NEWS RELEASE

CWB reports strong fourth quarter performance and record results for fiscal 2010

Loan growth of 4% in the quarter and 14% for the year

Quarterly dividend declared of $0.13 per CWB common share, an increase of 18%

Quarterly dividend declared on CWB Series 3 preferred shares

Fourth Quarter 2010 Highlights (compared to the same period in the prior year)

- Loan growth of 4% in the quarter
- Net income of $39.1 million, up 29% ($8.8 million), marking CWB's 90th consecutive profitable quarter
- Diluted earnings per common share of $0.48, up 23%
- Record quarterly total revenues (teb[1]) of $111.6 million, up 24% ($21.5 million)
- On December 6, 2010, a quarterly dividend was declared of $0.13 per CWB common share, an increase of 18% over a year earlier
- New full service banking branches opened in Sherwood Park, Alberta and Surrey, British Columbia (BC), bringing the total number of CWB branches to 39
- Canadian Western Trust assets under administration surpassed $6 billion

teb(1) – taxable equivalent basis (see definition following the Financial Highlights table)

Fiscal 2010 Highlights (compared to the prior year)

- Record net income of $163.6 million, up 54% ($57.3 million)
- Record diluted earnings per common share of $2.05, up 39%
- Return on common shareholders' equity of 17.1%, up 390 basis points
- Loan growth of 14%
- Record total revenues (teb) of $434.3 million, up 32% ($106.3 million)
- Efficiency ratio (teb) of 44.1% compared to 48.2%

Fiscal 2010 Performance versus Minimum Targets

2010 Minimum Targets	2010 Performance
Net income growth of 12%	54%
Total revenues (teb) growth of 12%	32%
Loan growth of 10%	14%
Return on common shareholders' equity of 13%	17.1%
Return on assets of 0.90%	1.24%
Efficiency ratio (teb) of 48% or less	44.1%
Provision for credit losses between 0.15% - 0.20% of average loans	0.21%

Edmonton, December 7, 2010 – Canadian Western Bank (TSX: CWB) today announced strong financial performance marking the Bank's 90th consecutive profitable quarter. Fourth quarter net income increased 29% to $39.1 million compared to the same quarter last year while diluted earnings per common share increased 23% to $0.48. Record quarterly total revenues (teb) of $111.6 million grew 24% and reflect the combined positive impact of a 50 basis point improvement in net interest margin (teb), 14% annual loan growth and strong other income. CWB also achieved record financial performance for the year and surpassed its 2010 minimum targets for revenue growth, profitability, loan growth and efficiency by a considerable margin. Annual net income of $163.6 million, or $2.05 per diluted common share, increased 54% and 39% respectively, over 2009.

On December 6, 2010, CWB's Board of Directors declared a cash dividend of $0.13 per common share, payable on January 13, 2011 to shareholders of record on December 30, 2010. This quarterly dividend is 18% higher than the quarterly dividend declared in both the previous quarter and one year ago and represents the first dividend increase since July 2008. The Board of Directors also declared a cash dividend of $0.453125 per Series 3 Preferred Share payable on January 31, 2011 to shareholders of record on January 21, 2011.

Fourth quarter net income for the banking and trust segment of $37.0 million was up 35% over a year earlier. A significant improvement in net interest margin, including the favourable margin impact from the acquisition of National Leasing Group Inc. (National Leasing or NL), loan growth and a 6% increase in other income helped drive banking and trust segment total revenues (teb) up 26% to a record $105.3 million. Quarterly net income from insurance operations was $2.1 million, down $0.8 million compared to a year earlier reflecting higher claims and operating expenses, partially offset by an increase in net earned premiums and a positive contribution from the Alberta auto risk sharing pools.

"We finished 2010 with strong quarterly performance that contributed to an exceptional year for CWB Group," said Larry Pollock, President and CEO. "We achieved record results across almost all key metrics despite the post-recessionary economy, which makes this accomplishment particularly gratifying, as it further confirms our strategies and the dedication of our people. We significantly surpassed our targets for revenues and profitability, and achieved double-digit loan growth for the twentieth time in the past twenty-one years. While there are still uncertainties about the strength of the economic recovery, we are definitely seeing more optimism in our markets compared to earlier in the year. We are also seeing some further positive signs on the credit front, as evidenced by another decline this quarter in the dollar level of gross impaired loans."

"Perhaps our biggest highlight this year was when we welcomed National Leasing to the CWB Group. We expected this business would materially benefit our performance and diversification over time, but it has already surpassed our expectations. Great employees are the foundation of any successful business and National Leasing's talented people and strong organizational culture make it a terrific match with CWB."

"Subsequent to year end, CWB was proud to be recognized as having one of *Canada's 10 Most Admired Corporate Cultures*™*.* We were also identified as one of the *50 Best Employers in Canada* for the fifth consecutive year. National Leasing was named one of *Canada's 50 Best Managed Companies* for the sixteenth year in a row and one of the *50 Best Small & Medium Employers in Canada* for the fourth time in as many years."

"One of the consequences of having a great year like 2010 is that expectations are that much higher for 2011. While we believe there will be challenges due to economic and competitive factors, our minimum performance targets for next year reflect ongoing confidence across all of our businesses. We will continue to focus on high quality loans and expect to grow earnings and revenues while maintaining strong efficiency. We're very proud of our track record, but there is still plenty of room for us to develop and grow. Our goal is to improve across each area of our organization so we can better use our competitive advantages to serve clients and increase market share."

"Our Board of Directors was pleased to increase the dividend for our shareholders this quarter. It represented the first change in our quarterly dividend since July 2008 and brings us more in line with our targeted payout range of 25% to 30% of net income. While we plan to keep our payout range low relative to other Canadian banks to support CWB's ongoing growth and development, we expect further dividend increases in the future as we achieve our performance objectives," added Mr. Pollock.

Financial Highlights

(unaudited) ($ thousands, except per share amounts)	For the three months ended October 31 2010	July 31 2010	October 31 2009	Change from October 31 2009	For the year ended October 31 2010	October 31 2009	Change from October 31 2009
Results of Operations							
Net interest income (teb - see below)	**$ 89,206**	$ 85,020	$ 68,012	31 %	**$ 328,664**	$ 236,354	39 %
Less teb adjustment	**3,179**	2,782	2,397	33	**11,186**	7,847	43
Net interest income per financial statements	**86,027**	82,238	65,615	31	**317,478**	228,507	39
Other income	**22,364**	26,025	22,087	1	**105,595**	91,612	15
Total revenues (teb)	**111,570**	111,045	90,099	24	**434,259**	327,966	32
Total revenues	**108,391**	108,263	87,702	24	**423,073**	320,119	32
Net income	**39,107**	46,595	30,357	29	**163,621**	106,285	54
Earnings per common share							
Basic[(1)]	**0.53**	0.64	0.42	26	**2.26**	1.51	50
Diluted[(2)]	**0.48**	0.59	0.39	23	**2.05**	1.47	39
Diluted cash[(3)]	**0.49**	0.60	0.39	26	**2.09**	1.49	40
Return on common shareholders' equity[(4)]	**15.1 %**	19.1 %	13.7 %	140 bp[(5)]	**17.1 %**	13.2 %	390 bp[(5)]
Return on assets[(6)]	**1.13**	1.40	0.91	22	**1.24**	0.86	38
Efficiency ratio[(7)] (teb)	**46.6**	44.4	46.1	50	**44.1**	48.2	(410)
Efficiency ratio	**47.9**	45.5	47.4	50	**45.3**	49.4	(410)
Net interest margin (teb)[(8)]	**2.84**	2.78	2.34	50	**2.74**	2.10	64
Net interest margin	**2.74**	2.69	2.25	49	**2.64**	2.03	61
Provision for credit losses as a percentage of average loans	**0.21**	0.23	0.15	6	**0.21**	0.15	6
Per Common Share							
Cash dividends	**$ 0.11**	$ 0.11	$ 0.11	- %	**$ 0.44**	$ 0.44	- %
Book value	**14.08**	13.65	12.16	16	**14.08**	12.16	16
Closing market value	**25.36**	25.97	21.38	19	**25.36**	21.38	19
Common shares outstanding (thousands)	**66,641**	66,547	63,903	4	**66,641**	63,903	4
Balance Sheet and Off-Balance Sheet Summary							
Assets	**$ 12,701,691**	$ 12,110,173	$ 11,635,872	9 %			
Loans	**10,496,464**	10,104,866	9,236,193	14			
Deposits	**10,812,767**	10,257,042	9,617,238	12			
Subordinated debentures	**315,000**	315,000	375,000	(16)			
Shareholders' equity	**1,148,043**	1,118,115	986,499	16			
Assets under administration	**8,530,716**	8,311,799	5,467,447	56			
Assets under management	**795,467**	757,899	878,095	(9)			
Capital Adequacy[(9)]							
Tangible common equity to risk-weighted assets[(10)]	**8.5 %**	8.5 %	8.0 %	50			
Tier 1 ratio	**11.3**	11.4	11.3	-			
Total ratio	**14.3**	14.4	15.4	(110)			

(1) Basic earnings per share is calculated as net income less preferred share dividends divided by the average number of common shares outstanding.
(2) Diluted earnings per share is calculated as net income less preferred share dividends divided by the average number of common shares outstanding adjusted for the dilutive effects of stock options and warrants.
(3) Diluted cash earnings per share is diluted earnings per common share excluding the after-tax amortization of acquisition-related intangible assets.
(4) Return on common shareholders' equity is calculated as annualized net income after preferred share dividends divided by average common shareholders' equity.
(5) bp – basis point change.
(6) Return on assets is calculated as annualized net income after preferred share dividends divided by average total assets.
(7) Efficiency ratio is calculated as non-interest expenses divided by total revenues.
(8) Net interest margin is calculated as annualized net interest income divided by average total assets.
(9) Capital adequacy is calculated in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).
(10) Tangible common equity to risk-weighted assets is calculated as shareholders' equity less subsidiary goodwill divided by risk-weighted assets, calculated in accordance with guidelines issued by OSFI.

Taxable Equivalent Basis (teb)

Most banks analyze revenues on a taxable equivalent basis to permit uniform measurement and comparison of net interest income. Net interest income (as presented in the consolidated statement of income) includes tax-exempt income on certain securities. Since this income is not taxable, the rate of interest or dividends received is significantly lower than would apply to a loan or security of the same amount. The adjustment to taxable equivalent basis increases interest income and the provision for income taxes to what they would have been had the tax-exempt securities been taxed at the statutory rate. The taxable equivalent basis does not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other banks. Total revenues, net interest income and income taxes are discussed on a taxable equivalent basis throughout this quarterly report to shareholders.

Non-GAAP Measures

Taxable equivalent basis, diluted cash earnings per common share, return on common shareholders' equity, return on assets, efficiency ratio, net interest margin, provision for credit losses as a percentage of average loans and tangible common equity to risk-weighted assets do not have standardized meanings prescribed by generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other financial institutions.

Message to Shareholders

Canadian Western Bank (CWB or the Bank) is pleased to report strong fourth quarter performance and record annual results despite continuing impacts of the post-recessionary environment. Highlights for the quarter included the achievement of 4% loan growth, record total revenues (teb – see definition following Financial Highlights table) and the Bank's 90th consecutive profitable quarter. CWB was also pleased to open new full-service commercial and retail banking centres in Sherwood Park, Alberta and Surrey, British Columbia (BC).

Net income of $39.1 million was up 29% ($8.8 million) compared to the same quarter last year while diluted earnings per common share increased 23% ($0.09) to $0.48. Record total revenues (teb) of $111.6 million increased 24% ($21.5 million) on the combined positive impact of a 50 basis point improvement in net interest margin (teb) to 2.84%, 14% loan growth and slightly higher other income. Our acquisition of National Leasing, effective February 1, 2010, had a positive impact on the Bank's overall financial performance and also contributed to the improvement in margin.

Annual net income increased 54% over 2009 to reach a record $163.6 million while diluted earnings per common share was up 39% to $2.05. Record total revenues (teb) of $434.3 million increased 32% over the prior year. Exceptional annual earnings growth largely resulted from the significant year-over-year improvement in net interest margin.

Net income was down 16% ($7.5 million) compared to last quarter, which included recognition of a $7.5 million reduction to income tax expense and a related $1.2 million before tax interest receipt that together increased quarterly net income by approximately $8.3 million ($0.11 per diluted common share). Net income before taxes decreased 4% ($2.1 million) as the positive contribution from loan growth, a five basis point improvement in net interest margin (teb) and a slightly lower provision for credit losses was more than offset by lower other income and increased non-interest expenses. Quarterly diluted earnings per common share was 19% lower than the prior period reflecting the items already noted.

The Bank's Tier 1 and total capital ratios at October 31, 2010 remained very strong at 11.3% and 14.3%, respectively. The tangible common equity ratio, which represents the highest quality form of capital, was also strong at 8.5%. Subsequent to year end, the Bank issued $300 million and redeemed $70 million of subordinated debentures. Including the impact of these transactions, the pro forma total capital ratio at October 31, 2010 was 16.4%. The quarterly return on common shareholders' equity of 15.1% was up 140 basis points compared to the same quarter last year, but 400 basis points lower compared to the prior quarter. Fourth quarter return on assets of 1.13% represented a 22 basis point improvement from a year earlier and was down 27 basis points compared to last quarter. The third quarter reduction to income tax expense positively impacted both the return on common shareholders' equity and the return on assets in that period by 360 basis points and 27 basis points, respectively. Compared to the fourth quarter last year, profitability ratios benefited from the recovery of net interest margin and loan growth, partially offset by higher non-interest expenses and the provision for credit losses related to NL.

Dividends

On December 6, 2010, CWB's Board of Directors declared a cash dividend of $0.13 per common share, payable on January 13, 2011 to shareholders of record on December 30, 2010. This quarterly dividend is 18% higher than the quarterly dividend declared in both the previous quarter and one year ago. The Board of Directors also declared a cash dividend of $0.453125 per Series 3 Preferred Share payable on January 31, 2011 to shareholders of record on January 21, 2011.

Loan Growth

Total loans grew 4% ($392 million) in the quarter and 14% ($1,260 million) over the last twelve months. The level of loan growth in both the current quarter and the year reflects solid performance across all lending sectors, including the contribution from National Leasing. In contrast to recent prior periods, the strongest quarterly loan growth was in commercial real estate lending. The equipment financing portfolio also showed very strong quarterly growth and benefited from positive results in both the Bank's heavy equipment financing portfolio and small-ticket leasing. The overall volume in the pipeline for new loans is consistent with our expectations for moderate economic growth in Canada. We believe we will maintain double-digit loan growth in fiscal 2011 despite a cautious economic outlook and have set our target at 10%, unchanged from 2010.

Credit Quality

Overall credit quality remained satisfactory and within expectations. The dollar level of gross impaired loans was $143.2 million at quarter end, compared to $150.0 million last quarter and $137.9 million a year earlier. We expect the dollar level of gross impaired loans will continue to fluctuate but actual losses are expected to remain within acceptable levels. The quarterly provision for credit losses of $5.4 million represented 21 basis points of average loans and compared to a provision of $5.8 million in the prior quarter. The annual provision was $20.4 million and represented 21 basis points of average loans, slightly above our target range for the year of 15 to 20 basis points. Excluding the impact of National Leasing, which has a higher provision for credit losses due to the nature of its business, results remained within our 2010 target range. Based on our current view of credit quality and including the impact of National Leasing, we expect the provision for credit losses in fiscal 2011 will represent between 20 and 25 basis points of average loans.

