CANADIAN WESTERN BANK GROUP
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NEWS RELEASE

CWB reports record quarterly revenues driven by very strong loan growth
Loan growth of 6% in the quarter, 14% year-to-date and 18% over the past twelve months
Quarterly dividend declared of $0.14 per CWB common share
Quarterly dividend declared on CWB preferred shares

Third Quarter 2011 Highlights (compared to the same period in the prior year)

- Record total revenues (teb)[1] of $123.1 million, up 11% ($12.0 million).
- Very strong loan growth of 6% in the quarter, 14% year-to-date and 18% over the past twelve months.
- Net income of $44.7 million, down 4% ($1.9 million), reflecting the impact of a $7.5 million income tax recovery recognized in the third quarter of 2010. Net income before income taxes (teb) of $62.0 million, up 11% ($6.2 million).
- Diluted earnings per common share of $0.52, down 12%, reflecting the 2010 tax recovery and the impact of 8.1 million additional CWB common shares issued upon the exercise of warrants. Excluding the 2010 tax recovery, diluted earnings per common share increased $0.04, up 8%.
- Very strong capital position confirmed by a tangible common equity to risk-weighted assets ratio[2] of 9.3%, Tier 1 capital ratio of 11.8% and a total capital ratio of 16.3%.
- Subsequent to quarter end, on August 31, CWB redeemed all outstanding warrants (TSX: CWB.WT) for cash of $72.4 million.
- On September 1, declared a quarterly dividend of $0.14 per CWB common share, unchanged from the prior quarter and up 27% over the quarterly dividend declared a year earlier.

(1) teb – taxable equivalent basis (see definition following the Financial Highlights table).
(2) Tangible common equity to risk-weighted assets ratio (see definition following the Financial Highlights table).

Edmonton, September 2, 2011 – Canadian Western Bank (TSX: CWB) today announced strong financial performance marking the Bank's 93rd consecutive profitable quarter. Record total revenues (teb) of $123.1 million grew 11% over the same quarter last year on very strong loan growth of 6% in the quarter, 14% year-to-date and 18% over the past year. Net income of $44.7 million was down 4% compared to a year earlier reflecting the impact of a $7.5 million tax recovery recognized in the third quarter of 2010. Quarterly net income before taxes (teb) increased 11%. Year-to-date net income of $133.1 million was up 7% as the combined positive impact of very strong loan growth and a 16 basis point improvement in net interest margin (teb) offset higher non-interest expenses. Year-to-date diluted earnings per common share of $1.59 compares to $1.57 earned through the same period in 2010. Lower percentage growth in diluted earnings per common share compared to net income mainly resulted from the 2010 tax recovery and the impact of 8.1 million CWB common shares issued in fiscal 2011 upon the exercise of warrants.

Third quarter net income for the banking and trust segment of $41.3 million was down 4% from a year earlier, while net income before income taxes (teb) increased 13%. Banking and trust segment total revenues (teb) were up 12% to a record $115.4 million. The insurance segment's net income of $3.4 million was down $0.2 million from the record quarterly earnings reported a year earlier reflecting a lower contribution from the Alberta auto risk sharing pools and increased claims related to the May 2011 catastrophic wildfire in Slave Lake, Alberta.

"Exceptional third quarter loan growth supported by strong year-to-date contributions from all of our businesses has CWB Group on track to achieve another year of record results," said Larry Pollock, President and CEO. Strong loan growth is apparent across all of our lending sectors and we are also seeing a further improvement in overall credit quality. We remain positive about Western Canada's economic outlook, particularly over the long term, but we are also cautious about potential spillover effects in our markets from global economic uncertainties and increased market volatility. Our strong capital position has the Bank well positioned to not only support continued growth, but also to manage future challenges that may arise. This capital strength also provides flexibility to pursue other opportunities that are accretive for CWB shareholders, such as the recent redemption of our warrants."

Financial Highlights

(unaudited) ($ thousands, except per share amounts)	For the three months ended July 31 2011	 April 30 2011	 July 31 2010	Change from July 31 2010	For the nine months ended July 31 2011	 July 31 2010	Change from July 31 2010
Results of Operations							
Net interest income (teb - see below)	**$ 98,133**	$ 93,282	$ 85,020	15 %	**$ 284,841**	$ 239,458	19 %
Less teb adjustment	**2,797**	2,385	2,782	1	**7,926**	8,007	(1)
Net interest income per financial statements	**95,336**	90,897	82,238	16	**276,915**	231,451	20
Other income	**24,952**	28,506	26,025	(4)	**81,879**	83,231	(2)
Total revenues (teb)	**123,085**	121,788	111,045	11	**366,720**	322,689	14
Total revenues	**120,288**	119,403	108,263	11	**358,794**	314,682	14
Net income	**44,711**	44,440	46,595	(4)	**133,103**	124,514	7
Earnings per common share							
Basic(1)	**0.55**	0.58	0.64	(14)	**1.71**	1.73	(1)
Diluted(2)	**0.52**	0.53	0.59	(12)	**1.59**	1.57	1
Diluted cash(3)	**0.54**	0.54	0.60	(10)	**1.63**	1.60	2
Return on common shareholders' equity(4)	**14.6 %**	16.3 %	19.1 %	(450)bp	**15.7 %**	17.8 %	(210) bp(5)
Return on assets(6)	**1.18**	1.25	1.40	(22)	**1.22**	1.28	6
Efficiency ratio (teb)(7)	**45.3**	45.5	44.4	90	**45.4**	43.2	220
Efficiency ratio	**46.4**	46.4	45.5	90	**46.4**	44.3	210
Net interest margin (teb)(8)	**2.83**	2.87	2.78	5	**2.86**	2.70	16
Net interest margin	**2.75**	2.80	2.69	6	**2.78**	2.61	17
Provision for credit losses as a percentage of average loans	**0.18**	0.19	0.23	(5)	**0.20**	0.21	(1)
Per Common Share							
Cash dividends	**$ 0.14**	$ 0.13	$ 0.11	27 %	**$ 0.40**	$ 0.33	21 %
Book value	**15.01**	14.66	13.65	10	**15.01**	13.65	10
Closing market value	**30.45**	30.31	25.97	17	**30.45**	25.97	17
Common shares outstanding (thousands)	**75,224**	74,191	66,547	13	**75,224**	66,547	13
Balance Sheet and Off-Balance Sheet Summary							
Assets	**$ 13,996,807**	$ 13,600,180	$ 12,110,173	16 %			
Loans	**11,946,932**	11,238,552	10,104,866	18			
Deposits	**11,648,114**	11,361,466	10,257,042	14			
Subordinated debentures	**545,000**	545,000	315,000	73			
Shareholders' equity	**1,338,780**	1,297,700	1,118,115	20			
Assets under administration	**9,349,249**	9,596,537	8,311,799	12			
Assets under management	**806,666**	827,486	757,899	6			
Capital Adequacy(9)							
Tangible common equity to risk-weighted assets(10)	**9.3 %**	9.2 %	8.5 %	80 bp			
Tier 1 ratio	**11.8**	11.8	11.4	40			
Total ratio	**16.3**	16.6	14.4	190			

