,243	6,479
Total	**$ 135,430**	**$ 27,664**	**107,766**	$ 122,954	$ 25,220	97,734
Collective Allowance[1]			**(119,528)**			(120,392)
Net Impaired Loans After Collective Allowance			**$ (11,762)**			$ (22,658)

	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 letters of credit 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:

	As at July 31, 2018				
	1 – 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Personal	**$ 53,662**	**$ 13,491**	**$ 245**	**$ 2,102**	**$ 69,500**
Business	**99,279**	**38,966**	**10,856**	**1,170**	**150,271**
Total	**$ 152,941**	**$ 52,457**	**$ 11,101**	**$ 3,272**	**$ 219,771**
Total as at April 30, 2018	$ 128,794	$ 60,484	$ 16,181	$ 370	$ 205,829
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 sheets and a securitization liability is recognized within debt securities for the cash proceeds received.

During the nine months ended July 31, 2018, CWB sold securitized equipment financing leases and loans of $1,063,618 to third parties (2017 – $415,265) for cash proceeds of $960,307 (2017 – $373,155).

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 nine months ended July 31, 2018, CWB sold securitized residential mortgages of $140,927 to the CHT (2017 – nil) for cash proceeds of $139,509 (2017 – nil), and did not sell securitized residential mortgages directly to third party investors (2017 – $88,354 sold 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 consolidated balance sheets.

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:

	As at July 31, 2018		As at April 30, 2018	
	Carrying value	**Fair Value**	Carrying value	Fair Value
Transferred assets that do not qualify for derecognition				
Securitized leases and loans	**$ 1,718,121**	**$1,788,487**	$ 1,728,586	$ 1,803,901
Securitized residential mortgages	**241,632**	**236,019**	175,437	171,339
Securities sold under repurchase agreements	**147,929**	**147,929**	178,005	178,005
	2,107,682	**2,172,435**	2,082,028	2,153,245
Associated liabilities[(1)]	**1,958,903**	**1,863,169**	1,932,311	1,871,204
Net position	**$ 148,779**	**$ 309,266**	$ 149,717	$ 282,041

	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 $1,567,000 related to securitized equipment financing leases and loans (April 30, 2018 – $1,577,477; October 31, 2017 – $1,105,180), $243,974 related to residential mortgages securitized through the NHA MBS program (April 30, 2018 – $176,829; October 31, 2017 – $121,156) and $147,929 related to securities sold under repurchase agreements (April 30, 2018 – $178,005; October 31, 2017 – $58,358).

In addition, CWB has securitized residential mortgages through the NHA MBS program totaling $331,369 with a fair value of $323,708 (April 30, 2018 – $395,180 with a fair value of $385,949; 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:

	As at July 31, 2018			As at April 30, 2018		
	Notional Amount	**Positive Fair Value**	**Negative Fair Value**	Notional Amount	Positive Fair Value	Negative Fair Value
Cash Flow Hedges						
Interest rate swaps[1]	**$ 4,498,000**	**$ 1,057**	**$ 47,487**	$ 3,888,000	$ 516	$ 47,804
Equity swaps[2]	**18,285**	**4,364**	**-**	18,222	6,484	-
Bond forward[3]	**16,000**	**68**	**-**	-	-	-
Not Designated in a Hedging Relationship						
Foreign exchange contracts [4]	**227,090**	**648**	**2,505**	221,222	1,194	2,341
Equity swaps [5]	**5,842**	**114**	**-**	3,449	1,190	-
Derivative related amounts	**$ 4,765,217**	**$ 6,251**	**$ 49,992**	$ 4,130,893	$ 9,384	$ 50,145

	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 July 31, 2018 mature between August 2018 and July 2023.
(2) Equity swaps designated as cash flow hedges outstanding at July 31, 2018 mature between June 2019 and June 2021.
(3) Bond forwards designated as cash flow hedges outstanding at July 31, 2018 mature in September 2018.
(4) Foreign exchange contracts outstanding at July 31, 2018 mature between August 2018 and January 2019.
(5) Equity swaps not designated as hedges outstanding at July 31, 2018 mature in June 2019.