Branch Deposit Growth

Deposits raised through our branch network and trust companies were up 5% in the quarter and 8% compared to a year earlier. The demand and notice component within branch-raised deposits, which include lower cost deposits, was up slightly from last quarter and grew 12% over the past year. Growth compared to the prior year reflects both business growth and the ongoing success of Canadian Western Trust Company in generating deposits through its fiduciary business. Implementing additional strategies to enhance our competitive position and support net interest margin through further diversification of our funding base remains a priority.

Net Interest Margin

Net interest margin (teb) of 2.84% improved significantly from 2.34% in the fourth quarter last year mainly reflecting lower deposit costs, more favourable yields on fixed rate loans, a shift in the deposit mix and lower liquidity levels. Compared to the prior quarter, net interest margin (teb) increased five basis points. The annual net interest margin increased 64 basis points (teb) to 2.74% and is above our 10-year average (2001 – 2010) of approximately 2.55%. The key factor supporting net interest margin above the average historical level is the considerably higher yield earned on National Leasing's fixed rate assets. Ongoing competitive and other factors suggest that a material improvement in margin over that achieved in the current period is unlikely in the absence of further increases in the prime lending interest rate. Based on our current interest rate sensitivity, further increases in the prime rate are expected to positively impact net interest income.

Outlook

Strong fourth quarter results added to our record performance achieved in prior quarters and established new annual benchmarks for net income, earnings per common share, total revenues, return on assets and the efficiency ratio. Results reflect the continued growth and development of all of our businesses, including the addition of National Leasing to the CWB Group. We have set challenging performance targets for fiscal 2011 that confirm ongoing confidence in the benefits of our proven business plan. We will continue to invest in our people as well as premises and technology infrastructure to expand our market presence and support sustained growth. In line with this commitment, we were very pleased to open two new full-service branches in the fourth quarter and have plans to further develop our branch network in 2011. While we expect certain challenges to persist reflecting ongoing uncertainty about the strength of economic recovery in North America, we believe Western Canada will continue to show positive growth relative to the rest of Canada. CWB's overall performance underscores our ability to execute our strategies and the value of our commitment to disciplined credit underwriting. We will maintain this focus going forward as we continue to create value for our shareholders over the long-term.

We look forward to reporting our fiscal 2011 first quarter results on March 3, 2011.

Fiscal 2010 Fourth Quarter and Annual Results Conference Call

CWB's fourth quarter and annual results conference call is scheduled for Tuesday, December 7, 2010 at **3:00 p.m. ET (1:00 p.m. MT)**. The Bank's executives will comment on financial results and respond to questions from analysts and institutional investors.

The conference call may be accessed on a listen-only basis by dialing 647-427-7450 or toll-free 1-888-231-8191. The call will also be webcast live on the Bank's website, www.cwbankgroup.com.

A replay of the conference call will be available until December 21, 2010 by dialing 416-849-0833 (Toronto) or 1-800-642-1687 (toll-free) and entering passcode 25176806.

About Canadian Western Bank Group

Canadian Western Bank offers a full range of business and personal banking services across the four western provinces and is the largest publicly traded Canadian bank headquartered in Western Canada. The Bank, along with its operating subsidiaries, National Leasing Group Inc., Canadian Western Trust Company, Valiant Trust Company, Canadian Direct Insurance Incorporated, Adroit Investment Management Ltd. and Canadian Western Financial Ltd., collectively offer a diversified range of financial services across Canada and are together known as the Canadian Western Bank Group. The common shares of Canadian Western Bank are listed on the Toronto Stock Exchange under the trading symbol "CWB". The Bank's Series 3 preferred shares and common share purchase warrants trade on the Toronto Stock Exchange under the trading symbols "CWB.PR.A" and "CWB.WT" respectively. Refer to www.cwbankgroup.com for additional information.

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This management's discussion and analysis (MD&A) should be read in conjunction with Canadian Western Bank's (CWB or the Bank) unaudited interim consolidated financial statements for the period ended October 31, 2010, as well as the audited consolidated financial statements and MD&A for the year ended October 31, 2009, available on SEDAR at www.sedar.com and the Bank's website at www.cwbankgroup.com. Except where indicated below, the factors discussed and referred to in the MD&A for fiscal 2009 remain substantially unchanged. The 2010 Annual Report and audited consolidated financial statements for the year ended October 31, 2010 will be available on both SEDAR and the Bank's website in mid-December 2010. The 2010 Annual Report will be distributed to shareholders in January 2011.

Overview

CWB recorded strong fourth quarter results reflecting good financial performance from both business segments. Consolidated net income increased 29% ($8.8 million) over the same quarter last year to $39.1 million. Fourth quarter diluted earnings per common share was $0.48 ($0.53 basic), up 23%.

Measured by business segment, banking and trust segment net income of $37.0 million increased 35% ($9.6 million) compared to the fourth quarter last year. The positive impact on total revenues due to a significant improvement in net interest margin, 14% ($1,260 million) loan growth and 6% ($0.9 million) growth in other income more than offset 25% ($9.7 million) higher non-interest expenses and a $2.0 million increase in the quarterly provision for credit losses. The acquisition of National Leasing Group Inc. (National Leasing or NL), effective on February 1, 2010 (refer to Note 15 of the unaudited interim consolidated financial statements for details on the acquisition) further benefited results and contributed to record total revenues, on a taxable equivalent basis (teb – see definition following Financial Highlights table), of $105.3 million. The insurance segment posted quarterly net income of $2.1 million, down $0.8 million compared to a year earlier, as an increase in net earned premiums and a positive contribution from the Alberta auto risk sharing pools was offset by the impact of higher claims and other expenses.

Consolidated net income for the year was a record $163.6 million, up 54% ($57.3 million) compared to 2009, while diluted earnings per common share increased 39% to a record $2.05. The significant improvement reflects comparatively strong results across almost all metrics, most notably net interest margin. Lower percentage growth for diluted earnings per common share compared to net income mainly reflects the dilution from CWB's outstanding warrants and 2.1 million CWB common shares issued as partial consideration for the acquisition of NL.

Net income was down 16% ($7.5 million) compared to the previous quarter, which included recognition of a $7.5 million income tax recovery and related $1.2 million before tax interest receipt that together increased net income in that period by approximately $8.3 million ($0.11 per diluted common share). Diluted earnings per common share was down 19% ($0.11) for the same reason. Net income before taxes was down 4% ($2.1 million) as the positive contribution from loan growth, a five basis point improvement in net interest margin (teb) and a slightly lower provision for credit losses was offset by the combined impact of a $3.7 million reduction in other income and a $2.7 million increase in non-interest expenses.

Fourth quarter return on common shareholders' equity was 15.1%, an increase from 13.7% a year earlier. The quarterly return on assets was 1.13%, up from 0.91% last year. Annual return on common shareholders' equity was 17.1%, up from 13.2% in 2009. Return on assets for the year was 1.24%, compared to 0.86% last year. Compared to 2009, higher profitability ratios were mainly driven by very strong growth in net interest income because of an improved net interest margin and loan growth, strong other income and the third quarter income tax recovery, partially offset by increased non-interest expenses and the full year impact of CWB's preferred unit offerings completed in March 2009.

Total Revenues (teb)

Total revenues (teb), comprising both net interest income and other income, reached a record $111.6 million for the quarter, up 24% ($21.5 million) compared to a year earlier. Strong growth in total revenues reflects the positive impact of a significant improvement in net interest margin and loan growth. Other income remained relatively unchanged compared to the same quarter last year. For the year, record total revenues of $434.3 million increased 32% ($106.3 million) over 2009. Margin improvement and loan growth led to a 39% ($92.3 million) increase in annual net interest income while other income was up 15% ($14.0 million) to $105.6 million. Total revenues increased $0.5 million compared to last quarter reflecting $4.2 million growth in net interest income that was offset by a $3.7 million reduction in other income mainly due to lower net insurance revenues and the "other" category of other income.

Net Interest Income (teb)

Quarterly net interest income of $89.2 million was up 31% ($21.2 million) compared to the same period last year driven by a 50 basis point improvement in net interest margin to 2.84% and 14% loan growth. The improvement in net interest margin compared to the same quarter in 2009 reflects lower deposit costs, more favourable yields on fixed rate loans, a shift in the deposit mix and lower liquidity levels. More favourable yields on fixed rate loans largely reflect the positive impact from NL. Ongoing competitive influences and other factors suggest that a material improvement in net interest margin over that achieved in the fourth quarter is unlikely in the absence of increases in the prime lending interest rate. Based on the current asset and liability composition, further increases in the prime lending interest rate would have a positive impact on net interest margin.

Growth in net interest income for the year of 39% reflects a 64 basis point improvement in net interest margin that was mainly due to the factors already noted. Quarterly net interest income was up 5% ($4.2 million) compared to the prior period resulting from loan growth and an improvement in net interest margin.

Note 12 to the unaudited interim consolidated financial statements summarizes the Bank's exposure to interest rate risk as at October 31, 2010. 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 over the time periods shown resulting from a one-percentage point change in interest rates. The October 31, 2010 estimates are based on a number of assumptions and factors, which include:

- a constant structure in the interest sensitive asset and liability portfolios;
- floor levels for various deposit liabilities;
- interest rate changes affecting interest sensitive assets and liabilities by proportionally the same amount and applied at the appropriate re-pricing dates; and
- no early redemptions.

($ thousands)	**October 31 2010**	July 31 2010	October 31 2009
Impact of 1% increase in interest rates			
1 year	**$ 7,372**	$ 4,442	$ (6,574)
1 year percentage change	**2.3 %**	1.5 %	(2.5)%
Impact of 1% decrease in interest rates			
1 year	**$ (4,703)**	$ (4,331)	$ 10,241
1 year percentage change	**(1.5)%**	(1.4)%	3.8 %

As at October 31, 2010, it is estimated that a one-percentage point increase in interest rates would increase net interest income by approximately 2.3% over the following twelve months; this compares to July 31, 2010 when it was estimated that a one-percentage point increase in interest rates would have increased net interest income by approximately 1.5% over the following twelve months.

It is estimated that a one-percentage point decrease in interest rates as at October 31, 2010, would decrease net interest income by approximately 1.5% over the following twelve months; this compares to July 31, 2010 when it was estimated that a one-percentage point decrease in interest rates would have decreased net interest income by approximately 1.4% over the following twelve months.

Based on the interest rate gap position at October 31, 2010, it is estimated that a one-percentage point increase in all interest rates would decrease other comprehensive income by $9.8 million, net of tax (July 31, 2010 – $9.2 million); it is estimated that a one-percentage point decrease in all interest rates at October 31, 2010 would increase other comprehensive income by a similar amount.

It is management's intention to continue to manage the asset liability structure and interest rate sensitivity within the Bank's established policies through pricing and product initiatives, as well as the use of interest rate swaps or other appropriate hedging techniques.

Other Income

Fourth quarter other income of $22.4 million increased 1% ($0.3 million) from a year earlier as growth in credit related and retail services fee income, coupled with securitization revenue and growth in the "other" category within other income attributed to NL, offset the impact of a $3.1 million reduction in gains on sale of securities to $1.0 million and lower net insurance revenues. Based on general market expectations and the current composition of the securities portfolio, management believes gains on sale of securities as a source of other income will remain relatively low compared to the very high levels achieved in 2009 and the first two quarters of 2010. Credit related fee income increased 24% ($1.5 million) over the same period last year and was consistent with strong loan growth. Retail services fee income was up 30% ($0.6 million). Quarterly trust and wealth management services revenues remained relatively unchanged while net insurance revenues were down 12% ($0.6 million) reflecting higher claims and policy acquisition costs, partially offset by an increase in net earned premiums and a positive contribution from the Alberta auto risk sharing pools.

Other income for the year of $105.6 million increased 15% ($14.0 million) as strong results across CWB's core operations, including contributions from the second quarter acquisition of NL, more than offset a $12.8 million decline in gains on sale of securities to $12.4 million and slightly lower foreign exchange gains.

Other income was down 14% ($3.7 million) compared to the previous quarter mainly reflecting $1.7 million lower net insurance revenues and a $1.6 million reduction in the "other" category of other income. Last quarter's "other" category benefited from $1.2 million of interest income attributed to the previously discussed tax recovery and a favourable $0.6 million net change in fair value on NL's interest rate swaps. Credit related fee income of $7.6 million decreased $0.5 million.

Credit Quality

Overall credit quality remained satisfactory and within current expectations. The dollar level of gross impaired loans decreased compared to last quarter, but remains above the Bank's historical average level reflecting the post-recessionary environment. The total number of accounts classified as impaired decreased 10% compared to last quarter and was down 16% compared to a year earlier. Management believes that Western Canada is positioned to benefit significantly once there is a sustained period of global economic growth.

(unaudited) ($ thousands)	For the three months ended **October 31 2010**	July 31 2010	October 31 2009	Change from October 31 2009
Gross impaired loans, beginning of period	**$ 149,976**	$ 167,229	$ 105,229	43 %
New formations	**33,602**	30,899	70,612	(52)
Reductions, impaired accounts paid down or returned to performing status	**(37,540)**	(41,519)	(35,733)	5
Write-offs	**(2,831)**	(6,633)	(2,164)	31
Total(3)	**$ 143,207**	$ 149,976	$ 137,944	4 %
Balance of the ten largest impaired accounts	**$ 79,721**	$ 86,737	$ 76,101	5 %
Total number of accounts classified as impaired(4)	**189**	210	224	(16)
Total number of accounts classified as impaired under $1 million(4)	**163**	185	199	(18)
Gross impaired loans as a percentage of total loans(1)	**1.35 %**	1.47 %	1.49 %	(14)bp(2)

(1) Total loans do not include an allocation for credit losses or deferred revenue and premiums.
(2) bp – basis point change.
(3) Gross impaired loans includes foreclosed assets held for sale with a carrying value of $867 (July 31, 2010 – $2,081 and October 31, 2009 – nil).
(4) Total number of accounts excludes National Leasing accounts.

Gross impaired loans at October 31, 2010 were $143.2 million, compared to $150.0 million last quarter and $137.9 million a year earlier. The ten largest accounts classified as impaired, measured by dollars outstanding, represented approximately 56% of the total gross impaired loans at quarter end, compared to 58% in the prior quarter and 55% a year earlier. New formations of impaired loans in the quarter totaled $33.6 million, compared to $70.6 million a year earlier.

The dollar level of gross impaired loans represented 1.35% of total loans at quarter end, compared to 1.47% last quarter and 1.49% one year ago. While there are positive signs, the current credit cycle continues to run its course and management expects the dollar level of gross impaired loans will fluctuate until economic conditions stabilize further. The dollar level of gross impaired loans goes up and down as loans become impaired and are subsequently resolved and does not directly reflect the dollar value of expected write-offs given the tangible security held against the Bank's lending positions. The Bank establishes its current estimates of expected write-offs through detailed analyses of both the overall quality and ultimate marketability of the security held against impaired accounts. Actual credit losses are expected to remain within the Bank's historical range of acceptable levels.