(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 financial performance for its 93rd consecutive profitable quarter, a period spanning more than 23 years. Financial highlights included the achievement of record quarterly revenues, on a taxable equivalent basis (teb - see definition following the Financial Highlights table), driven by very strong loan growth of 6% in the quarter, 14% year-to-date and 18% over the past year. Total loans increased by a record $708 million in the quarter driven by contributions from all lending sectors and geographic areas within our key markets. Net interest margin (teb) of 2.83% represented a five basis point increase over the same quarter last year and was up 16 basis points year-to-date to 2.86%.

Net income of $44.7 million was down 4% ($1.9 million) compared to the same quarter last year which included a $7.5 million income tax recovery. Net income before income taxes (teb) of $62.0 million increased 11% ($6.2 million). Third quarter diluted earnings per common share of $0.52 decreased 12% ($0.07) mainly reflecting the 2010 tax recovery and the impact on diluted earnings per share of 8.1 million additional CWB common shares issued this year upon the exercise of warrants. Record quarterly total revenues (teb) of $123.1 million increased 11% ($12.0 million) over a year earlier on the combined positive impact of very strong loan growth and an improved net interest margin.

Compared to last quarter, net income increased 1% ($0.3 million) as the positive contribution from three additional revenue earning days and loan growth offset 12% ($3.6 million) lower other income attributed to a $4.4 million decline in net gains on sale of securities. Diluted earnings per common share decreased by $0.01 reflecting the issuance of common shares upon the exercise of warrants. On a year-to-date basis, net income of $133.1 million was up 7% compared to the same period last year while diluted earnings per common share increased 1% to $1.59. Year-to-date net income before taxes (teb) was up 9% ($15.5 million).

The quarterly return on common shareholders' equity of 14.6% was down 450 basis points compared to a year earlier reflecting the third quarter 2010 tax recovery and a significant increase in the average balance of common shareholders' equity largely attributed to the exercise of warrants. Compared to the prior quarter, the return on common shareholders' equity decreased 170 basis points mainly resulting from the impact of the previously mentioned exercise of warrants. On a year-to-date basis, return on common shareholders' equity was 15.7%, down from 17.8% in 2010. Quarterly return on assets was 1.18%, down from 1.40% last year and 1.25% in the previous quarter. Return on assets through the first nine months was 1.22%, compared to 1.28% in the same period last year.

On August 31, 2011, subsequent to quarter end, the Bank redeemed all of its 4.2 million outstanding warrants for cash of $17.21 per warrant. The redemption was effected subsequent to an extraordinary resolution approved at a special meeting of warrantholders held on August 19, 2011. The redemption is expected to benefit future diluted earnings per common share and return on common shareholders' equity while allowing the Bank to maintain its strong capital position. The aggregate cost of redemption of $72.4 million will be charged to retained earnings.

Regulatory Capital

The Bank's Tier 1 and total capital ratios at July 31, 2011 were very strong at 11.8% and 16.3%, respectively, compared to 11.4% and 14.4% a year earlier. The tangible common equity ratio, which represents the highest quality form of capital, was also very strong at 9.3%, up from 8.5% twelve months ago. The maintenance of strong capital levels supports our objectives to effectively manage risks, maintain strong loan growth and keep adequate flexibility to pursue strategic opportunities that are accretive for CWB shareholders. The pro forma impact of the above noted warrant redemption on the Bank's regulatory capital ratios as at July 31, 2011 is a reduction of approximately 60 basis points in the tangible common equity ratio, the Tier 1 ratio and the total capital ratio.

We continue to evaluate the expected impact of the Bank's transition to the new capital framework known as Basel III, which will become effective in 2013 with transition allowances to 2019. Application of the expected 2019 Basel III rules to the Bank's financial position at July 31, 2011 confirms our previous view that CWB is already in compliance with the new minimum capital ratio requirements. Further details regarding Basel III are included in the Capital Management section of the management's discussion and analysis for the third quarter.

Dividends

On September 1, 2011, CWB's Board of Directors declared a cash dividend of $0.14 per common share, payable on September 29, 2011 to shareholders of record on September 15, 2011. This quarterly dividend was unchanged from the previous quarter and 27% higher than the quarterly dividend declared one year ago. The Board of Directors also declared a cash dividend of $0.453125 per Series 3 Preferred Share payable on October 31, 2011 to shareholders of record on October 20, 2011.

Total common share dividends paid year-to-date of $28.6 million represent approximately 23.5% of net income available to common shareholders; this compares to our stated dividend payout ratio target of 25 to 30% of net income available to common shareholders.