At July 31, 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 nine months ended July 31, 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 July 31, 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	**$ 6,251**	**$ 2,690**	**$ 3,561**	**$ -**	**$ -**
Financial Liabilities					
Derivative instruments	**$ 49,992**	**$ 2,690**	**$ 43,278**	**$ -**	**$ 4,024**
As at April 30, 2018					
Financial Assets					
Derivative instruments	$ 9,384	$ 2,145	$ 7,239	$ -	$ -
Financial Liabilities					
Derivative instruments	$ 50,145	$ 2,145	$ 45,097	$ -	$ 2,903
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 nine months ended			
		July 31, 2018		July 31, 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)	**165,994**	**2,698**	128,463	5,478
Issued under dividend reinvestment plan		**96,120**	**3,455**	129,100	3,684
Outstanding at end of period		**88,916,760**	**743,788**	88,360,683	727,539
Share Capital			**$ 1,008,788**		$ 992,539

(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			
	July 31, 2018		July 31, 2017	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**3,050,091**	**$ 31.67**	4,245,851	$ 30.42
Granted	**-**	**-**	-	-
Exercised or exchanged	**(156,513)**	**28.08**	-	-
Expired	**(13,103)**	**36.88**	(161,831)	26.57
Forfeited	**-**	**-**	(11,177)	31.09
Balance at End of Period	**2,880,475**	**$ 31.84**	4,072,843	$ 30.58

	For the nine months ended			
	July 31, 2018		July 31, 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	**(742,979)**	**29.09**	(1,176,504)	26.56
Expired	**(29,868)**	**36.52**	(271,055)	29.67
Forfeited	**-**	**-**	(25,022)	35.62
Balance at End of Period	**2,880,475**	**$ 31.84**	4,072,843	$ 30.58

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 nine months ended July 31, 2018, option holders exercised 742,979 options (2017 – 1,176,504) in exchange for 165,994 shares (2017 – 128,463) by way of cashless settlement.

For the nine months ended July 31, 2018, salary expense of $1,361 (2017 – $1,527) was recognized related to the estimated fair value of options granted. The fair value of options granted during the nine months ended July 31, 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 July 31, 2018:

	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	1,164,695	3.2	$ 24.87	561,751	$ 26.13
$29.99 to $35.15	602,193	6.1	32.72	-	-
$37.50 to $39.42	1,113,587	0.7	38.66	1,113,587	38.66
Total	2,880,475	2.8	$ 31.84	1,675,338	$ 34.46

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 July 31, 2018, these items include guarantees and standby letters of credit of $502,189 (April 30, 2018 – $486,589; 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 July 31, 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	**$ -**	**$ -**	**$ 139,381**	**$ 139,381**	**$ 139,381**	**$ -**
Securities	**-**	**-**	**1,946,785**	**1,946,785**	**1,946,785**	**-**
Loans(1)	**-**	**25,672,206**	**-**	**25,672,206**	**25,927,145**	**254,939**
Derivative related	**6,251**	**-**	**-**	**6,251**	**6,251**	**-**
Total Financial Assets	**$ 6,251**	**$ 25,672,206**	**$ 2,086,166**	**$ 27,764,623**	**$ 28,019,562**	**$ 254,939**
Financial Liabilities						
Deposits(1)	**$ -**	**$ 22,854,520**	**$ -**	**$ 22,854,520**	**$ 22,719,188**	**$ (135,332)**
Securities sold under repurchase agreements	**-**	**147,929**	**-**	**147,929**	**147,929**	**-**
Debt	**-**	**2,060,974**	**-**	**2,060,974**	**1,966,527**	**(94,447)**
Derivative related	**49,992**	**-**	**-**	**49,992**	**49,992**	**-**
Contingent consideration	**-**	**24,773**	**-**	**24,773**	**24,773**	**-**
Total Financial Liabilities	**$ 49,992**	**$ 25,088,196**	**$ -**	**$ 25,138,188**	**$ 24,908,409**	**$ (229,779)**
As at April 30, 2018						
Total Financial Assets	$ 9,384	$ 24,960,198	$ 2,809,608	$ 27,779,190	$ 28,037,332	$ 258,142
Total Financial Liabilities	$ 50,145	$ 25,061,313	$ -	$ 25,111,458	$ 24,948,910	$ (162,548)
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, and 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 July 31, 2018	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash resources	**$ 139,381**	**$ 109,827**	**$ 29,554**	**$ -**
Securities	**1,946,785**	**224,759**	**1,722,026**	**-**
Loans	**25,927,145**	**-**	**-**	**25,927,145**
Derivative related	**6,251**	**-**	**6,251**	**-**
Total Financial Assets	**$ 28,019,562**	**$ 334,586**	**$ 1,757,831**	**$ 25,927,145**
Financial Liabilities				
Deposits	**$ 22,719,188**	**$ -**	**$ 22,719,188**	**$ -**
Securities sold under repurchase agreements	**147,929**	**-**	**147,929**	**-**
Debt	**1,966,527**	**-**	**1,966,527**	**-**
Derivative related	**49,992**	**-**	**49,992**	**-**
Contingent consideration	**24,773**	**-**	**-**	**24,773**
Total Financial Liabilities	**$ 24,908,409**	**$ -**	**$ 24,883,636**	**$ 24,773**
As at April 30, 2018				
Financial Assets	$ 28,037,332	$ 270,944	$ 2,548,048	$ 25,218,340
Financial Liabilities	$ 24,948,910	$ -	$ 24,929,037	$ 19,873
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 nine months ended July 31	
	2018	2017
Acquisitions		
Balance at beginning of period	**$ 32,420**	$ 24,257
Acquisition-related fair value changes	**15,053**	13,585
Contingent consideration instalment payment[(1)]	**(23,000)**	(10,132)
	24,473	27,710
Divestitures		
Balance at beginning of period	**500**	-
Divestiture-related fair value changes	**(200)**	-
	300	-
Balance at End of Period	**$ 24,773**	$ 27,710