The fourth quarter and annual provision for credit losses measured against average loans of 21 basis points was above the Bank's fiscal 2010 target range of 15 to 20 basis points due to the acquisition of NL. Compared to the Bank's lending portfolio, the nature of NL's business leads to a higher provision for credit losses measured as a percentage of loans. The provision for credit losses in fiscal 2011 including NL is expected to be in the range of 20 to 25 basis points of average loans.

The Bank's long-standing strategy with respect to managing the allowance for credit losses has been to maintain a consistent provision to cover both identified and unidentified losses. The purpose of the general allowance for credit losses is to mitigate the timing impact of unidentified losses in the portfolio and management expects that the level of the general allowance will fluctuate as specific losses are recognized and subsequently written-off. Based on results from ongoing stress testing of the portfolio under various credit scenarios, the adequacy of the general allowance for credit losses is deemed sufficient in consideration of management's current expectations for credit quality and the secured nature of the existing loan portfolio.

The total allowance for credit losses (general and specific) represented 55% of gross impaired loans at quarter end, compared to 51% last quarter and 55% one year ago. The total allowance for credit losses was $78.6 million at October 31, 2010, compared to $75.7 million last quarter and $75.5 million a year earlier. The general allowance as a percentage of risk-weighted loans was 66 basis points, down from 67 basis points last quarter and 73 basis points one year ago.

Non-interest Expenses

Effective execution of CWB's strategic plan, which is focused on profitable growth over the long-term, will continue to require increased spending in certain areas. Significant expenditures relate to additional staff complement as well as expanded premises and technology upgrades. Spending in these areas is an integral part of the Bank's commitment to maximize shareholder value over the long-term and is expected to provide material benefits in future periods. In support of management's objective to enhance the Bank's market presence, two additional full-service banking branches were opened in the fourth quarter and additional development of the branch network is expected in 2011.

Fourth quarter non-interest expenses of $52.0 million were up 25% ($10.4 million) compared to last year. Total salary and benefit costs increased $5.4 million, other expenses were $3.6 million higher and premises and equipment expenses were up $1.4 million. NL comprised $6.9 million of the total increase in consolidated non-interest expenses, including $1.0 million of additional amortization of intangibles. Within non-interest expenses and excluding the impact of NL, salary and benefit costs were up 6% ($1.5 million).

Fiscal 2010 non-interest expenses were 21% ($33.3 million) higher than last year with the acquisition of NL contributing $20.1 million of the year-over-year difference. Salary and benefit costs increased 19% ($19.9 million) reflecting increased staff complement and annual salary increments, partially offset by lower stock compensation expense this year. Total salary and benefit costs related to NL were approximately $11.9 million. Premises and equipment expenses, including depreciation, increased 21% ($5.4 million) with one-third of the increase relating to NL and the remainder due to premises and technology infrastructure investment. Other non-interest expense increased 32% ($8.4 million) mainly reflecting the impact of NL and additional costs to manage ongoing growth and development of CWB's businesses. Compared to the prior quarter, non-interest expenses were up 5% ($2.7 million) as slightly lower salary and benefit expense was more than offset by increases in general expenses and other areas.

The fourth quarter efficiency ratio (teb), which measures non-interest expenses as a percentage of total revenues (teb), was 46.6%, compared to 46.1% last year and 44.4% in the previous quarter. The 2010 efficiency ratio of 44.1% set a new benchmark improving 410 basis points compared to the prior year and was well within CWB's annual target of 48.0% or better. The improvement reflects the combined positive impact on total revenues from a strong recovery in net interest margin, increased other income and loan growth. In consideration of expected revenue growth and planned expenditures, management has established a 2011 target for the efficiency ratio at 46% or better.

Income Taxes

The annual provision for income taxes (teb) was 26.3% in 2010, down from 31.8% in the prior year. 2010 tax expense includes a $7.5 million tax recovery related to the resolution of items pertaining to prior years which reduced the tax provision by 360 basis points. The provision before the teb adjustment was 22.4%, compared to 28.2% in the previous year. The federal corporate income tax rate was reduced from 19.5% to 19.0%, effective January 1, 2009 and to 18.0% effective January 1, 2010. Effective July 1, 2009, the corporate provincial income tax rate in Manitoba decreased 100 basis points to 12%, while the provincial income tax rate in BC decreased 50 basis points to 10.5% on January 1, 2010. On April 1, 2009, the capital tax rate in BC applicable to CWB decreased to 0.33%, down from 0.67%, and was eliminated on April 1, 2010.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI), all net of income taxes, and totaled $46.9 million for the fourth quarter, compared to $28.4 million in the same period last year. The increase in comprehensive income reflects a 29% ($8.8 million) improvement in net income and a $9.7 million increase in other comprehensive income mainly due to higher unrealized gains on available-for-sale securities. Fiscal 2010 comprehensive income totaled $167.4 million, compared to $130.6 million last year. The increase reflects a 54% ($57.3 million) improvement in net income, partially offset by lower unrealized gains on available-for-sale securities and change in fair value of derivatives designated as cash flow hedges. The change in OCI mainly reflects market value fluctuations related to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve, as well as gains reclassified to other income.

Balance Sheet

Total assets increased 5% ($592 million) in the quarter and 9% ($1,066 million) in the past year to reach $12,702 million at October 31, 2010.

Cash and Securities

Cash, securities and securities purchased under resale agreements totaled $1,876 million at October 31, 2010, compared to $1,697 million last quarter and $2,189 million one year ago (refer to the *Treasury Management* section of this MD&A for additional details). The unrealized gain recorded on the balance sheet at October 31, 2010 was $32.1 million, compared to $21.2 million last quarter and $24.8 million a year earlier. The considerable change in unrealized gains compared to the prior quarter is largely attributed to a positive change in market value of the Bank's preferred share portfolio. Unrealized gains in this portfolio totaled $18.3 million as at October 31, 2010, compared to $11.9 million last quarter. The securities portfolio is primarily comprised of high quality debt instruments, preferred shares and common shares 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, movements in market credit spreads and shifts in the interest rate curve. CWB has no direct credit exposure to sovereign debt outside of Canada.

Realized gains on sale of securities in the fourth quarter were $1.0 million, compared to $0.8 million in the previous quarter and $4.1 million a year earlier. For the year, gains on sale of securities of $12.4 million were down 51% ($12.8 million) compared to 2009. Gains on sale of securities in prior periods mainly resulted from a steep interest rate curve and wide credit spreads that allowed the Bank to capitalize on specific investment strategies. Looking forward, the quarterly dollar amount of gains on sale of securities is expected to be closer to the level achieved in the current quarter.

Treasury Management

Increased liquidity levels were maintained in 2008 and 2009 in response to disruptions and related uncertainties in financial markets. Many of these uncertainties have subsided and the Bank has now reduced liquidity to more normal levels. This reduction in liquidity levels has a positive impact on net interest margin.

Subsequent to October 31, 2010, DBRS Limited issued credit ratings on the Bank's senior debt (deposits) and subordinated debentures of "A (low)" and "BBB (high)", respectively, both with a stable outlook. Credit ratings do not comment on market price or 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 rating will help increase the breadth of clients and investors who can participate in CWB's deposit and debt offerings while also lowering the Bank's overall cost of capital.

In addition to the Consultative Document described in the Capital Management section of this MD&A, the Bank for International Settlements (BIS) issued a companion Consultative Document entitled *International Framework for Liquidity Risk Measurement, Standards and Reporting*. Although the framework was primarily aimed at internationally active banks, CWB participated along with the other large Canadian banks by providing OSFI information to assist in assessing the impact of the proposals. On December 1, 2010, the BIS indicated that the final rules text is expected to be published before the end of 2010. It also stated that the new liquidity coverage ratio and net stable funding ratio will be subject to an observation period and will include a review clause to address any unintended consequences. It is not yet known how the liquidity standards will apply to Canadian banks with predominantly domestic business.

Loans

Total loans of $10,496 million grew 4% ($392 million) in the quarter and 14% ($1,260 million) in the past twelve months, including $474 million of on-balance sheet loans at October 31, 2010 attributed to NL. Measured by geographic concentration, all provinces showed positive loan growth in the quarter led by very strong performance in Alberta. All lending sectors showed strong quarterly growth with the largest contributions coming from real estate lending and equipment financing. Energy loans and personal loans and mortgages were also up notably compared to last quarter but these sectors represent a relatively small percentage of the total portfolio. The Bank's heavy equipment financing business had very strong quarterly growth reflecting a portfolio purchase, but there is ongoing optimism about increased lending opportunities in this area moving forward. Management believes the return of sustained growth in this portfolio will be a good leading indicator of a more robust economic recovery in the Bank's core geographic markets. Management also continues to believe that Western Canada's resource-based economies are poised for a comparatively stronger recovery than the rest of Canada. Despite very strong fourth quarter loan growth, management maintains a cautious outlook and expects continued challenges until economic factors improve further. CWB's fiscal 2011 loan growth target has been set at 10%, unchanged from the target established for 2010.

Loans in the Bank's alternative mortgage business, Optimum Mortgage (Optimum), increased 7% in the quarter and 42% over the past twelve months to reach $796 million. Optimum commenced offering higher ratio insured mortgages in the latter part of fiscal 2009 to expand its broker distribution and this initiative has provided the primary source of loan growth over the past year. Uninsured mortgages continue to be secured via conventional residential first mortgages carrying a weighted average loan-to-value ratio at initiation of approximately 70% and represented 63% of Optimum's total portfolio at year end. A large majority of all uninsured mortgages within Optimum carry a fixed interest rate with the principal amortized over 25 years or less. Management remains committed to further developing the alternative mortgage business as it continues to produce strong returns while maintaining an acceptable risk profile. Optimum's portfolio of insured mortgages is also expected to provide a source of future growth.

Deposits

Total branch deposits, including those raised by trust services, were up 8% ($496 million) compared to a year earlier and 5% ($335 million) from the previous quarter. The demand and notice component within branch deposits was up 12% ($392 million) compared to the same time last year and was relatively unchanged from last quarter. Growth in demand and notice deposits supports management's objective to further enhance and diversify the Bank's funding sources and can also improve net interest margin. Valiant Trust Company has been approved as a federal deposit-taking institution and management continues to develop strategies to utilize this additional channel to raise deposits and increase net interest income.

Total deposits at year end were $10,813 million, up 5% ($556 million) from the previous quarter and 12% ($1,196 million) over the past year. Total branch deposits measured as a percentage of total deposits were 61% at October 31, 2010, unchanged from the previous quarter and down from 64% a year earlier. Compared to a year ago, the decrease in branch deposits as a percentage of total deposits reflects growth in fixed rate term deposits raised through the deposit broker network to help fund NL's leasing requirements. Demand and notice deposits represented 33% of total deposits at quarter end, unchanged from a year earlier and down slightly from 34% in the previous quarter.

Other Assets and Other Liabilities

Other assets at October 31, 2010 totaled $329 million, compared to $308 million last quarter and $211 million one year ago. The change in other assets compared to a year earlier mainly reflects the acquisition of NL (refer to Note 15 of the unaudited interim consolidated financial statements for details on the acquisition), including increases in goodwill and other intangible assets, net of taxes, of $27.9 million and $30.1 million, respectively. Other liabilities at quarter end were $426 million, compared to $420 million the previous quarter and $657 million last year. Other liabilities in the same period last year included $300 million of securities sold under repurchase agreements, compared to nil in the current quarter.

Off-Balance Sheet

Off-balance sheet items include assets under administration and assets under management. Total assets under administration, including both trust assets under administration and third-party leases under service agreements, totaled $8,531 million at October 31, 2010, compared to $8,312 million last quarter and $5,467 million one year ago. Assets under management held within Adroit Investment Management Ltd. were $795 million at quarter end, compared to $758 million last quarter and $878 million one year ago. The gross amount of securitized assets at quarter end was $199 million, compared to $232 million last quarter and nil one year ago and reflects the acquisition of NL. Management expects to retain future leases on-balance sheet and the level of securitized assets will decrease as these portfolios reach maturity. Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit), and the non-consolidated variable interest entity. 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 Notes 14 and 20 to the audited consolidated financial statements on pages 82 and 88 respectively in the Bank's 2009 Annual Report.

Capital Management

At October 31, 2010, CWB's total capital adequacy ratio, which measures regulatory capital as a percentage of risk-weighted assets, was 14.3%, down from 14.4% last quarter and 15.4% one year ago. The Tier 1 ratio was 11.3% at October 31, 2010, unchanged from one year ago and down from 11.4% last quarter. Current minimums for the total and Tier 1 capital adequacy ratios of Canadian Banks as set by the Office of the Superintendent of Financial Institutions Canada (OSFI) are 10% and 7%, respectively.

Compared to one year ago, the Bank's Tier 1 regulatory capital increased with the retention of earnings, net of dividends and warrant purchases made under the Bank's Normal Course Issuer Bid (refer to Note 8 of the unaudited interim consolidated financial statements for further details), and the issuance of additional CWB common shares (primarily 2.1 million shares issued as partial consideration for NL), partially offset by goodwill attached to the acquisition of National Leasing and a capital deduction relating to its securitized assets. In calculating capital adequacy ratios, 50% of the total deduction for securitized assets is taken from Tier 1 capital and 50% is deducted from total capital. Total regulatory capital was impacted by the foregoing factors, as well as the redemption of $60.0 million of subordinated debentures on November 20, 2009 and an increased deduction for the investment in CWB's insurance subsidiary. Further details regarding changes in CWB's regulatory capital and capital adequacy ratios compared to prior periods are included in the following table:

(unaudited) ($ thousands)	**As at October 31 2010**	As at July 31 2010	As at October 31 2009	Change from October 31 2009
Regulatory Capital				
Tier 1 Capital before deductions	**$ 1,230,283**	$ 1,208,374	$ 1,072,647	$ 157,636
Less: Goodwill	**(37,723)**	(37,438)	(9,360)	(28,363)
Securitization (National Leasing)	**(8,880)**	(11,012)	-	(8,880)
Tier 1 Capital	**1,183,680**	1,159,924	1,063,287	120,393
Tier 2 Capital before deductions	**390,722**	387,948	443,271	(52,549)
Less: Investment in insurance subsidiary	**(68,993)**	(66,945)	(56,768)	(12,225)
Securitization (National Leasing)	**(8,880)**	(11,012)	-	(8,880)
Total Tier 2 Capital	**312,849**	309,991	386,503	(73,654)
Total Regulatory Capital	**$ 1,496,529**	$ 1,469,915	$ 1,449,790	$ 46,739
Risk Weighted Assets	**$ 10,490,243**	$ 10,217,053	$ 9,395,679	$ 1,094,564
Tier 1 capital adequacy ratio	**11.3 %**	11.4 %	11.3 %	- bp[1]
Total capital adequacy ratio	**14.3**	14.4	15.4	(110)

[1] bp – basis point change.

In November 2010, subsequent to year end, the Bank redeemed $70 million and issued $300 million of subordinated debentures. Including the impact of these transactions, the pro forma total capital adequacy ratio at October 31, 2010 was 16.4%.