Loan Growth

Total loans of $11,947 million grew 6% (a record $708 million) in the quarter, 14% ($1,450 million) year-to-date and 18% ($1,842 million) over the last twelve months. On a year-to-date basis, very strong double-digit growth is apparent across all lending sectors. Loan growth is also evident across all of the Bank's key geographic regions, led by activity in Alberta and British Columbia. Based on this performance and our expectations for ongoing growth in the fourth quarter, the Bank is well positioned to significantly surpass our fiscal 2011 loan growth target of 10%. We will provide our loan growth target for fiscal 2012 in December with the announcement of the Bank's fourth quarter and fiscal 2011 results.

Credit Quality

Overall credit quality remained satisfactory and continued to show improvement. Gross impaired loans totaled $107.9 million at quarter end, compared to $128.5 million last quarter and $150.0 million a year earlier. While we expect that the dollar level of gross impaired loans will continue to fluctuate, this represents the fifth consecutive quarter of reductions since the peak level was reached in the second quarter of 2010. The quarterly provision for credit losses exceeded net new specific provisions and led to an increase in the dollar level of the general allowance for credit losses compared to last quarter. Based on our current view of credit quality, we expect the dollar level of the general allowance will continue to increase through the remainder of the current year. Actual losses for fiscal 2011 are expected to remain at acceptable levels and the annual provision for credit losses should be at or slightly below the lower end of the current year target range of 20 to 25 basis points of average loans.

Branch Deposit Growth

Deposits raised through our branch network and trust companies were down 1% in the quarter, but were up 4% year-to-date and 9% over the past twelve months. The demand and notice component within branch-raised deposits, which include lower cost deposits, was down 4% from last quarter, but was up 9% both year-to-date and over the past year. The change in total demand and notice deposits compared to the previous quarter mainly reflects reduced balances held by trust services customers. Growth compared to the prior year period reflects both business growth and the success of Canadian Western Trust Company in generating deposits through its fiduciary business. The achievement of further diversification and growth of our internal funding sources remains a priority to enhance CWB's competitive position and to support net interest margin.

Net Interest Margin

Net interest margin (teb) of 2.83% improved from 2.78% in the third quarter last year mainly reflecting changes in interest rates and lower average liquidity, partially offset by comparatively lower yields on investments. Compared to the prior quarter, net interest margin (teb) decreased four basis points but remained above our 10-year average of approximately 2.55%. The main factor supporting net interest margin above the Bank's average historical level is the considerably higher yield earned on National Leasing's fixed rate leases. In view of ongoing competitive influences and other factors, including the expectation of a prolonged period of low interest rates, we expect some moderation of net interest margin to continue.

Outlook

We are pleased to report strong third quarter and year-to-date results which have the Bank well positioned to meet or surpass all of our 2011 performance targets. Loan growth is apparent across all lending sectors and we continue to see strong volume in the pipeline for new loans. An ongoing improvement is also apparent in overall credit quality and we expect this trend will continue. We are optimistic about Western Canada's economic outlook, particularly over the long term, but we are also cautious about the potential global impact of fiscal and economic developments in Europe and the United States. We believe the Bank's strong capital position will support expected growth while also providing flexibility to manage through challenges that may arise. We will further expand our outlook and provide our minimum performance targets for fiscal 2012 with the release of our fourth quarter and annual financial results on December 6, 2011.

Fiscal 2011 Third Quarter and Year-to-Date Results Conference Call

CWB's third quarter and year-to-date results conference call is scheduled for Friday, September 2, 2011 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 June 16, 2011 by dialing 416-849-0833 (Toronto) or 1-855-859-2056 (toll-free) and entering passcode 88330810.

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 affiliates, 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 trade on the Toronto Stock Exchange under the trading symbol "CWB.PR.A". Refer to www.cwbankgroup.com for additional information.

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Management's Discussion and Analysis

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 July 31, 2011, as well as the audited consolidated financial statements and MD&A for the year ended October 31, 2010, 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 2010 remain substantially unchanged.

Overview

CWB recorded strong third quarter results highlighted by the achievement of record total revenues and very strong loan growth. Compared to the same quarter last year, which included the impact of a $7.5 million tax recovery, consolidated net income of $44.7 million was down 4% ($1.9 million). On a before tax basis, quarterly net income was up 12% over a year earlier and reflected very strong performance in the banking and trust segment and relatively consistent results in the insurance segment. Diluted earnings per common share of $0.52 was down 12% and reflected the previously mentioned tax recovery as well as the impact on diluted earnings per share of 8.1 million CWB common shares issued since December 2010 upon the exercise of warrants, partially offset by 2.5 million warrants purchased and canceled through the Bank's Normal Course Issuer Bids. Diluted earnings per common share was also negatively impacted this year by a comparatively higher average CWB share price which increases the calculated dilution of outstanding warrants and stock options.

On August 31, 2011, subsequent to quarter end, the Bank redeemed all of the remaining 4.2 million outstanding warrants for an aggregate cost of $72.4 million that will be charged to retained earnings. Compared to the same time last year, the total number of warrants exercised up to July 31, 2011 added $113.9 million of tangible common equity and more than offset the capital impact of the warrant redemption. The redemption is expected to benefit future diluted earnings per common share and return on common shareholders' equity while allowing the Bank to maintain its strong capital base. The Bank remains very well positioned for the transition to the new Basel III capital rules, which will become effective in 2013, and management continues to evaluate strategies to deploy capital for the benefit of CWB shareholders. The Bank is also well positioned to manage challenges that may arise as a result of ongoing uncertainties in Europe and the United States.