(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
July 31, 2018								
Assets								
Cash resources and securities	**$ 108**	**$ 5**	**$ 406**	**$ 519**	**$ 1,567**	**$ -**	**$ -**	**$ 2,086**
Loans	**11,228**	**1,469**	**3,879**	**16,576**	**8,693**	**389**	**(120)**	**25,538**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**546**	**546**
Derivative financial instruments(1)	**181**	**85**	**750**	**1,016**	**3,522**	**-**	**227**	**4,765**
Total	**11,517**	**1,559**	**5,035**	**18,111**	**13,782**	**389**	**653**	**32,935**
Liabilities and Equity								
Deposits	**6,791**	**1,246**	**4,143**	**12,180**	**10,669**	**-**	**(27)**	**22,822**
Other liabilities	**148**	**-**	**-**	**148**	**-**	**-**	**571**	**719**
Debt	**50**	**108**	**433**	**591**	**1,470**	**-**	**-**	**2,061**
Equity	**-**	**-**	**125**	**125**	**140**	**-**	**2,303**	**2,568**
Derivative financial instruments(1)	**4,538**	**-**	**-**	**4,538**	**-**	**-**	**227**	**4,765**
Total	**11,527**	**1,354**	**4,701**	**17,582**	**12,279**	**-**	**3,074**	**32,935**
Interest Rate Sensitive Gap	**$ (10)**	**$ 205**	**$ 334**	**$ 529**	**$ 1,503**	**$ 389**	**$ (2,421)**	**$ -**
Cumulative Gap	**$ (10)**	**$ 195**	**$ 529**	**$ 529**	**$ 2,032**	**$ 2,421**	**$ -**	**$ -**
Cumulative Gap as a Percentage of Total Assets	**- %**	**0.6%**	**1.6 %**	**1.6 %**	**6.2 %**	**7.4 %**	**- %**	**- %**
April 30, 2018								
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 %	- %	- %
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:

July 31, 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	**4.2 %**	**4.0 %**	**3.9 %**	**4.1 %**	**3.6 %**	**6.1 %**	**3.9 %**
Total Liabilities	**1.6**	**1.9**	**2.1**	**1.7**	**2.4**	**0.0**	**2.0**
Interest Rate Sensitive Gap	**2.6 %**	**2.1 %**	**1.8 %**	**2.4 %**	**1.2 %**	**6.1 %**	**1.9 %**
April 30, 2018							
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 %
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 $11,428 (April 30, 2018 – $10,142; July 31, 2017 – $13,376) and decrease other comprehensive income by $104,365 (April 30, 2018 – $89,601; July 31, 2017 – $75,599) 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 $13,398 (April 30, 2018 – $12,748; July 31, 2017 – $16,278) and increase other comprehensive income by $101,820 (April 30, 2018 – $87,835; July 31, 2017 – $76,749) 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 third 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 July 31 2018	As at April 30 2018	As at July 31 2017
Regulatory capital, net of deductions			
Common equity Tier 1	**$ 2,120,026**	$ 2,078,303	$ 1,962,923
Tier 1	**2,385,231**	2,343,524	2,228,025
Total	**2,754,807**	2,713,968	2,596,356
Capital ratios			
Common equity Tier 1	**9.3 %**	9.4 %	9.6 %
Tier 1	**10.5**	10.6	10.9
Total	**12.1**	12.3	12.7
Leverage ratio	**8.2**	8.0	8.5

During the nine months ended July 31, 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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Telephone: (416) 263-9200
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 August 30, 2018 at 2:30 pm ET. The webcast will be archived on CWB's website at cwb.com for sixty days. A replay of the conference call will be available until September 6, 2018 by dialing 404-537-3406 (Toronto) or 1-855-859-2056 (toll-free) and entering passcode 5958859.