CWB expects to remain very well capitalized. The retention of earnings and subordinated debentures issued subsequent to year end should more than support capital requirements associated with ongoing regulatory uncertainty and expected organic asset growth. The Bank's strong capital ratios provide considerable flexibility and management continues to evaluate opportunities to deploy capital for the long-term benefit of CWB shareholders.

On December 1, 2010, the Basel Committee on Banking Supervision of the BIS (the Committee) announced that it had agreed on the Basel III rules text which supports the global standards on capital adequacy and liquidity. The rules text is expected to be published by the end of 2010 and to include the transitional arrangements and grandfathering rules. The standards were endorsed by the G20 Leaders at their Seoul Summit in November after the Committee's Consultative Document entitled *Strengthening the Resilience of the Banking Sector* issued in December 2009 was updated in July and September 2010. CWB has a very strong capital position and expects implementation of the final set of standards to be relatively straightforward to manage given the lack of complexity in the Bank's current composition of regulatory capital.

Further information relating to the Bank's capital position is provided in Note 14 of the unaudited interim consolidated financial statements as well as the audited consolidated financial statements and MD&A for the year ended October 31, 2009.

Book value per common share at October 31, 2010 was $14.08 compared to $13.65 last quarter and $12.16 one year ago.

Common shareholders received a quarterly cash dividend of $0.11 per common share on September 30, 2010. On December 6, 2010, CWB's Board of Directors declared a cash dividend of $0.13 per common share, payable on January 13, 2011 to shareholders of record on December 30, 2010. This quarterly dividend is 18% higher than the quarterly dividend declared in both the previous quarter and one year ago. The Board of Directors also declared a cash dividend of $0.453125 per Series 3 Preferred Share payable on January 31, 2011 to shareholders of record on January 21, 2011.

Acquisitions

On February 1, 2010, the Bank acquired 100% of the common shares of National Leasing for a total cost of $126.6 million. Consideration for the acquisition included $52.8 million cash, 2,065,088 common shares of CWB ($42.6 million) and contingent consideration. Both the Bank and the vendors have the option to trigger payment of the contingent consideration no earlier than November 1, 2012. The future value of the contingent consideration is not yet determinable and under Canadian generally accepted accounting principles (GAAP), the difference will be recognized as an adjustment to goodwill in the period in which the contingency is resolved. Refer to Note 15 of the unaudited interim consolidated financial statements for further details on the acquisition.

Changes in Accounting Policies

There were no new significant accounting policies adopted during the quarter for purposes of presenting the Bank's financial statements under Canadian GAAP.

Future Accounting Changes

International Financial Reporting Standards

The CICA will transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS). The Bank's consolidated financial statements will be prepared in accordance with IFRS for the fiscal year commencing November 1, 2011 and will include comparative information for the prior year, including an opening balance sheet as at November 1, 2010.

The Bank has a four stage project underway to identify and evaluate the impact of the transition to IFRS on the consolidated financial statements and develop a plan to complete the transition. The project plan includes the following phases – diagnostic, design and planning, solution development, and implementation. The diagnostic and the design and planning phases are complete, and the potential areas of policy differences relative to the Bank's current accounting policies and IFRS have been documented and the solution development phase was substantially completed by the end of fiscal 2010. Further information on the Bank's transition plan is provided on pages 56 to 58 of the 2009 Annual Report and further updates will be provided in the 2010 Annual Report expected to be available in mid-December.

Based on the analysis completed to date, the most significant accounting policy differences on initial transition for the Bank due to adopting IFRS have been identified as the following:

- Loan loss accounting – Although both existing Canadian GAAP and IFRS calculate loan losses using the incurred loss model, IFRS is more specific as to what qualifies as an "incurred event." Under IFRS, incurred losses require objective evidence of impairment, must have a reliably measurable effect on the present value of estimated cash flows and be supported by currently observable data.

This difference is not expected to impact the calculation of the specific allowance for credit losses but may impact the estimation of the general (or collective) allowance, which totaled $59.6 million at October 31, 2010. The Bank continues to develop its methodology, but it is not yet determinable whether any adjustments will be required.

- Derecognition – Under existing IFRS rules, NL's securitized assets (totaling $199.1 million at October 31, 2010) would be reported on the balance sheet, which would increase loans and increase debt. However, recent IASB proposals, if adopted, would permit all securitized pools existing prior to the transition date to remain off-balance sheet.
- Consolidation – Under IFRS, a variable interest entity (VIE) is consolidated by an entity if the entity is deemed to control it, as determined under the criteria within International Accounting Standard (IAS) 27 – Consolidated and Separate Financial Statements. As a result, Canadian Western Bank Capital Trust will be consolidated under IFRS, which will decrease deposits and increase debt. For more information about this special purpose entity see Note 14 of the 2009 audited consolidated financial statements.
- Business Combinations – Under IFRS, contingent consideration related to a business combination is accounted for as a financial liability and fair valued at the time of the acquisition. An adjustment of the liability to current fair value is recorded through net income every period thereafter until settlement of the contingent consideration. Under Canadian GAAP, when the amount of contingent consideration cannot be reasonably estimated or the outcome of the contingency cannot be determined without reasonable doubt, the liability is not recognized until the contingency is resolved and consideration is issued or becomes issuable, and at such time, the consideration is recorded as an adjustment of goodwill. The contingent consideration related to the 2010 NL acquisition will be fair valued on transition to IFRS, and an adjustment is expected to increase liabilities and reduce retained earnings. Development of an appropriate methodology to calculate the fair value of the contingent consideration is currently underway.
- IFRS 1 – IFRS 1: First Time Adoption of IFRS provides a framework for the transition to IFRS. Generally, retroactive application is applied to the opening balance sheet for the comparative 2010 year financial statements as though the Bank had always applied IFRS. However, IFRS 1 permits both mandatory exceptions to retroactive application and optional exemptions from other IFRS standards. The Bank has evaluated all optional exemptions under IFRS 1, with the most significant potential exemption relating to business combinations. The Bank expects to elect not to apply IFRS 3 – Business Combinations retrospectively to business combinations that occurred before November 1, 2010.

CWB continues to monitor the International Accounting Standards Board's proposed changes to standards during Canada's transition to IFRS. These proposed changes may have a significant impact on the Bank's implementation plan and future financial statements.

Controls and Procedures

There were no changes in the Bank's internal controls over financial reporting that occurred during the quarter ended October 31, 2010 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

The Bank's certifying officers have limited the scope of the design of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR) to exclude the controls, policies and procedures of NL, acquired in the second quarter of 2010. The limitation will be removed no later than January 31, 2011.

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 Canadian Western Bank.

Updated Share Information

As at December 2, 2010, there were 66,651,694 common shares outstanding. Also outstanding were employee stock options, which are or will be exercisable for up to 3,793,077 common shares for maximum proceeds of $75.5 million and 13,471,611 warrants that are each exercisable until March 3, 2014 to purchase one common share in the Bank at a price of $14.00.

Dividend Reinvestment Plan

The Bank's common shares (TSX: CWB) and preferred shares (TSX: CWB.PR.A) are deemed eligible to participate in CWB's dividend reinvestment plan (the "Plan"). The Plan provides holders of the Bank's eligible shares the opportunity to direct cash dividends toward the purchase of common shares. Further details for the Plan are available on the Bank's website at http://www.cwbankgroup.com/investor_relations/drip.htm. At the current time, for the purposes of the Plan, the Bank has elected to issue common shares from treasury at a 2% discount from the average market price (as defined in the Plan).

Normal Course Issuer Bid

On January 18, 2010, CWB received approval from the Toronto Stock Exchange to initiate a Normal Course Issuer Bid (NCIB) and purchase, for cancellation, up to 748,058 of its warrants. On September 30, 2010, the Bank announced the Toronto Stock Exchange approved an application to amend the NCIB to purchase, for cancellation, an additional 721,619 warrants. From January 20 to October 31, 2010, the Bank purchased and cancelled 1,469,677 warrants at an average purchase price per warrant of $11.19, fulfilling all available purchases under the NCIB. The aggregate amount of the warrant purchases was charged to retained earnings. A copy of the NCIB news release is available on the Bank's website and on SEDAR at www.sedar.com.

Summary of Quarterly Financial Information

	2010				2009			
($ thousands)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenues (teb)	**$ 111,570**	$ 111,045	$ 110,972	$ 100,672	$ 90,099	$ 85,538	$ 75,382	$ 76,947
Total revenues	**108,391**	108,263	108,310	98,109	87,702	83,349	73,707	75,361
Net income	**39,107**	46,595	37,884	40,035	30,357	28,729	21,580	25,619
Earnings per common share								
Basic	**0.53**	0.64	0.52	0.57	0.42	0.39	0.30	0.40
Diluted	**0.48**	0.59	0.47	0.52	0.39	0.38	0.30	0.40
Diluted cash	**0.49**	0.60	0.48	0.52	0.39	0.38	0.30	0.41
Total assets ($ millions)	**12,702**	12,110	12,004	11,642	11,636	11,331	11,450	10,907

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.

The Bank's quarterly financial results are subject to some fluctuation due to its exposure to property and casualty insurance. Insurance operations, which are primarily reflected in other income (refer to Results by Business Segment: *Insurance*), are subject to seasonal weather conditions, cyclical patterns of the industry and natural catastrophes. Mandatory participation in the Alberta auto risk sharing pools can also result in unpredictable quarterly fluctuations. Quarterly results can also fluctuate due to the recognition of periodic income tax items, as was the case in the third quarter of 2010 when an income tax recovery and related interest receipt from certain prior period transactions increased net income by approximately $8.3 million.

Throughout fiscal 2009 the Bank's quarterly net interest income, reflected in total revenues (teb), was negatively impacted by compression of the net interest margin that mainly resulted from consecutive reductions in the prime lending interest rate, coupled with significantly higher deposit costs and other spin-off effects of the global financial crisis. In the first quarter of 2010, net interest margin recovered to more typical levels achieved before the onset of the global financial crisis. Gains on sale of securities, reflected in other income, were unusually high throughout 2009 and the first two quarters of 2010 also mainly due to factors associated with the financial crisis, including a steep interest rate curve and wide credit spreads that allowed the Bank to capitalize on specific investment strategies.

The acquisition of National Leasing was effective February 1, 2010 and the results of its operations and financial position are consolidated as part of the Bank's overall financial performance beginning with the second quarter of 2010 (refer to Results by Business Segment – *Banking and trust*). The acquisition had a positive impact on all categories in the table above.

For details on variations between the prior quarters, refer to the summary of quarterly results section of the Bank's MD&A for the year ended October 31, 2009 and the individual quarterly reports to shareholders which are available on SEDAR at www.sedar.com and on CWB's website at www.cwbankgroup.com. The 2009 Annual Report and audited consolidated financial statements for the year ended October 31, 2009 are available on both SEDAR and the Bank's website. The 2010 annual report and audited consolidated financial statements for the year ended October 31, 2010 will be available on SEDAR and the Bank's website in mid-December 2010. The 2010 Annual Report will be distributed to shareholders in January 2011.

Results by Business Segment

CWB operates in two business segments: 1) banking and trust, and 2) insurance. Segmented information is also provided in Note 13 of the unaudited interim consolidated financial statements.

Banking and trust

Operations of the banking and trust segment comprise all commercial and retail banking services including equipment leasing offered by National Leasing, acquired on February 1, 2010. The banking and trust segment also includes trust, wealth management and other financial services provided through Canadian Western Trust Company, Valiant Trust Company and Adroit Investment Management Ltd.

Net income of $37.0 million increased 35% ($9.6 million) compared to the same quarter last year as the positive impact of a 52 basis point improvement in net interest margin (teb), 14% loan growth and 6% ($0.9 million) growth in other income more than offset the impact of 25% ($9.7 million) higher non-interest expenses and a $2.0 million increase in the provision for credit losses. The change in net interest margin mainly resulted from lower deposit costs, more favourable yields on fixed rate loans (including the positive impact of NL's portfolio), an improved deposit mix and lower liquidity levels. Combined growth in credit related fee income and other revenue contributions from NL more than offset a $3.1 million decline in gains on sale of securities. The increase in non-interest expenses and the provision for credit losses is largely attributed to the addition of NL. The quarterly efficiency ratio (teb), which measures non-interest expense as a percentage of total revenues (teb), was 46.2%, compared to 46.8% last year.

Annual banking and trust net income increased 56% ($54.1 million) to reach a record $151.2 million mainly driven by a significant 65 basis point improvement in net interest margin (teb) and loan growth. Net interest income (teb) was up 40% ($91.4 million) over 2009 while other income increased 13% ($9.4 million). The positive earnings impact of record total revenues was partially offset by increased non-interest expenses and a higher provision for credit losses. The 2010 efficiency ratio (teb) established a new benchmark at 44.4% and represented a 410 basis point improvement over the prior year.

Net income was down $6.0 million compared to the previous quarter which included recognition of a $7.5 million income tax recovery and related $1.2 million before tax interest receipt that together increased net income in that period by approximately $8.3 million. Earnings before income taxes (teb) were up $0.3 million as higher net interest income due to loan growth and a slightly improved margin offset the combined impact of a $1.9 million reduction in other income and $2.4 million higher non-interest expenses.

	For the three months ended			Change from	For the year ended		Change from
($ thousands)	**October 31 2010**	July 31 2010	October 31 2009	October 31 2009	**October 31 2010**	October 31 2009	October 31 2009
Net interest income (teb)	**$ 87,350**	$ 83,235	$ 66,387	32 %	**$ 321,640**	$ 230,227	40 %
Other income	**17,961**	19,865	17,019	6	**83,393**	74,013	13
Total revenues (teb)	**105,311**	103,100	83,406	26	**405,033**	304,240	33
Provision for credit losses	**5,407**	5,806	3,393	59	**20,413**	13,500	51
Non-interest expenses	**48,673**	46,305	38,997	25	**179,734**	147,571	22
Provision for income taxes (teb)	**14,174**	7,890	13,490	5	**53,438**	45,763	17
Non-controlling interest in subsidiary	**39**	59	59	(34)	**215**	232	(7)
Net income	**$ 37,018**	$ 43,040	$ 27,467	35 %	**$ 151,233**	$ 97,174	56 %
Efficiency ratio (teb)	**46.2 %**	44.9 %	46.8 %	(60) bp	**44.4 %**	48.5 %	(410) bp
Efficiency ratio	**47.5**	46.0	48.0	(50)	**45.5**	49.7	(420)
Net interest margin (teb)	**2.84**	2.77	2.32	52	**2.73**	2.08	65
Net interest margin	**2.74**	2.68	2.24	50	**2.64**	2.02	62
Average loans (millions)(1)	**$ 10,293**	$ 9,962	$ 9,161	12 %	**$ 9,806**	$ 9,007	9 %
Average assets (millions)(1)	**12,217**	11,935	11,342	8	**11,792**	11,055	7

bp – basis point change.
teb – taxable equivalent basis, see definition following Financial Highlights table.

(1) Assets and loans are disclosed on an average daily balance basis.

Insurance

The insurance segment is comprised of the operations of Canadian Direct Insurance Incorporated (Canadian Direct or CDI), which provides auto and home insurance to individuals in British Columbia and Alberta.