Banking and trust segment net income of $41.3 million was down 4% ($1.7 million) compared to the third quarter last year, but was up 13% ($6.5 million) on a before tax basis. Record total revenues from this segment of $115.4 million, measured on a taxable equivalent basis (teb – see definition following Financial Highlights table), increased 12% driven by very strong year-over-year loan growth of 18%. The insurance segment, which is comprised of the operations of Canadian Direct Insurance Incorporated (Canadian Direct), posted quarterly net income of $3.4 million, down $0.2 million from the record results reported a year earlier despite $1.9 million of claims related to the catastrophic wildfire in Slave Lake, Alberta.

Compared to the previous quarter, consolidated net income was up 1% ($0.3 million) as the positive contribution from three additional revenue earning days and loan growth more than offset the impact of lower other income attributed to a $4.4 million reduction in net gains on sale of securities. Quarterly diluted earnings per common share decreased 2% ($0.01) reflecting additional CWB common shares issued upon the exercise of warrants. Consolidated year-to-date net income of $133.1 million increased 7% ($8.6 million) compared to the same period in 2010, while diluted earnings per common share was up 1% ($0.02) to $1.59 ($1.71 basic). Growth in year-to-date earnings compared to the same period last year reflects very strong growth in net interest income and also includes the positive impact on performance metrics from the acquisition of National Leasing Group Inc. (National Leasing), effective February 1, 2010.

The quarterly return on common shareholders' equity of 14.6% was down 450 basis points from the same quarter last year reflecting the third quarter 2010 tax recovery and a material increase in the average balance of common shareholders' equity this year that was largely attributed to the issuance of CWB common shares upon the exercise of warrants. Compared to the prior quarter, return on common shareholders' equity was down 170 basis points as the positive contribution from earnings growth was offset by increased common shareholders' equity. The considerable increase in average shareholders' equity compared to last quarter mainly resulted from the issuance of additional shares upon the exercise of warrants that occurred near the end of the second quarter and early in the third quarter. Year-to-date return on common shareholders' equity of 15.7% was down 210 basis points compared to the same period last year due to the factors already noted. Third quarter return on assets of 1.18% was down 22 basis points from a year earlier and seven basis points compared to last quarter. Year-to-date return on assets decreased six basis points to 1.22%.

Total Revenues (teb)

Total revenues, comprising both net interest income (teb) and other income, reached a record $123.1 million for the quarter, up 11% ($12.0 million) compared to a year earlier as very strong growth in net interest income due to both loan growth and margin expansion more than offset $1.1 million lower other income. Total revenues increased 1% ($1.3 million) compared to last quarter as three additional revenue earning days and loan growth offset a 12% ($3.6 million) decline in other income. On a year-to-date basis, total revenues of $366.7 million increased 14% ($44.0 million) over the same period last year with a portion of the difference attributed to the second quarter 2010 acquisition of National Leasing. Loan growth and margin improvement, including the impact of National Leasing, contributed to a 19% ($45.4 million) increase in year-to-date net interest income while other income was 2% ($1.4 million) lower.

Net Interest Income (teb)

Quarterly net interest income of $98.1 million grew 15% ($13.1 million) over the same quarter last year driven by 18% loan growth and a five basis point improvement in net interest margin to 2.83%. The improvement in net interest margin compared to the same quarter in 2010 mainly reflects changes in interest rates and lower average liquidity, partially offset by comparatively lower yields on preferred shares. Net interest income was up 5% ($4.9 million) compared to the prior quarter due to the positive impact of three additional revenue earning days and loan growth. On a year-to-date basis, net interest income of $284.8 million increased 19% ($45.4 million) reflecting loan growth and a 16 basis point improvement in net interest margin. The improvement in the year-to-date net interest margin reflects the factors already noted as well as the positive impact of National Leasing with its much higher yields relative to the Bank's core lending business, partially offset by increased interest expense related to subordinated debentures issued in November 2010. Based on continued competitive influences and other market and economic factors, including the expectation for a prolonged period of low interest rates, the Bank expects some moderation of net interest margin to continue. Based on the current asset and liability composition, increases in interest rates would have a positive impact on net interest margin.

Note 12 to the unaudited interim consolidated financial statements summarizes the Bank's exposure to interest rate risk as at July 31, 2011. The estimated sensitivity of net interest income to a change in interest rates is presented in the table below. The amounts represent the estimated change in net interest income that would result over the following twelve months from a one-percentage point change in interest rates. The July 31, 2011 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)	**July 31 2011**	April 30 2011	July 31 2010
Estimated impact on net interest income of a 1% increase in interest rates			
1 year	**$ 11,036**	$ 12,311	$ 4,442
1 year percentage change	**3.1 %**	3.7 %	1.5 %
Estimated impact on net interest income of a 1% decrease in interest rates			
1 year	**$ (12,964)**	$ (16,111)	$ (4,331)
1 year percentage change	**(3.7)%**	(4.8)%	(1.4) %

It is estimated that a one-percentage point increase in all interest rates would decrease unrealized gains related to available-for-sale securities and result in a reduction in other comprehensive income of approximately $7.8 million, net of tax (April 30, 2011 – $8.1 million); it is estimated that a one-percentage point decrease in all interest rates at July 31, 2011 would result in a higher level of unrealized gains related to available-for-sale securities and increase other comprehensive income by a similar amount.

Management intends 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 and other appropriate strategies.

Other Income

Third quarter other income of $25.0 million was down 4% ($1.1 million) from a year earlier as the positive impact of a $1.0 million increase in trust and wealth management fee income and higher foreign exchange gains was offset by lower contributions in the 'other' category of other income and declines of $0.5 million and $0.4 million, respectively in securitization revenues and net insurance revenues. The 'other' category within other income was down $1.5 million compared to the same quarter last year which included $1.2 million of interest income related to the 2010 tax recovery and a $0.6 million positive net change in fair value on National Leasing's interest rate swaps. The decline in securitization revenue reflects National Leasing's lower level of securitized assets. Net insurance revenues were impacted by a lower contribution from the Alberta risk sharing pools and claims related to the catastrophic wildfire in Slave Lake, Alberta. Credit related fee income, retail services fee income and gains on sale of securities each showed a modest increase compared to the same quarter in 2010.