Canadian Direct reported quarterly net income of $2.1 million representing a $0.8 million decrease from a year ago. Results reflect a 7% increase in net claims expense combined with higher acquisition and non-interest expenses, partially offset by a 5% increase in net earned premiums and a positive contribution from the Alberta auto risk sharing pools (the Pools). Higher claims costs were attributed to negative development in several BC auto bodily injury claims. Growth in net earned premiums reflects a 5% increase in policies outstanding and higher average premiums per policy in the home product lines of business. Results also included a positive $0.3 million before tax contribution from Canadian Direct's share of the Pools. The Pools' impact in same quarter last year resulted in a negative $0.7 million before tax contribution.

Annual net income of $12.4 million represented an improvement of 36% ($3.3 million) from 2009. Absent the Pools' impact, the year-over-year increase in net income was 8% ($0.8 million) reflecting 7% growth in net earned premiums, partially offset by higher net claims expense in certain core product lines and increased operating expenses. Higher claims costs included $1.6 million (net of reinsurance) attributed to the severe hail storm which impacted Alberta in July and higher severity in BC auto due to negative developments on certain bodily injury claims. Increased expenses mainly reflect marketing initiatives and additional staff complement to support business growth. The positive annual before tax contribution from the Pools of $3.3 million included a $1.5 million reduction to unpaid claims reserves specifically related to a December 2009 decision by the Supreme Court that denied leave to appeal the cap on minor injuries suffered in an automobile accident. Following the Supreme Court decision, the Pools' unpaid claim reserves originally recorded in the fourth quarter of 2008 were reduced.

Compared to the previous quarter, net income was down $1.5 million largely due to the above mentioned claims experience in BC auto. The Pools' before tax contribution of $0.3 million was $0.5 million lower than the previous quarter.

($ thousands)	For the three months ended October 31 2010	July 31 2010	October 31 2009	Change from October 31 2009	For the year ended October 31 2010	October 31 2009	Change from October 31 2009
Net interest income (teb)	**$ 1,856**	$ 1,785	$ 1,625	14 %	**$ 7,024**	$ 6,127	15 %
Other income (net)							
Net earned premiums	**28,552**	28,858	27,072	5	**111,368**	104,062	7
Commissions and processing fees	**576**	606	697	(17)	**2,347**	2,852	(18)
Net claims and adjustment expenses	**(18,844)**	(17,023)	(17,559)	7	**(68,641)**	(68,996)	(1)
Policy acquisition costs	**(5,893)**	(6,307)	(5,199)	13	**(23,358)**	(20,802)	12
Insurance revenues (net)	**4,391**	6,134	5,011	(12)	**21,716**	17,116	27
Gains on sale of securities	**12**	26	57	(79)	**486**	483	1
Total revenues (net) (teb)	**6,259**	7,945	6,693	(6)	**29,226**	23,726	23
Non-interest expenses	**3,299**	2,995	2,576	28	**11,746**	10,611	11
Provision for income taxes (teb)	**871**	1,395	1,227	(29)	**5,092**	4,004	27
Net income	**$ 2,089**	$ 3,555	$ 2,890	(28) %	**$ 12,388**	$ 9,111	36 %
Policies outstanding (#)	**185,167**	182,961	175,662	5	**185,167**	175,662	5
Gross written premiums	**$ 33,887**	$ 35,701	$ 31,537	7	**$ 124,451**	$ 116,828	7
Claims loss ratio(1)	**66 %**	59 %	65 %	100 bp	**62 %**	67 %	(500)bp
Expense ratio(2)	**30**	30	26	400	**29**	27	200
Combined ratio(3)	**96**	89	91	500	**91**	94	(300)
Alberta auto risk sharing pools impact on net income before tax	**$ 337**	$ 784	$ (722)	nm %	**$ 3,255**	$ (292)	nm %
Average total assets (millions)(4)	**230**	216	212	8	**215**	198	9

bp – basis point change.
teb – taxable equivalent basis, see definition following Financial Highlights table.
n/m – not meaningful

(1) Net claims and adjustment expenses as a percentage of net earned premiums.
(2) Policy acquisition costs and non-interest expenses net of commissions and processing fees as a percentage of net earned premiums.
(3) Sum of the claims loss and expense ratios.
(4) Average total assets are disclosed on an average daily balance basis.

Fiscal 2010 Minimum Targets and Performance with 2011 Minimum Targets

The minimum performance targets established for the 2010 fiscal year together with CWB's actual performance, and minimum targets for fiscal 2011 are presented in the table below:

	2010 Minimum Targets	**2010 Performance**	2011 Minimum Targets
Net income growth [(1)]	12%	**54%**	6%
Net income growth, before taxes (teb)[(2)]	n/a	**42%**	10%
Total revenue (teb) growth	12%	**32%**	12%
Loan growth	10%	**14%**	10%
Provision for credit losses as a percentage of average loans	0.15% - 0.20%	**0.21%**	0.20% - 0.25%
Efficiency ratio (teb)	48%	**44.1%**	46%
Return on common equity [(3)]	13%	**17.1%**	15%
Return on assets [(4)]	0.90%	**1.24%**	1.20%

(1) Net income, before preferred share dividends.
(2) Net income before income taxes (teb), non-controlling interest in subsidiary and preferred share dividends.
(3) Return on common equity calculated as annualized net income after preferred share dividends divided by average common shareholders' equity.
(4) Return on assets calculated as annualized net income after preferred share dividends divided by average total assets.

CWB surpassed its 2010 minimum targets for revenue growth, profitability and efficiency by considerable margins. Results reflect the robust recovery in net interest margin early in the year and generally strong performance across each business line. The second quarter acquisition of National Leasing was a key highlight and materially benefited all performance metrics except the provision for credit losses. The impact of National Leasing's historically higher loan loss experience compared to the Bank's core lending business is more than offset by the relatively high yield earned on its portfolio. The rate of loan growth in the fourth quarter increased compared to prior periods and led to 14% growth for the year, including a 4% contribution on the acquisition of National Leasing. The excellent efficiency ratio established a new internal benchmark as very strong growth in total revenues offset the impact of ongoing investments in people, premises and technology infrastructure that support management's objective for CWB Group to achieve sustained growth.

Canada's economic fundamentals call for moderate growth in 2011 despite economic uncertainties in the U.S. and globally. Consistent with a favourable long-term outlook for commodities, management continues to believe Western Canada will perform well relative to the rest of Canada. The Bank will maintain its focus on high quality, secured loans that offer a fair and profitable return and management believes there will be good lending opportunities that fit these parameters. The 2011 target for loan growth is 10%, unchanged from last year. Overall credit quality is within expectations and based on management's current view, future write-offs should remain within the Bank's range of acceptable levels. The provision for credit losses is expected to represent 20 to 25 basis points of average loans. Targets for profitability ratios and growth in total revenues and net income are moderated compared to actual results achieved in 2010 but reflect ongoing confidence in CWB's business model and overall strategic direction. With its solid financial footing and strong capital position, CWB is well positioned to take advantage of opportunities and manage unforeseen challenges that may arise. Management will maintain its focus on creating value and growth for shareholders over the long-term. Despite a cautious view, the overall outlook for 2011 and beyond is positive.

This management's discussion and analysis is dated December 6, 2010.

Taxable Equivalent Basis (teb)

Most banks analyze revenue on a taxable equivalent basis to permit uniform measurement and comparison of net interest income. Net interest income (as presented in the consolidated statement of income) includes tax-exempt income on certain securities. Since this income is not taxable, the rate of interest or dividends received is significantly lower than would apply to a loan or security of the same amount. The adjustment to taxable equivalent basis increases interest income and the provision for income taxes to what they would have been had the tax-exempt securities been taxed at the statutory rate. The taxable equivalent basis does not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other banks. Total revenues, net interest income and income taxes are discussed on a taxable equivalent basis throughout this quarterly report to shareholders.

Non-GAAP Measures

Taxable equivalent basis, diluted cash earnings per common share, return on common shareholders' equity, return on assets, efficiency ratio, net interest margin, tangible common equity to risk-weighted assets, Tier 1 and total capital adequacy ratios, average balances, claims loss ratio, expense ratio and combined ratio do not have standardized meanings prescribed by generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other financial institutions. The non-GAAP measures used in this MD&A are calculated as follows:

- taxable equivalent basis – described above;
- diluted cash earnings per common share – diluted earnings per common share excluding the amortization of acquisition-related intangible assets;
- return on common shareholders' equity – net income less preferred share dividends divided by average shareholder's equity;
- return on assets – net income less preferred share dividends divided by average total assets;
- efficiency ratio – non-interest expenses divided by total revenues (net interest income plus other income);
- net interest margin – net interest income divided by average total assets;
- tangible common equity to risk-weighted assets – shareholders' equity less subsidiary goodwill divided by risk-weighted assets, calculated in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI);
- Tier 1 and total capital adequacy ratios – in accordance with guidelines issued by OSFI;
- average balances – average daily balances;
- claims loss ratio – net insurance claims and adjustment expenses as a percentage of net earned premiums;
- expense ratio – policy acquisition costs and non-interest expenses net of commissions and processing fees as a percentage of net earned premiums; and
- combined ratio – sum of the claims loss and expense ratios.

Forward-looking Statements

From time to time, Canadian Western Bank (the Bank) 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 the Bank's objectives and strategies, targeted and expected financial results and the outlook for the Bank'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" 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. A variety of factors, many of which are beyond the Bank's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Canada including the volatility and lack of liquidity in financial markets, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, regulatory and legal developments, the level of competition in the Bank's markets, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, the accuracy of and completeness of information the Bank 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 the Bank's 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.

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 the Bank's actual results to differ materially from the expectations expressed in such forward looking statements. Unless required by securities law, the Bank 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 in 2011 and how it will affect CWB's businesses are material factors the Bank considers when setting its objectives. In setting minimum performance targets for fiscal 2011, management's assumptions include: moderate economic growth in Canada aided by positive relative performance in the four western provinces; relatively stable energy and other commodity prices; sound credit quality with actual losses remaining within the Bank's historical range of acceptable levels including consideration for National Leasing; modest inflationary pressures and gradual increases in the prime lending interest rate beginning in early-to-mid calendar year 2011; and, a relatively stable net interest margin supported by a low deposit cost environment, favourable yields on both new lending facilities and renewed accounts, and relatively stable investment returns reflecting high quality assets held in the securities portfolio.

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)	For the three months ended October 31 2010	July 31 2010	October 31 2009	Change from October 31 2009	For the year ended October 31 2010	October 31 2009	Change from October 31 2009
Interest Income							
Loans	**$ 138,824**	$ 131,779	$ 116,042	20 %	**$ 511,274**	$ 455,413	12 %
Securities	**10,265**	10,156	11,411	(10)	**40,785**	44,209	(8)
Deposits with regulated financial institutions	**899**	1,082	2,393	(62)	**5,528**	12,803	(57)
	149,988	143,017	129,846	16	**557,587**	512,425	9
Interest Expense							
Deposits	**59,555**	56,373	58,963	1	**222,356**	263,017	(15)
Subordinated debentures	**4,406**	4,406	5,268	(16)	**17,753**	20,901	(15)
	63,961	60,779	64,231	-	**240,109**	283,918	(15)
Net Interest Income	**86,027**	82,238	65,615	31	**317,478**	228,507	39
Provision for Credit Losses (Note 5)	**5,407**	5,806	3,393	59	**20,413**	13,500	51
Net Interest Income after Provision for Credit Losses	**80,620**	76,432	62,222	30	**297,065**	215,007	38
Other Income							
Credit related	**7,627**	8,149	6,150	24	**31,550**	23,369	35
Insurance, net (Note 2)	**4,391**	6,134	5,011	(12)	**21,716**	17,116	27
Trust and wealth management services	**4,087**	4,260	4,139	(1)	**17,316**	15,478	12
Retail services	**2,419**	2,250	1,865	30	**9,017**	7,403	22
Gains on sale of securities	**1,038**	840	4,103	(75)	**12,447**	25,225	(51)
Securitization revenue	**1,136**	1,238	-	nm	**4,285**	-	nm
Foreign exchange gains	**691**	620	647	7	**2,422**	2,745	(12)
Other	**975**	2,534	172	467	**6,842**	276	2,379
	22,364	26,025	22,087	1	**105,595**	91,612	15
Net Interest and Other Income	**102,984**	102,457	84,309	22	**402,660**	306,619	31
Non-Interest Expenses							
Salaries and employee benefits	**32,138**	32,763	26,704	20	**123,972**	104,105	19
Premises and equipment	**8,429**	8,008	6,996	20	**31,448**	26,030	21
Other expenses	**10,962**	8,128	7,373	49	**34,511**	26,115	32
Provincial capital taxes	**443**	401	500	(11)	**1,549**	1,932	(20)
	51,972	49,300	41,573	25	**191,480**	158,182	21
Net Income before Income Taxes and Non-Controlling Interest in Subsidiary	**51,012**	53,157	42,736	19	**211,180**	148,437	42
Income Taxes	**11,866**	6,503	12,320	(4)	**47,344**	41,920	13
	39,146	46,654	30,416	29	**163,836**	106,517	54
Non-Controlling Interest in Subsidiary	**39**	59	59	(34)	**215**	232	(7)
Net Income	**$ 39,107**	$ 46,595	$ 30,357	29 %	**$ 163,621**	$ 106,285	54 %
Preferred share dividends (Note 8)	**$ 3,802**	$ 3,802	$ 3,802	- %	**$ 15,208**	$ 10,062	51 %
Net income available to common shareholders	**35,305**	42,793	26,555	33	**148,413**	96,223	54
Average number of common shares (in thousands)	**66,593**	66,376	63,828	4	**65,757**	63,613	3
Average number of diluted common shares (in thousands)	**73,435**	73,146	68,683	7	**72,329**	65,335	11
Earnings Per Common Share							
Basic	**$ 0.53**	$ 0.64	$ 0.42	26	**$ 2.26**	$ 1.51	50
Diluted	**0.48**	0.59	0.39	23	**2.05**	1.47	39

nm - not meaningful.

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

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at October 31 2010	As at July 31 2010	As at October 31 2009	Change from October 31 2009
Assets					
Cash Resources					
Cash and non-interest bearing deposits with financial institutions		**$ 8,965**	$ 20,348	$ 17,447	(49)%
Interest bearing deposits with regulated financial institutions	(Note 3)	**168,998**	182,808	266,980	(37)
Cheques and other items in transit		**9,981**	4,984	12,677	(21)
		187,944	208,140	297,104	(37)
Securities	(Note 3)				
Issued or guaranteed by Canada		**564,694**	392,688	854,457	(34)
Issued or guaranteed by a province or municipality		**88,478**	73,132	253,143	(65)
Other securities		**857,015**	803,358	783,809	9
		1,510,187	1,269,178	1,891,409	(20)
Securities Purchased Under Resale Agreements		**177,954**	220,122	-	nm
Loans	(Notes 4 and 6)				
Residential mortgages		**2,479,957**	2,318,665	2,282,475	9
Other loans		**8,095,148**	7,861,947	7,029,177	15
		10,575,105	10,180,612	9,311,652	14
Allowance for credit losses	(Note 5)	**(78,641)**	(75,746)	(75,459)	4
		10,496,464	10,104,866	9,236,193	14
Other					
Property and equipment		**65,978**	61,709	39,252	68
Goodwill		**37,723**	37,438	9,360	303
Other intangible assets		**43,420**	44,677	6,465	572
Insurance related		**59,652**	58,914	55,932	7
Derivative related	(Note 7)	**134**	83	2,334	(94)
Other assets		**122,235**	105,046	97,823	25
		329,142	307,867	211,166	56
Total Assets		**$ 12,701,691**	$ 12,110,173	$ 11,635,872	9 %
Liabilities and Shareholders' Equity					
Deposits					
Payable on demand		**$ 530,608**	$ 519,565	$ 359,176	48 %
Payable after notice		**2,999,599**	2,986,572	2,778,601	8
Payable on a fixed date		**7,177,560**	6,645,905	6,374,461	13
Deposit from Canadian Western Bank Capital Trust		**105,000**	105,000	105,000	-
		10,812,767	10,257,042	9,617,238	12
Other					
Cheques and other items in transit		**39,628**	31,728	41,964	(6)
Insurance related		**149,396**	144,198	145,509	3
Derivative related	(Note 7)	**992**	1,080	74	1,241
Securities sold under repurchase agreements		**-**	-	300,242	nm
Other liabilities		**235,865**	243,010	169,346	39
		425,881	420,016	657,135	(35)
Subordinated Debentures					
Conventional	(Note 17)	**315,000**	315,000	375,000	(16)
Shareholders' Equity					
Preferred shares	(Note 8)	**209,750**	209,750	209,750	-
Common shares	(Note 8)	**279,352**	276,930	226,480	23
Contributed surplus		**21,291**	21,225	19,366	10
Retained earnings		**614,710**	595,026	511,784	20
Accumulated other comprehensive income		**22,940**	15,184	19,119	20
		1,148,043	1,118,115	986,499	16
Total Liabilities and Shareholders' Equity		**$ 12,701,691**	$ 12,110,173	$ 11,635,872	9 %
Contingent Liabilities and Commitments	(Note 10)				

nm - not meaningful.

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

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) ($ thousands)		For the year ended October 31 2010	October 31 2009
Retained Earnings			
Balance at beginning of period		**$ 511,784**	$ 448,203
Net income		**163,621**	106,285
Dividends – Preferred shares		**(15,208)**	(10,062)
– Common shares		**(28,929)**	(27,991)
Warrants purchased under normal course issuer bid	(Note 8)	**(16,453)**	-
Issuance costs on common shares		**(105)**	-
Issuance costs on preferred units		**-**	(4,651)
Balance at end of period		**614,710**	511,784
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of period		**19,119**	(5,203)
Other comprehensive income		**3,821**	24,322
Balance at end of period		**22,940**	19,119
Total retained earnings and accumulated other comprehensive income		**637,650**	530,903
Preferred Shares	(Note 8)		
Balance at beginning of period		**209,750**	-
Issued during the period		**-**	209,750
Balance at end of period		**209,750**	209,750
Common Shares	(Note 8)		
Balance at beginning of period		**226,480**	221,914
Issued on acquisition of subsidiary	(Note 15)	**42,582**	-
Issued on exercise of options		**3,864**	2,200
Transferred from contributed surplus on exercise or exchange of options		**3,181**	1,613
Issued under dividend reinvestment plan		**2,922**	744
Issued on exercise of warrants		**323**	9
Balance at end of period		**279,352**	226,480
Contributed Surplus			
Balance at beginning of period		**19,366**	14,234
Amortization of fair value of options		**5,106**	6,745
Transferred to common shares on exercise or exchange of options		**(3,181)**	(1,613)
Balance at end of period		**21,291**	19,366
Total Shareholders' Equity		**$ 1,148,043**	$ 986,499

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended October 31 2010	October 31 2009	For the year ended October 31 2010	October 31 2009
Net Income	**$ 39,107**	$ 30,357	**$ 163,621**	$ 106,285
Other Comprehensive Income (Loss), net of tax				
Available-for-sale securities:				
Gains from change in fair value(1)	**8,638**	1,762	**14,285**	47,214
Reclassification to other income(2)	**(882)**	(2,672)	**(8,868)**	(17,556)
	7,756	(910)	**5,417**	29,658
Derivatives designated as cash flow hedges:				
Gains from change in fair value(3)	**-**	889	**17**	9,453
Reclassification to net interest income(4)	**-**	(1,955)	**(1,613)**	(9,379)
Reclassification to other liabilities for derivatives terminated prior to maturity(5)	**-**	-	**-**	(5,410)
	-	(1,066)	**(1,596)**	(5,336)
	7,756	(1,976)	**3,821**	24,322
Comprehensive Income for the Period	**$ 46,863**	$ 28,381	**$ 167,442**	$ 130,607

(1) Net of income tax expense of $3,350 and $5,647 for the quarter and year ended October 31, 2010, respectively (2009 – $755 and $20,094).
(2) Net of income tax benefit of $356 and $3,579 for the quarter and year ended October 31, 2010, respectively (2009 – $1,431 and $7,669).
(3) Net of income tax expense of nil and $7 for the quarter and year ended October 31, 2010, respectively (2009 – $483 and $4,066).
(4) Net of income tax benefit of nil and $672 for the quarter and year ended October 31, 2010, respectively (2009 – $1,075 and $4,035).
(5) Net of income tax benefit of nil for the quarter and year ended October 31, 2010 (2009 – nil and $2,264).

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

Consolidated Statements of Cash Flow

(unaudited) ($ thousands)		For the three months ended October 31 2010	October 31 2009	For the year ended October 31 2010	October 31 2009
Cash Flows from Operating Activities					
Net income		**$ 39,107**	$ 30,357	**$ 163,621**	$ 106,285
Adjustments to determine net cash flows:					
Provision for credit losses		**5,407**	3,393	**20,413**	13,500
Depreciation and amortization		**3,732**	2,332	**13,816**	8,773
Amortization of fair value of employee stock options		**1,322**	1,086	**5,107**	6,745
Future income taxes, net		**(7,610)**	(2,670)	**556**	(13,633)
Gain on sale of securities, net		**(1,038)**	(4,103)	**(12,447)**	(25,225)
Accrued interest receivable and payable, net		**(11,167)**	(28,999)	**(4,012)**	1,032
Current income taxes payable, net		**17,645**	4,748	**(2,164)**	11,694
Other items, net		**5,712**	(4,609)	**41,148**	5,595
		53,110	1,535	**226,038**	114,766
Cash Flows from Financing Activities					
Deposits, net		**555,724**	223,429	**1,195,528**	371,519
Common shares issued	(Note 8)	**1,167**	1,647	**7,109**	2,953
Warrants purchased under normal course issuer bid	(Note 8)	**(8,298)**	-	**(16,453)**	-
Dividends		**(11,125)**	(10,824)	**(44,137)**	(38,053)
Issuance costs on share capital		**-**	(23)	**(105)**	(4,651)
Long-term debt repaid	(Note 15)	**-**	-	**(270,630)**	-
Securities sold under repurchase agreements, net		**-**	53,448	**(300,242)**	300,242
Debentures redeemed		**-**	-	**(60,000)**	-
Preferred units issued		**-**	-	**-**	209,750
		537,468	267,677	**511,070**	841,760
Cash Flows from Investing Activities					
Interest bearing deposits with regulated financial institutions, net		**13,343**	87,461	**95,168**	203,663
Securities, purchased		**(676,957)**	(933,266)	**(2,966,470)**	(3,253,024)
Securities, sale proceeds		**249,866**	608,086	**2,717,950**	2,302,967
Securities, matured		**170,751**	57,122	**617,444**	348,998
Securities purchased under resale agreements, net		**42,168**	-	**(177,954)**	77,000
Loans, net		**(397,006)**	(101,823)	**(957,478)**	(625,624)
Land, buildings and equipment		**(7,029)**	(9,457)	**(21,079)**	(14,809)
Acquisition of subsidiaries		**-**	-	**(53,531)**	(6,481)
		(604,864)	(291,877)	**(745,950)**	(967,310)
Change in Cash and Cash Equivalents		**(14,286)**	(22,665)	**(8,842)**	(10,784)
Cash and Cash Equivalents at Beginning of Period		**(6,396)**	10,825	**(11,840)**	(1,056)
Cash and Cash Equivalents at End of Period *		**$ (20,682)**	$ (11,840)	**$ (20,682)**	$ (11,840)
* Represented by:					
Cash and non-interest bearing deposits with financial institutions		**$ 8,965**	$ 17,447	**$ 8,965**	$ 17,447
Cheques and other items in transit (included in Cash Resources)		**9,981**	12,677	**9,981**	12,677
Cheques and other items in transit (included in Other Liabilities)		**(39,628)**	(41,964)	**(39,628)**	(41,964)
Cash and Cash Equivalents at End of Period		**$ (20,682)**	$ (11,840)	**$ (20,682)**	$ (11,840)
Supplemental Disclosure of Cash Flow Information					
Amount of interest paid in the period		**$ 69,736**	$ 85,742	**$ 251,739**	$ 275,943
Amount of income taxes paid in the period		**1,831**	10,581	**48,953**	44,198

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

(unaudited)
($ thousands, except per share amounts)

1. Summary of Significant Accounting Policies

Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), including the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI), using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2009. Under Canadian GAAP, 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, 2009 as set out on pages 66 to 100 of the Bank's 2009 Annual Report.

2. Insurance Revenues, Net

Insurance revenues, net, as reported in other income on the consolidated statement of income are presented net of net claims and adjustment expenses and policy acquisition costs.

	For the three months ended			For the year ended	
	October 31 2010	July 31 2010	October 31 2009	**October 31 2010**	October 31 2009
Net earned premiums	**$ 28,552**	$ 28,858	$ 27,072	**$ 111,368**	$ 104,062
Commissions and processing fees	**576**	606	697	**2,347**	2,852
Net claims and adjustment expenses	**(18,844)**	(17,023)	(17,559)	**(68,641)**	(68,996)
Policy acquisition costs	**(5,893)**	(6,307)	(5,199)	**(23,358)**	(20,802)
Total, net	**$ 4,391**	$ 6,134	$ 5,011	**$ 21,716**	$ 17,116

3. Securities

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

	As at October 31 2010	As at July 31 2010	As at October 31 2009
Interest bearing deposits with regulated financial institutions	**$ 2,104**	$ 2,571	$ 7,390
Securities issued or guaranteed by			
Canada	**(139)**	(326)	1,594
A province or municipality	**723**	793	2,547
Other debt securities	**3,412**	3,117	6,898
Equity securities			
Preferred shares	**18,331**	11,948	5,810
Common shares	**7,669**	3,130	558
Unrealized gain, net	**$ 32,100**	$ 21,233	$ 24,797

The securities portfolio is primarily comprised of high quality debt instruments, preferred shares and common shares 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. Unrealized losses are considered to be other than permanent in nature.

4. Loans

The composition of the Bank's loan portfolio by geographic region and industry sector follow:

($ millions)	British Columbia	Alberta	Saskatchewan	Manitoba	Other	Total	October 31 2010 Composition Percentage	July 31 2010 Composition Percentage	October 31 2009 Composition Percentage
Loans to Individuals									
Residential mortgages[2]	$ 1,046	$ 1,040	$ 145	$ 68	$ 181	$ 2,480	23 %	23 %	25 %
Other loans	66	104	14	3	1	188	2	2	2
	1,112	1,144	159	71	182	2,668	25	25	27
Loans to Businesses									
Commercial	753	1,447	111	95	291	2,697	26	26	27
Construction and real estate[3]	1,272	1,517	223	70	184	3,266	31	32	31
Equipment financing	329	710	118	58	464	1,679	16	15	13
Energy	-	265	-	-	-	265	2	2	2
	2,354	3,939	452	223	939	7,907	75	75	73
Total Loans[1]	$ 3,466	$ 5,083	$ 611	$ 294	$ 1,121	$ 10,575	100 %	100 %	100 %
Composition Percentage									
October 31, 2010	33 %	48 %	6 %	3 %	10 %	100 %			
July 31, 2010	33 %	48 %	6 %	3 %	10 %	100 %			
October 31, 2009	35 %	50 %	5 %	3 %	7 %	100 %			

(1) This table does not include an allocation for credit losses or deferred revenue and premiums.
(2) Includes single- and multi-unit residential mortgages and project (interim) mortgages on residential property.
(3) Includes commercial term mortgages and project (interim) mortgages for non-residential property.

5. Allowance for Credit Losses

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

	For the three months ended October 31, 2010			For the three months ended July 31, 2010		
	Specific Allowance	**General Allowance for Credit Losses**	**Total**	Specific Allowance	General Allowance for Credit Losses	Total
Balance at beginning of period	**$ 16,707**	**$ 59,039**	**$ 75,746**	$ 18,381	$ 58,005	$ 76,386
Acquisition of subsidiary	**-**	**-**	**-**	-	-	-
Provision for credit losses	**4,843**	**564**	**5,407**	4,772	1,034	5,806
Write-offs	**(2,831)**	**-**	**(2,831)**	(6,633)	-	(6,633)
Recoveries	**319**	**-**	**319**	187	-	187
Balance at end of period	**$ 19,038**	**$ 59,603**	**$ 78,641**	$ 16,707	$ 59,039	$ 75,746

	For the three months ended October 31, 2009		
	Specific Allowance	General Allowance for Credit Losses	Total
Balance at beginning of period	$ 12,998	$ 61,216	$ 74,214
Provision for credit losses	3,456	(63)	3,393
Write-offs	(2,164)	-	(2,164)
Recoveries	16	-	16
Balance at end of period	$ 14,306	$ 61,153	$ 75,459

	For the year ended October 31, 2010			For the year ended October 31, 2009		
	Specific Allowance	**General Allowance for Credit Losses**	**Total**	Specific Allowance	General Allowance for Credit Losses	Total
Balance at beginning of period	**$ 14,306**	**$ 61,153**	**$ 75,459**	$ 15,011	$ 60,527	$ 75,538
Acquisition of subsidiary (Note 15)	**2,596**	**4,172**	**6,768**	-	-	-
Provision for credit losses	**26,135**	**(5,722)**	**20,413**	12,874	626	13,500
Write-offs	**(24,599)**	**-**	**(24,599)**	(13,842)	-	(13,842)
Recoveries	**600**	**-**	**600**	263	-	263
Balance at end of period	**$ 19,038**	**$ 59,603**	**$ 78,641**	$ 14,306	$ 61,153	$ 75,459

6. Impaired and Past Due Loans

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

	As at October 31, 2010				As at July 31, 2010			
	Gross Amount	**Gross Impaired Amount**	**Specific Allowance**	**Net Impaired Loans**	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Consumer and personal	**$ 1,793,181**	**$ 24,534**	**$ 1,288**	**$ 23,246**	$ 1,716,898	$ 21,517	$ 1,739	$ 19,778
Real estate[(1)]	**4,124,235**	**82,799**	**4,880**	**77,919**	3,982,290	93,320	4,934	88,386
Equipment financing	**1,943,716**	**27,918**	**10,215**	**17,703**	1,789,922	28,163	9,425	18,738
Commercial	**2,713,973**	**7,956**	**2,655**	**5,301**	2,691,502	6,976	609	6,367
Total [(2)]	**$ 10,575,105**	**$ 143,207**	**$ 19,038**	**124,169**	$ 10,180,612	$ 149,976	$ 16,707	133,269
General allowance[(3)]				**(59,603)**				(59,039)
Net impaired loans after general allowance				**$ 64,566**				$ 74,230

	As at October 31, 2009			
	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Consumer and personal	$ 1,452,682	$ 14,805	$ 1,207	$ 13,598
Real estate[(1)]	3,909,991	76,643	5,611	71,032
Equipment financing	1,412,344	26,408	6,196	20,212
Commercial	2,536,635	20,088	1,292	18,796
Total [(2)]	$ 9,311,652	$ 137,944	$ 14,306	123,638
General allowance[(3)]				(61,153)
Net impaired loans after general allowance				$ 62,485

(1) Multi-family residential mortgages are included in real estate loans.
(2) Gross impaired loans include foreclosed assets with a carrying value of $867 (July 31, 2010 - $2,081 and October 31, 2009 - nil) which are held for sale.
(3) The general allowance for credit risk is not allocated by loan type.