Other income was down $3.6 million compared to the previous quarter as the benefit of three additional revenue earning days, a $0.7 million increase in both credit related fee income and net insurance revenues, and $0.3 million growth in trust and wealth management services was offset by a $4.4 million decline in net gains on sale of securities. An unusually high level of gains on sale of securities was realized in the first half of the current year due to a repositioning of investments in common equities and preferred shares. Management's decision to sell certain preferred shares issued by financial institutions reflects forthcoming changes under the new regulatory capital framework known as Basel III which requires a deduction from regulatory capital of amounts over a certain threshold for this type of investment. Gains on sale of securities in the third quarter were partially offset by realized losses and an unrealized write-down of certain equity investments. Based on the current composition of the securities portfolio and elevated volatility in financial markets due to ongoing global uncertainties, management expects the future level of quarterly net gains on sale of securities will be similar to or below that achieved in the current period.

Other income year-to-date of $81.9 million was down $1.4 million as strong results across CWB's core banking and trust operations, including National Leasing's revenue contributions which commenced in the second quarter of 2010, was more than offset by a $2.0 million decline in net insurance revenues, a $2.0 million reduction in the 'other' category within other income and $1.0 million lower net gains on sale of securities. Year-to-date trust and wealth management fee income was up $1.5 million while credit related fee income and retail services fee income each increased $0.6 million. Net insurance revenues were down as the positive impact of 6% growth in net earned premiums was more than offset by increased claims expense and a $1.8 million lower before tax earnings contribution from Canadian Direct's share of the Alberta auto risk sharing pools.

Credit Quality

Overall credit quality remained satisfactory and within expectations given increased economic activity and the preservation of a relatively positive outlook in Western Canada despite recent global events and elevated volatility in financial markets. The dollar level of gross impaired loans decreased for the fifth consecutive quarter. Compared to both the previous quarter and a year earlier, the total number of accounts classified as impaired was also down.

(unaudited) ($ thousands)	For the three months ended **July 31 2011**	April 30 2011	July 31 2010	Change from July 31 2010
Gross impaired loans, beginning of period	**$ 128,537**	$ 132,420	$ 167,229	(23)%
New formations	**18,044**	29,569	30,899	(42)
Reductions, impaired accounts paid down or returned to performing status	**(25,003)**	(31,512)	(41,519)	(40)
Write-offs	**(13,685)** (5)	(1,940)	(6,633)	106
Total(1)	**$ 107,893**	$ 128,537	$ 149,976	(28)%
Balance of the ten largest impaired accounts	**$ 51,381**	$ 62,287	$ 86,737	(40)%
Total number of accounts classified as impaired(3)	**158**	191	210	(24)
Total number of accounts classified as impaired under $1 million(3)	**133**	162	185	(28)
Gross impaired loans as a percentage of total loans(4)	**0.90 %**	1.14 %	1.47 %	(57)bp(2)

(1) Gross impaired loans includes foreclosed assets held for sale with a carrying value of $3,425 (April 30, 2011 – $992 and July 31, 2010 – $2,081).
(2) bp – basis point change.
(3) Total number of accounts excludes National Leasing accounts.
(4) Total loans do not include an allocation for credit losses or deferred revenue and premiums.
(5) Write-offs in the third quarter of 2011 reflect a change in internal process to recognize write-offs earlier than in prior periods.

Gross impaired loans at July 31, 2011 were $107.9 million, compared to $128.5 million last quarter and $150.0 million a year earlier. The ten largest accounts classified as impaired, measured by dollars outstanding, represented approximately 48% of total gross impaired loans at quarter end, unchanged from the prior quarter and down from 58% a year earlier. New formations of impaired loans totaled $18.0 million, compared to $30.9 million in the third quarter last year and $29.6 million last quarter.

The dollar level of gross impaired loans represented 0.90% of total loans at quarter end, compared to 1.14% last quarter and 1.47% 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 the economic recovery strengthens 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. Write-offs in the third quarter of $13.7 million reflect a change in the Bank's internal process where loans are now written-off in the quarter that the finalized loss is determined. Under the previous internal process, loans were written-off in the quarter following when the finalized loss was determined. Consequently, the reported amount of third quarter write-offs reflects two quarters of losses, those that were finalized at the end of the second quarter ($7.6 million) and those that were finalized in the third quarter ($6.0 million). This is a change in timing only and is expected to improve both data quality and efficiency. Actual credit losses are expected to remain within the Bank's historical range of acceptable levels.

The third quarter provision for credit losses measured against average loans of 18 basis points was better than the Bank's fiscal 2011 target range of 20 to 25 basis points reflecting positive credit trends in National Leasing's portfolio and consistent expectations for credit quality in other areas. Compared to the Bank's lending portfolio, the nature of National Leasing's business leads to a higher provision for credit losses measured as a percentage of loans, particularly in less favourable credit environments. On a year-to-date basis, the provision for credit losses measured against average loans was 20 basis points. Based on the current environment and outlook, management believes the provision for credit losses will remain at or slightly below the lower end of the fiscal 2011 target range.

The total allowance for credit losses (general and specific) represented 66% of gross impaired loans at quarter end, compared to 61% last quarter and 51% one year ago. The total allowance for credit losses was $70.8 million at July 31, 2011, compared to $78.8 million last quarter and $75.8 million a year earlier with the reduction primarily attributed to a lower specific allowance. The general allowance at July 31, 2011 was $57.6 million, compared to $56.9 million last quarter and $59.0 million a year earlier. The general allowance as a percentage of risk-weighted loans was 55 basis points, down from 58 basis points last quarter and 67 basis points one year ago with the differences largely reflecting very strong loan growth. The Bank's long-standing strategy with respect to managing the allowance for credit losses has been to maintain a relatively consistent provision to cover both identified and unidentified losses. The general allowance for credit losses represents an estimate of losses inherent in the portfolio that are not presently identifiable on an account-by-account basis and management expects that the level of the general allowance will fluctuate as specific losses are recognized and subsequently written-off. Results from ongoing stress testing of the portfolio substantiate the adequacy of the general allowance. Based on management's current assessment of credit quality and the secured nature of the loan portfolio, the 2011 provision for credit losses should be relatively consistent with anticipated losses for the year and result in the dollar level of the general allowance being relatively consistent with the fourth quarter of 2010.

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 investment in certain areas. Significant expenditures relate to additional staff complement as well as expanded premises and technology upgrades. Investment in these areas is an integral part of the Bank's commitment to maximize shareholder value and is expected to provide material benefits in future periods. In support of management's objective to enhance market presence, the Bank's existing branch in Medicine Hat, Alberta was expanded this year to offer full-service business and retail banking. A new full-service banking branch is scheduled to open in Richmond, British Columbia (BC) in September 2011. Other new branch locations, including a second full-service branch in Winnipeg, Manitoba, are currently in the planning stage or under consideration. Management's objective is to offer business and personal banking services through 50 CWB branches by 2015, which compares to the current branch count of 39. A key technology highlight in the quarter was the completed roll-out of the Bank's new loan origination system to all CWB branches. This new system will provide considerable efficiencies at both the branch and corporate office level, which include improving the turnaround time of credit approvals and affording lenders more time to assist clients. The loan origination system also offers enhanced statistical tracking and portfolio management capabilities.

Third quarter non-interest expenses of $55.8 million were up 13% ($6.5 million) compared to last year. Total salary and benefit costs increased $2.9 million, other expenses were $2.4 million higher and premises and equipment expenses were up $1.3 million. The change in salary and benefit costs was mainly driven by a combination of increased staff complement to support ongoing growth and annual salary increments. The increase in premises and equipment expense includes the addition of two new full-service branches opened in the latter part of 2010 as well as ongoing expansion and upgrades to existing infrastructure and technology. The increase in other expenses was largely driven by higher professional fees and services, an increase in the amortization of intangible assets and regulatory costs, partially offset by lower capital taxes.

Compared to the prior quarter, non-interest expenses increased $0.4 million as lower marketing and business development costs were offset by the impact of higher expenses in professional fees and services and other areas. Year-to-date non-interest expenses were 19% ($26.8 million) higher than the first nine months of 2010; the comparative period last year included only six months of expenses for National Leasing, acquired on February 1, 2010. Excluding National Leasing, year-to-date non-interest expenses increased 16% ($20.1 million) mainly reflecting increased staff complement, additional stock-based compensation charges, annual salary increases and a special bonus of $250 paid to every CWB Group employee for recognition of exceptional achievements in 2010. Although capital taxes applicable to CWB have been eliminated in BC and Manitoba, the year-to-date amount increased slightly resulting from both an accrual in the first quarter of this year related to the Bank’s final capital tax filing in BC and a comparatively higher applicable capital tax rate in Saskatchewan. Other changes are relatively consistent with the factors already discussed.

The third quarter efficiency ratio (teb), which measures non-interest expenses as a percentage of total revenues (teb), was 45.3%, compared to 44.4% last year and 45.5% in the previous quarter. The year-to-date efficiency ratio (teb) was 45.4%, compared to 43.2% in the prior year as percentage growth in non-interest expenses exceeded growth in total revenues. One of management’s key priorities is to maintain effective control of costs while ensuring the Bank is positioned to deliver strong growth over the long term. In consideration of expected revenue growth and planned expenditures, management believes the 2011 target for the efficiency ratio of 46% or better will be achieved.

Income Taxes

The third quarter income tax rate (teb) was 27.9%, up from 16.6% one year ago, while the tax rate before the teb adjustment was 24.5%, compared to 12.2% last year. The quarterly provision in the third quarter of 2010 included a reduction to income taxes of $7.5 million related to the taxation authorities’ confirmation of certain transactions that occurred in a prior year; the effective tax rate (teb) excluding the tax recovery would have been 30.0%.

The income tax rate (teb) for the first nine months of 2011 was 27.5%, up 160 basis points from the same period one year ago, while the tax rate before the teb adjustment was 24.2%, or 200 basis points higher. Excluding the impact of the 2010 tax recovery, the year-to-date effective tax rate (teb) would have been 280 basis points lower compared to the prior year. The reduction mainly reflects the 150 basis point decrease in the basic federal income tax rate and the 50 basis point reduction in the provincial income tax rate in BC, both effective January 1, 2011.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI), all net of income taxes, and totaled $39.1 million for the third quarter, compared to $44.4 million in the previous quarter and $56.3 million in the same period last year. The decrease in comprehensive income compared to the same quarter last year was driven by a 4% ($1.9 million) decline in net income and a $15.2 million reduction in OCI related to unfavourable market value fluctuations in available-for-sale securities. Year-to-date comprehensive income totaled $122.6 million, compared to $120.6 million last year. The increase reflects a 7% ($8.6 million) improvement in net income and a $6.6 million reduction in OCI mostly related to unfavourable market value fluctuations in available-for-sale securities. While the combined dollar investment in preferred shares and common equities is relatively small in relation to total liquid assets, it increases the potential for comparatively larger fluctuations in OCI.

Balance Sheet

Total assets increased 3% ($397 million) in the quarter, 10% ($1,295 million) year-to-date and 16% ($1,887 million) in the past year to reach $13,997 million at July 31, 2011.