6. Impaired and Past Due Loans – continued

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

	As at October 31, 2010			As at July 31, 2010		
	Gross Impaired Amount	**Specific Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	**$ 98,973**	**$ 14,515**	**$ 84,458**	$ 110,891	$ 11,563	$ 99,328
British Columbia	**38,543**	**1,259**	**37,284**	32,833	2,210	30,623
Saskatchewan	**2,109**	**1,114**	**995**	2,376	1,004	1,372
Manitoba	**329**	**233**	**96**	500	250	250
Other	**3,253**	**1,917**	**1,336**	3,376	1,680	1,696
Total	**$ 143,207**	**$ 19,038**	**124,169**	$ 149,976	$ 16,707	133,269
General allowance[1]			**(59,603)**			(59,039)
Net impaired loans after general allowance			**$ 64,566**			$ 74,230

	As at October 31, 2009		
	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	$ 74,847	$ 7,651	$ 67,196
British Columbia	37,655	5,000	32,655
Saskatchewan	1,632	609	1,023
Manitoba	337	23	314
Other	23,473	1,023	22,450
Total	$ 137,944	$ 14,306	123,638
General allowance[1]			(61,153)
Net impaired loans after general allowance			$ 62,485

(1) The general allowance for credit risk is not allocated by province.

During the quarter and year ended October 31, 2010, interest recognized as income on impaired loans totaled $703 and $3,392 respectively (2009 - $326 and $1,726).

Gross impaired loans exclude certain past due loans where payment of interest or principal is contractually in arrears, which are not classified as impaired. Details of such past due loans that have not been included in the gross impaired amount are as follows:

	As at October 31, 2010				
	1 – 30 days	**31 – 60 days**	**61 – 90 days**	**More than 90 days**	**Total**
Residential mortgages	**$ 5,762**	**$ 7,933**	**$ 3,912**	**$ -**	**$ 17,607**
Other loans [1]	**17,877**	**33,938**	**5,731**	**4**	**57,550**
	$ 23,639	**$ 41,871**	**$ 9,643**	**$ 4**	**$ 75,157**
Total as at July 31, 2010	$ 17,363	$ 31,812	$ 2,475	$ 517	$ 52,167
Total as at October 31, 2009	$ 27,533	$ 29,272	$ 4,694	$ -	$ 61,499

(1) Amounts exclude National Leasing.

7. Derivative Financial Instruments

The Bank designates certain derivative financial instruments 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). On an ongoing basis, the Bank assesses whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of the hedged items. If a hedging transaction becomes ineffective or if the derivative is not designated as a cash flow hedge, any subsequent change in the fair value of the hedging instrument is recognized in earnings. Prior to February 1, 2010, all interest rate swaps were designated as cash flow hedges. Subsequent to February 1, 2010, with the acquisition of National Leasing (see Note 15), the Bank has interest rate swaps outstanding that are not designated as hedges. As at October 31, 2010, all interest rate swaps designated as cash flow hedges have matured.

For the quarter and year ended October 31, 2010, a net unrealized after tax gain of nil and $17 respectively (2009 - $889 and $9,453) was recorded in other comprehensive income for changes in fair value of the effective portion of derivatives designated as cash flow hedges, and nil (2009 - nil) was recorded in other income for changes in fair value of the ineffective portion of derivatives classified as cash flow hedges. Amounts accumulated in other comprehensive income are reclassified to net income in the same period that interest on certain floating rate loans (i.e. the hedged items) affect income. For the quarter and year ended October 31, 2010, a net gain after tax of nil and $1,613 respectively (2009 – $1,955 and $9,379) was reclassified to net income. A net gain of nil (2009 - $1,678) after tax recorded in accumulated other comprehensive income as at October 31, 2010 is expected to be reclassified to net income in the next twelve months and will offset variable cash flows from floating rate loans.

7. Derivative Financial Instruments – continued

The following table shows the notional value outstanding for derivative financial instruments and the related fair value:

	As at October 31, 2010			As at July 31, 2010		
	Notional Amount	**Positive Fair Value**	**Negative Fair Value**	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps not designated as hedges[1]	**$ 47,550**	**$ -**	**$ 930**	$ 52,490	$ -	$ 1,013
Interest rate swaps designated as cash flow hedges	**-**	**-**	**-**	-	-	-
Equity contracts[2]	**500**	**2**	**-**	500	-	1
Foreign exchange contracts[3]	**57,032**	**132**	**59**	43,270	83	64
Embedded derivatives in equity-linked deposits[2]	**n/a**	**-**	**3**	n/a	-	2
Other forecasted transactions	**-**	**-**	**-**	-	-	-
Derivative related amounts		**$ 134**	**$ 992**		$ 83	$ 1,080

	As at October 31, 2009		
	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps not designated as hedges	$ -	$ -	$ -
Interest rate swaps designated as cash flow hedges	235,000	2,265	-
Equity contracts	2,000	-	33
Foreign exchange contracts	2,496	44	41
Embedded derivatives in equity-linked deposits	n/a	25	-
Other forecasted transactions	-	-	-
Derivative related amounts		$ 2,334	$ 74

(1) Interest rate swaps not designated as hedges outstanding at October 31, 2010 mature between November 2010 and April 2014.
(2) Equity contract and equity-linked deposits outstanding at October 31, 2010 mature March 2011.
(3) Foreign exchange contracts outstanding at October 31, 2010 mature between November 2010 and July 2011.

n/a – not applicable.

There were no forecasted transactions that failed to occur during the quarter and year ended October 31, 2010.

8. Capital Stock

Share Capital

		For the year ended			
		October 31, 2010		October 31, 2009	
		Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares - Series 3					
Outstanding at beginning of period		**8,390,000**	**$ 209,750**	-	$ -
Issued during the period		**-**	**-**	8,390,000	209,750
Outstanding at end of period[1]		**8,390,000**	**209,750**	8,390,000	209,750
Common Shares					
Outstanding at beginning of period		**63,903,460**	**226,480**	63,457,142	221,914
Issued on acquisition of subsidiary	(Note 15)	**2,065,088**	**42,582**	-	-
Issued on exercise or exchange of options		**524,151**	**3,864**	406,934	2,200
Issued under dividend reinvestment plan[2]		**125,595**	**2,922**	38,760	744
Issued on exercise of warrants		**23,068**	**323**	624	9
Transferred from contributed surplus on exercise or exchange of options		**-**	**3,181**	-	1,613
Outstanding at end of period		**66,641,362**	**279,352**	63,903,460	226,480
Share Capital			**$ 489,102**		$ 436,230

(1) Holders of the Preferred Shares – Series 3 are entitled to receive non-cumulative quarterly fixed dividends for the initial five-year period ending April 30, 2014 of 7.25% per annum, payable quarterly, as and when declared. For further information on dividend rates after April 30, 2014, refer to Note 18 of the audited consolidated financial statements for the year ended October 31, 2009 (see page 85 of the 2009 Annual Report).
(2) During the year, shares were issued at a 2% discount from the average closing price of the five trading days preceding the dividend payment date.

8. Capital Stock - continued

Warrants to Purchase Common Shares

Each warrant is exercisable at a price of $14.00 to purchase one common share in the capital of the Bank until March 3, 2014.

	For the year ended	
Number of Warrants	**October 31 2010**	October 31 2009
Outstanding at beginning of period	**14,964,356**	-
Issued	**-**	14,964,980
Purchased and cancelled	**(1,469,677)**	-
Exercised	**(23,068)**	(624)
Outstanding at end of period	**13,471,611**	14,964,356

Normal Course Issuer Bid

On January 18, 2010 and subsequently amended on September 30, 2010, the Bank received approval from the Toronto Stock Exchange to institute a Normal Course Issuer Bid (NCIB) to purchase and cancel up to 1,469,677 of its warrants. The NCIB commenced January 20, 2010 and was completed in October 2010. For the year ended October 31, 2010 the Bank purchased and cancelled 1,469,677 warrants fulfilling all available purchases under the NCIB at an aggregate cost of $16,453, which was charged to retained earnings.

9. Stock-Based Compensation

Stock Options

	For the three months ended			
	October 31, 2010		October 31, 2009	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**4,012,299**	**$ 19.86**	4,626,405	$ 18.37
Granted	**-**	**-**	-	-
Exercised or exchanged	**(153,250)**	**17.70**	(208,600)	12.02
Forfeited	**(24,616)**	**22.16**	(23,200)	20.01
Balance at end of period	**3,834,433**	**$ 19.93**	4,394,605	$ 18.66

	For the year ended			
	October 31, 2010		October 31, 2009	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**4,394,605**	**$ 18.66**	5,204,882	$ 20.83
Granted	**632,386**	**22.67**	1,465,035	13.33
Exercised or exchanged	**(1,085,435)**	**16.24**	(933,900)	10.56
Forfeited	**(107,123)**	**21.04**	(1,341,412)	26.88
Balance at end of period	**3,834,433**	**$ 19.93**	4,394,605	$ 18.66
Exercisable at end of period	**1,109,850**	**$ 22.84**	1,742,100	$ 18.22

The terms of the share incentive plan allow the holders of vested options a cashless settlement alternative whereby the option holder can either (a) elect to receive shares by delivering cash to the Bank in the amount of the option exercise price or (b) elect to receive the number of shares equivalent to the excess of the market value of the shares under option over the exercise price. Of the 1,085,435 options (2009 – 933,900) exercised or exchanged in the year ended October 31, 2010, option holders exchanged the rights to 842,025 options (2009 – 722,400) and received 280,741 shares (2009 – 195,434) in return under the cashless settlement alternative.

For the year ended October 31, 2010, salary expense of $5,106 (2009 – $6,745) was recognized relating to the estimated fair value of options. The fair value of options granted was estimated using a binomial option pricing model with the following variables and assumptions: (i) risk-free interest rate of 2.6% (2009 – 2.2%), (ii) expected option life of 4.0 years (2009 – 4.0 years), (iii) expected volatility of 44% (2009 – 38%), and (iv) expected dividends of 2.1% (2009 – 3.6%). The weighted average fair value of options granted was estimated at $7.36 (2009 – $2.94) per share.

9. Stock-Based Compensation – continued

Further details relating to stock options outstanding and exercisable at October 31, 2010 follow:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 8.58 to $11.76	949,000	3.1	$ 11.70	-	$ -
$16.89 to $17.48	461,750	3.4	16.92	26,000	17.44
$21.11 to $21.46	944,740	1.2	21.46	673,950	21.46
$22.09 to $26.38	1,264,913	3.0	24.18	406,400	25.43
$28.11 to $31.18	214,030	2.1	31.13	3,500	28.11
Total	3,834,433	2.6	$ 19.93	1,109,850	$ 22.84

Restricted Share Units

Under the Restricted Share Unit (RSU) plan, certain employees are eligible to receive an award in the form of RSUs. Each RSU entitles the holder to receive the cash equivalent of the market value of the Bank's common shares at the vesting date and an amount equivalent to the dividends paid on the common shares during the vesting period. RSUs vest on each anniversary of the grant in equal one-third installments over a vesting period of three years. Salary expense is recognized evenly over the vesting period, except where the employee is eligible to retire prior to the vesting date, in which case the expense is recognized between the grant date and the date the employee is eligible to retire.

For the year ended October 31, 2010, salary expense of $4,628 was recognized related to RSUs (2009 - $3,985). As at October 31, 2010, the liability for the RSUs held under this plan was $6,335 (2009 - $3,985). At the end of each period, the liability and salary expense are adjusted to reflect changes in the market value of the Bank's common shares. As at October 31, 2010, 469,941 RSUs were outstanding (2009 – 285,197).

Deferred Share Units

During the year, the Bank adopted a plan to grant Deferred Share Units (DSUs) to non-employee directors of the Bank by linking a portion of their annual compensation to the future value of the Bank's common shares. Under this plan, non-employee directors will receive at least 50% of their annual retainer in DSUs. The DSUs are not redeemable until the individual is no longer a director and must be redeemed for cash. Common share dividend equivalents accrue to the directors in the form of additional units. As at October 31, 2010, 24,046 DSUs were outstanding (2009 – nil).

The expense related to the DSUs is recorded in the period the award is earned by the director. For the year ended October 31, 2010, non-interest expense "other expenses" included $358 related to DSUs (2009 – nil). As at October 31, 2010, the liability for DSUs was $610 (2009 – nil). At the end of each period, the liability and expense are adjusted to reflect changes in the market value of the Bank's common shares.

10. Contingent Liabilities and Commitments

Significant contingent liabilities and commitments, including guarantees provided to third parties, are discussed in Note 20 of the Bank's audited consolidated financial statements for the year ended October 31, 2009 (see page 88 of the 2009 Annual Report) and include:

	As at October 31 2010	As at July 31 2010	As at October 31 2009
Guarantees and standby letters of credit			
Balance outstanding	**$ 261,438**	$ 258,038	$ 196,380
Business credit cards			
Total approved limit	**13,153**	12,813	10,496
Balance outstanding	**2,927**	2,940	2,566

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

11. Financial Instruments

As a financial institution, most of the Bank's balance sheet is comprised of financial instruments and the majority of net income results from gains, losses, income and expenses related to the same.

Financial instrument assets include cash resources, securities, securities purchased under resale agreements, loans and derivative financial instruments. Financial instrument liabilities include deposits, securities sold under repurchase agreements, derivative financial instruments and subordinated debentures.

The use of financial instruments exposes the Bank to credit, liquidity and market risk. A discussion of how these and other risks are managed can be found in the 2009 consolidated annual financial statements.

The value of financial assets recorded on the consolidated balance sheets at October 31, 2010 at fair value (cash, securities, securities purchased under resale agreements and derivatives) was determined using published market prices quoted in active markets for 90% (2009 – 88%) of the portfolio and estimated using a valuation technique based on observable market data for 10% (2009 – 12%) of the portfolio. The value of liabilities recorded on the consolidated balance sheet at fair value (derivatives and securities sold under repurchase agreements) was determined using a valuation technique based on observable market data. There were no financial instruments that were measured using unobservable market data.