Cash and Securities

Cash, securities and securities purchased under resale agreements totaled $1,735 million at July 31, 2011, compared to $2,066 million last quarter and $1,697 million one year ago (refer to the *Treasury Management* section of this MD&A for additional details). Unrealized gains recorded on the balance sheet at July 31, 2011 were $17.2 million, down from $24.8 million last quarter and $32.1 million at October 31, 2010. The year-to-date change in unrealized gains was mainly attributed to net gains realized through the statements of income and fluctuations in the market value of the Bank's investment in preferred shares and common equities. Compared to the prior quarter, the change in unrealized gains mainly reflects lower share prices in the common equities portfolio. 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. Volatility in equity markets also leads to fluctuations in value, particularly for common shares.

Net realized gains on sale of securities in the third quarter were $0.9 million, compared to $5.3 million in the previous quarter and $0.8 million a year earlier. Gains on sale of securities in the third quarter were partially offset by realized losses and an unrealized write-down of certain equity investments. Year-to-date net gains on sale of securities were $10.4 million, compared to $11.4 million in the same period of 2010. The majority of gains on sale of securities in the current year resulted from the repositioning of common equities and preferred shares within the investment portfolio. Under Basel III, all of the Bank's investments over a certain threshold in subordinated debentures, preferred shares and common shares of other financial institutions will require a deduction from regulatory capital. Gains on sale of securities in 2010 and prior periods mainly resulted from a steep interest rate curve and wide credit spreads that allowed the Bank to capitalize on specific investment strategies. Based on the current composition of the securities portfolio and elevated volatility in financial markets resulting from ongoing global uncertainties, management expects the future level of net gains on sale of securities will be similar to or below that achieved in the current quarter. The Bank has no direct investment in any non-Canadian sovereign debt or other securities based outside of Canada or the United States.

Treasury Management

As the Canadian economic recovery has continued, the Bank's average liquidity has been reduced compared to the high levels maintained at the peak of the global financial crisis. For comparison purposes, the liquidity level held at July 31, 2011 was temporarily below management's optimal target level reflecting considerable loan funding requirements that occurred near the end of the quarter. The liquidity level is expected to increase in future periods.

DBRS Limited maintains published 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 ratings widen the base 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 Basel III rules text described in the Capital Management section of this MD&A, the Bank for International Settlements (BIS) finalized liquidity proposals initially described in its document entitled *International Framework for Liquidity Risk Measurement, Standards and Monitoring*. The results remain subject to significant transition and monitoring activities, and revisions are expected. It is still too early to tell how this transition will impact CWB. An observation period is currently underway and the BIS is expected to introduce a *Liquidity Coverage Ratio* (LCR) effective January 1, 2015. A *Net Stable Funding Ratio* (NSFR) is expected to be transitioned to a minimum standard by January 1, 2018.

Loans

Total loans of $11,947 million grew 6% (a record $708 million) in the quarter, 14% ($1,450 million) year-to-date and 18% ($1,842 million) in the past twelve months. Each lending sector showed strong quarterly growth with the largest respective dollar contributions coming from real estate lending, equipment financing and leasing (which includes contributions from National Leasing), general commercial, and personal loans and mortgages. Oil and gas production loans, which represent a comparatively smaller proportion of the total portfolio, showed the strongest quarterly growth measured in percentage terms. Measured by geographic concentration, lending activity in Alberta showed the highest quarterly growth while performance in BC was also very strong. On both an annual and year-to-date basis, all lending sectors have shown strong double-digit growth. Looking forward, management maintains its belief that Western Canada's economies will continue to outperform the rest of Canada. That being said, ongoing global economic uncertainties and fiscal concerns surrounding Europe and the United States could potentially have significant spillover effects on the Bank's markets and may impact management's outlook in the future. Despite continued competitive pressures, CWB is well positioned to exceed its 10% fiscal 2011 loan growth target by a considerable margin.

Loans in the Bank's broker-sourced residential mortgage business, Optimum Mortgage (Optimum), increased 4% ($31 million) in the quarter, 15% ($117 million) year-to-date and 23% ($168 million) over the past twelve months to reach $913 million. Results in the quarter reflected growth in both uninsured mortgages and higher ratio insured mortgages. 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 about 65% of Optimum's total portfolio at quarter end. Management remains committed to further developing this mortgage business as it continues to produce solid returns while maintaining an acceptable risk profile. Management is also evaluating the benefits of using securitization or whole loan sales as an additional form of funding. While growth in Optimum's portfolio is expected to provide an ongoing source of new business, the level of lending opportunities will likely moderate reflecting increased competitive pressure and overall slower growth in demand for residential mortgages.

Deposits

Total branch deposits, including those raised by trust services, were down 1% ($82 million) in the quarter, but were up 4% ($251 million) year-to-date and 9% ($586 million) compared to a year earlier. The demand and notice component within branch deposits, which include lower cost deposits, was down 4% ($163 million) from last quarter, but up 9% both year-to-date and compared to the same time last year. The change in total demand and notice deposits compared to the previous quarter mainly reflects reduced balances held by trust services customers. Reflecting CWB's business banking focus, a material portion of total branch deposits are attributed to larger commercial balances that are subject to greater fluctuation compared to smaller personal deposits. Management remains committed to grow demand and notice deposits to enhance and diversify the Bank's funding sources as well as support net interest margin. The potential to issue additional fixed term deposit notes to institutional investors through the capital markets represents an opportunity to further diversify the deposit base and could provide an efficient and complementary source of funds to support CWB's ongoing growth and development.

Total deposits at quarter end were $11,648 million, up 3% ($287 million) from the previous quarter, 8% ($835 million) year-to-date and 14% ($1,391 million) over the past year. Total branch deposits represented 59% of total deposits at July 31, 2011, compared to 61% in both the previous quarter and one year earlier. Demand and notice deposits were 33% of total deposits, compared to 35% in the previous quarter and 34% a year earlier. Other deposits are mainly comprised of retail term deposits raised through the Bank's deposit broker network.