The table below sets out the fair values of financial instruments (including certain derivatives) using the valuation methods and assumptions outlined in the 2009 consolidated annual financial statements. The table does not include assets and liabilities that are not considered financial instruments.

	October 31, 2010			October 31, 2009		
	Book Value	**Fair Value**	**Fair Value Over (Under) Book Value**	Book Value	Fair Value	Fair Value Over (Under) Book Value
Assets						
Cash resources	**$ 187,944**	**$ 187,944**	**$ -**	$ 297,104	$ 297,104	$ -
Securities	**1,510,187**	**1,510,187**	**-**	1,891,409	1,891,409	-
Securities purchased under resale agreements	**177,954**	**177,954**	**-**	-	-	-
Loans[1]	**10,550,380**	**10,583,395**	**33,015**	9,320,749	9,368,074	47,325
Other assets[2]	**142,524**	**142,524**	**-**	97,179	97,179	-
Derivative related	**134**	**134**	**-**	2,334	2,334	-
Liabilities						
Deposits[1]	**10,826,670**	**10,883,873**	**57,203**	9,628,949	9,739,360	110,411
Other liabilities[3]	**302,479**	**302,479**	**-**	265,295	265,295	-
Securities sold under repurchase agreements	**-**	**-**	**-**	300,242	300,242	-
Subordinated debentures	**315,000**	**320,056**	**5,056**	375,000	377,363	2,363
Derivative related	**992**	**992**	**-**	74	74	-

(1) Loans and deposits exclude deferred premiums and deferred revenue, which are not financial instruments.
(2) Other assets exclude land, buildings and equipment, goodwill and other intangible assets, reinsurers' share of unpaid claims and adjustment expenses, future income tax asset, prepaid and deferred expenses, financing costs and other items that are not financial instruments.
(3) Other liabilities exclude future income tax liability, deferred revenue, unearned insurance premiums and other items that are not financial instruments.
(4) For further information on interest rates associated with financial assets and liabilities, including derivative instruments, refer to Note 12.

12. Interest Rate Sensitivity

The Bank'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 28 of the audited consolidated financial statements for the year ended October 31, 2009 (see page 93 of the 2009 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
October 31, 2010								
Assets								
Cash resources and securities	**$ 467**	**$ 184**	**$ 316**	**$ 967**	**$ 735**	**$ 105**	**$ 69**	**$ 1,876**
Loans	**4,926**	**535**	**1,104**	**6,565**	**3,858**	**127**	**(53)**	**10,497**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**329**	**329**
Derivative financial instruments[1]	**105**	**-**	**-**	**105**	**-**	**-**	**-**	**105**
Total	**5,498**	**719**	**1,420**	**7,637**	**4,593**	**232**	**345**	**12,807**
Liabilities and Equity								
Deposits	**4,318**	**905**	**2,009**	**7,232**	**3,494**	**105**	**(18)**	**10,813**
Other liabilities	**3**	**7**	**30**	**40**	**34**	**7**	**345**	**426**
Debentures	**70**	**-**	**-**	**70**	**170**	**75**	**-**	**315**
Shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**1,148**	**1,148**
Derivative financial instruments[1]	**105**	**-**	**-**	**105**	**-**	**-**	**-**	**105**
Total	**4,496**	**912**	**2,039**	**7,447**	**3,698**	**187**	**1,475**	**12,807**
Interest Rate Sensitive Gap	**$ 1,002**	**$ (193)**	**$ (619)**	**$ 190**	**$ 895**	**$ 45**	**$ (1,130)**	**$ -**
Cumulative Gap	**$ 1,002**	**$ 809**	**$ 190**	**$ 190**	**$ 1,085**	**$ 1,130**	**$ -**	**$ -**
Cumulative Gap as a percentage of total assets	**7.8 %**	**6.3 %**	**1.5 %**	**1.5 %**	**8.5 %**	**8.8 %**	**- %**	**- %**
July 31, 2010								
Cumulative gap	$ 956	$ 1,104	$ 256	$ 256	$ 1,048	$ 1,058	$ -	$ -
Cumulative gap as a Percentage of total assets	7.8 %	9.0 %	2.1 %	2.1 %	8.6 %	8.7 %	- %	- %
October 31, 2009								
Cumulative gap	$ 486	$ 275	$ 208	$ 208	$ 1,052	$ 1,073	$ -	$ -
Cumulative gap as a percentage of total assets	4.1 %	2.3 %	1.8 %	1.8 %	8.9 %	9.0 %	- %	- %

(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 term deposits where depositors have this option are not expected to be material. The majority of fixed rate loans, mortgages and leases are either closed or carry prepayment penalties.

The effective, weighted average interest rates for each class of financial assets and liabilities are shown below:

October 31, 2010	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Total assets	**3.9 %**	**2.8 %**	**4.9 %**	**4.0 %**	**5.5 %**	**5.2 %**	**4.6 %**
Total liabilities	**1.2**	**2.0**	**2.6**	**1.7**	**3.2**	**5.8**	**2.3**
Interest rate sensitive gap	**2.7 %**	**0.8 %**	**2.3 %**	**2.3 %**	**2.3 %**	**(0.6) %**	**2.3 %**
July 31, 2010							
Total assets	3.8 %	2.8 %	4.7 %	3.9 %	5.6 %	5.5 %	4.5 %
Total liabilities	0.7	2.6	2.6	1.5	3.2	5.8	2.1
Interest rate sensitive gap	3.1 %	0.2 %	2.1 %	2.4 %	2.4 %	(0.3) %	2.4 %
October 31, 2009							
Total assets	3.8 %	2.6 %	4.5 %	3.8 %	4.9 %	5.8 %	4.3 %
Total liabilities	0.7	2.4	3.1	1.4	3.6	5.8	2.3
Interest rate sensitive gap	3.1 %	0.2 %	1.4 %	2.4 %	1.3 %	- %	2.0 %

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 2.3% or $7,372 (October 31, 2009 – 2.5 % or $6,574 decrease to net interest income) and decrease other comprehensive income $9,796 (October 31, 2009 – $21,355) 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 1.5% or $4,703 (October 31, 2009 – 3.8% or $10,241 increase to net interest income) and increase other comprehensive income $9,796 (October 31, 2009 – $21,355) net of tax.

13. Segmented Information

The Bank operates principally in two industry segments – banking and trust, and insurance. These two segments differ in products and services but are both based within Western Canada. The banking and trust segment provides comprehensive banking services, trust and wealth management services for individuals, businesses and institutional clients. The insurance segment provides home and auto insurance to individuals in British Columbia and Alberta.

	Banking and Trust			Insurance		
	Three months ended			Three months ended		
	October 31 2010	July 31 2010	October 31 2009	**October 31 2010**	July 31 2010	October 31 2009
Net interest income (teb)[1]	**$ 87,350**	$ 83,235	$ 66,387	**$ 1,856**	$ 1,785	$ 1,625
Less teb adjustment	**2,910**	2,548	2,219	**269**	234	178
Net interest income per financial statements	**84,440**	80,687	64,168	**1,587**	1,551	1,447
Other income[2]	**17,961**	19,865	17,019	**4,403**	6,160	5,068
Total revenues	**102,401**	100,552	81,187	**5,990**	7,711	6,515
Provision for credit losses	**5,407**	5,806	3,393	**-**	-	-
Non-interest expenses	**48,673**	46,305	38,997	**3,299**	2,995	2,576
Provision for income taxes	**11,264**	5,342	11,271	**602**	1,161	1,049
Non-controlling interest in subsidiary	**39**	59	59	**-**	-	-
Net income	**$ 37,018**	$ 43,040	$ 27,467	**$ 2,089**	$ 3,555	$ 2,890
Total average assets ($ millions)[3]	**$ 12,217**	$ 11,935	$ 11,342	**$ 230**	$ 216	$ 212

	Total		
	Three months ended		
	October 31 2010	July 31 2010	October 31 2009
Net interest income (teb)[1]	**$ 89,206**	$ 85,020	$ 68,012
Less teb adjustment	**3,179**	2,782	2,397
Net interest income per financial statements	**86,027**	82,238	65,615
Other income[2]	**22,364**	26,025	22,087
Total revenues	**108,391**	108,263	87,702
Provision for credit losses	**5,407**	5,806	3,393
Non-interest expenses	**51,972**	49,300	41,573
Provision for income taxes	**11,866**	6,503	12,320
Non-controlling interest in subsidiary	**39**	59	59
Net income	**$ 39,107**	$ 46,595	$ 30,357
Total average assets ($ millions)[3]	**$ 12,447**	$ 12,151	$ 11,554

	Banking and Trust		Insurance		Total	
	Year ended		Year ended		Year ended	
	October 31 2010	October 31 2009	**October 31 2010**	October 31 2009	**October 31 2010**	October 31 2009
Net interest income (teb)[1]	**$ 321,640**	$ 230,227	**$ 7,024**	$ 6,127	**$ 328,664**	$ 236,354
Less teb adjustment	**10,285**	7,203	**901**	644	**11,186**	7,847
Net interest income per financial statements	**311,355**	223,024	**6,123**	5,483	**317,478**	228,507
Other income[2]	**83,393**	74,013	**22,202**	17,599	**105,595**	91,612
Total revenues	**394,748**	297,037	**28,325**	23,082	**423,073**	320,119
Provision for credit losses	**20,413**	13,500	**-**	-	**20,413**	13,500
Non-interest expenses	**179,734**	147,571	**11,746**	10,611	**191,480**	158,182
Provision for income taxes	**43,153**	38,560	**4,191**	3,360	**47,344**	41,920
Non-controlling interest in subsidiary	**215**	232	**-**	-	**215**	232
Net income	**$ 151,233**	$ 97,174	**$ 12,388**	$ 9,111	**$ 163,621**	$ 106,285
Total average assets ($ millions)[3]	**$ 11,792**	$ 11,055	**$ 215**	$ 198	**$ 12,007**	$ 11,253

(1) Taxable Equivalent Basis (teb) – Most financial institutions analyze revenue on a taxable equivalent basis to permit uniform measurement and comparison of net interest income. Net interest income (as presented in the consolidated statement of income) includes tax-exempt income on certain securities. Since this income is not taxable, the rate of interest or dividends received is significantly lower than would apply to a loan or security of the same amount. The adjustment to taxable equivalent basis increases interest income and the provision for income taxes to what they would have been had the tax-exempt securities been taxed at the statutory rate. The taxable equivalent basis does not have a standardized meaning prescribed by generally accepted accounting principles and therefore may not be comparable to similar measures presented by other financial institutions.

(2) Other income for the insurance segment is presented net of net claims, adjustment expenses and policy acquisition expenses and includes gains on sale of securities.

(3) Assets are disclosed on an average daily balance basis as this measure is most relevant to a financial institution and is the measure reviewed by management.

14. Capital Management

Capital for Canadian financial institutions is currently managed and reported in accordance with a capital management framework specified by OSFI commonly called Basel II.

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.

Additional information about the Bank's capital management practices is provided in Note 31 to the 2009 audited financial statements beginning on page 97 of the 2009 Annual Report.

Capital Structure and Regulatory Ratios

	As at October 31 2010	As at July 31 2010	As at October 31 2009
Capital			
Tier 1	**$ 1,183,680**	$ 1,159,924	$ 1,063,287
Total	**1,496,529**	1,469,915	1,449,790
Capital ratios			
Tier 1	**11.3 %**	11.4 %	11.3 %
Total	**14.3**	14.4	15.4
Assets to capital multiple	**8.5 x**	8.3 x	8.1 x

During the quarter and year ended October 31, 2010, the Bank complied with all internal and external capital requirements.

15. Acquisition of Subsidiary

On February 1, 2010, the Bank acquired 100% of the outstanding common shares of National Leasing in exchange for $52,826 in cash, 2,065,088 common shares of the Bank ($42,582) and contingent consideration for a total acquisition cost of $126,618. Both the Bank and the vendors have the option to trigger the payment of the contingent consideration no earlier than November 1, 2012. The final amount of contingent consideration is not yet determinable and under Canadian GAAP, any change will be recognized as an adjustment to goodwill in the period in which the contingency is resolved.

National Leasing is a commercial equipment leasing company for small to mid-size transactions. National Leasing is headquartered in Winnipeg, Manitoba, and at acquisition had over 58,000 lease agreements with a collective book value of approximately $657,000, including securitized assets which comprised approximately one half of the portfolio.

Details of the fair values of assets and liabilities acquired are as follows:

Assets and Liabilities Acquired at Fair Value	
Loans	**$ 322,512**
Intangible assets	**40,708**
Goodwill	**27,937**
Retained interest in securitized assets	**19,109**
Long-term debt	**(270,630)**
Future income tax liabilities	**(10,611)**
Other items, net	**(2,407)**
Net assets acquired	**$ 126,618**

Intangible assets include customer relationships, computer software, non-competition agreements, lease administration contracts and trademarks. The trademark, which has an estimated value of $1,610, is not subject to amortization. National Leasing's financial results, the goodwill and other intangible assets related to the acquisition are included in the banking and trust segment. The total amount of goodwill and intangible assets are not deductible for income tax purposes. The long-term debt was repaid immediately after the acquisition.

16. Future Accounting Changes

International Financial Reporting Standards

The Canadian Institute of Chartered Accountants will transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS). The Bank's consolidated financial statements will be prepared in accordance with IFRS for the fiscal year commencing November 1, 2011 and will include IFRS comparative information for the prior year.

The Bank has a four stage project underway to identify and evaluate the impact of the transition to IFRS on the consolidated financial statements and develop a plan to complete the transition. The project plan includes the following phases – diagnostic, design and planning, solution development, and implementation. The diagnostic, and design and planning phases are complete, and the solution development phase is substantially complete.

The quantitative impact of the transition to IFRS on the Bank's consolidated financial statements for current standards has not yet been determined. However, the differences identified include loan loss accounting, derecognition, the consolidation of variable interest entities, and contingent consideration as a result of a business combination. CWB continues to monitor the International Accounting Standards Board's proposed changes to standards during Canada's transition to IFRS. These proposed changes may have a significant impact on the Bank's implementation plan and future financial statements.

17. Subsequent Event

During November 2010, the Bank redeemed $70,000 subordinated debentures with a fixed interest rate of 5.55%. In addition, the Bank issued $300,000 subordinated debentures with a fixed interest rate of 4.389% for the first 5 years and thereafter, a floating rate at 3-month CDOR plus 1.93%. The Bank may redeem the debentures on or after November 30, 2015 with the approval of OSFI.

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Stock Exchange Listings
The Toronto Stock Exchange
Common Shares: CWB
Series 3 Preferred Shares: CWB.PR.A
Common Share Purchase Warrants: CWB.WT

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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 www.cwbankgroup.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 www.cwbankgroup.com.

Quarterly Conference Call and Webcast
CWB's quarterly conference call and live audio webcast will take place on December 7, 2010 at 3:00 p.m. ET. The webcast will be archived on the Bank's website at www.cwbankgroup.com for sixty days. A replay of the conference call will be available until December 21, 2010 by dialing (416) 849-0833 or toll-free (800) 642-1687 and entering passcode 25176806.