Other Assets and Other Liabilities

Other assets at July 31, 2011 totaled $315 million, compared to $296 million last quarter and $308 million one year ago. Other liabilities at quarter end were $465 million, compared to $396 million the previous quarter and $420 million last year.

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 $9,349 million at July 31, 2011, compared to $9,597 million last quarter and $8,312 million one year ago. Assets under management held within Adroit Investment Management Ltd. were $806 million at quarter end, compared to $827 million last quarter and $758 million one year ago. The gross amount of securitized assets at quarter end, which are attributed to National Leasing, was $116 million, compared to $142 million last quarter and $232 million one year ago. On the adoption of International Financial Reporting Standards in fiscal 2012, securitized assets will be reported on-balance sheet. Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit), and deposit instruments issued by 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 8, 15 and 21 of the audited consolidated financial statements on pages 87, 93 and 98 respectively in the Bank's 2010 Annual Report.

Capital Management

At July 31, 2011, CWB's total capital adequacy ratio, which measures regulatory capital as a percentage of risk-weighted assets, was 16.3%, compared to 16.6% last quarter and 14.4% one year ago. The Tier 1 ratio was 11.8% at July 31, 2011, unchanged from last quarter and up from 11.4% a year earlier. 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 the issuance of 8.1 million additional CWB common shares at $14 per share upon the exercise of warrants (refer to Note 8 of the unaudited interim consolidated financial statements as well as the audited consolidated financial statements and MD&A for the year ended October 31, 2010 for further details), partially offset by warrant purchases under the Bank's Normal Course Issuer Bids. Total regulatory capital was impacted by the foregoing factors, as well as the November 2010 redemption of $70 million and issuance of $300 million of subordinated debentures 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) ($ millions)	**As at July 31 2011**	As at April 30 2011	As at July 31 2010	Change from July 31 2010
Regulatory Capital				
Tier 1 Capital before deductions	**$ 1,432**	$ 1,385	$ 1,208	$ 224
Less: Goodwill	**(38)**	(38)	(37)	(1)
Securitization	**(8)**	(7)	(11)	3
Tier 1 Capital	**1,386**	1,340	1,160	226
Tier 2 Capital before deductions	**611**	615	388	223
Less: Investment in insurance subsidiary	**(78)**	(75)	(67)	(11)
Securitization	**(8)**	(7)	(11)	3
Total Tier 2 Capital	**525**	533	310	215
Total Regulatory Capital	**$ 1,911**	$ 1,873	$ 1,470	$ 441
Risk Weighted Assets	**$ 11,746**	$ 11,313	$ 10,217	$ 1,529
Tier 1 capital adequacy ratio	**11.8 %**	11.8 %	11.4 %	40 bp(1)
Total capital adequacy ratio	**16.3**	16.6	14.4	190

(1) bp – basis point change.

On August 31, 2011, subsequent to quarter end, the Bank redeemed the remainder of its 4.2 million outstanding warrants for an aggregate cash payment of $72.4 million which will be charged to retained earnings. Application of the capital impact of this transaction to the Bank's financial position at July 31, 2011 results in a reduction of approximately 60 basis points in the tangible common equity ratio, the Tier 1 ratio and the total capital ratio.

Management expects the Bank will remain very well capitalized, which is particularly important in view of increased global economic uncertainties that could affect the outlook in CWB's markets. Strong capital ratios have the Bank well positioned to manage future events, including expected asset growth. Management remains committed to deploying available capital for the long-term benefit of CWB shareholders.

Additional strategies are under development to further optimize the Bank's existing capital structure. One recent success in this regard was the redemption of CWB's warrants in August 2011. Implementation of the new loan origination system in all branches, which was completed in the third quarter, will enhance statistical tracking and portfolio management capabilities. It was also a preliminary step to proceed with plans for the Bank's eventual transition to an Advanced Internal Ratings Based (AIRB) methodology for calculating risk-weighted assets. Although implementation of an AIRB methodology is a few years away and requires the approval of OSFI, the eventual transition is expected to materially benefit the Bank's overall capital position and will provide significant flexibility for management to pursue additional accretive growth opportunities in the future.

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, 2010.

Book value per common share at July 31, 2011 was $15.01 compared to $14.66 last quarter and $13.65 one year ago.

Common shareholders received a quarterly cash dividend of $0.14 per common share on June 30, 2011. On September 1, 2011, CWB's Board of Directors declared a cash dividend of $0.14 per common share, payable on September 29, 2011 to shareholders of record on September 15, 2011. This quarterly dividend was unchanged from the previous quarter and is 27% higher than the quarterly dividend declared one year ago. The Board of Directors also declared a cash dividend of $0.453125 per Series 3 Preferred Share payable on October 31, 2011 to shareholders of record on October 20, 2011.

Basel III Capital Adequacy

The Basel Committee on Banking Supervision of the BIS (the Committee) has published the Basel III rules text supporting more stringent global standards on capital adequacy and liquidity, and OSFI has confirmed its intent to implement the Basel III rules for Canadian banks. OSFI also issued guidance and advisories on its implementation plan for all Canadian financial institutions, including the treatment of non-viability contingent capital (NVCC). OSFI's minimum requirements are expected to follow the Basel III transition plan outlined by the Committee, which include changes in the type of instruments that will qualify as regulatory capital in the future, as well as new minimum capital ratio requirements. Certain transitional rules will be implemented between January 1, 2013 and January 1, 2019 to better enable banks to meet the new requirements while continuing to support economic growth by lending. The proposed transition rules provide flexibility to manage capital and further enhance the Bank's overall position relative to Basel III requirements. The relevant minimum capital ratio requirements expected to be implemented for Canadian banks effective in the first quarter of 2013 include a 7.0% common equity Tier 1 ratio, an 8.5% Tier 1 ratio and a 10.5% total capital ratio. Pro forma Basel III calculations for CWB confirm that the Bank already complies with the proposed new ratios owing to its very strong base of tangible common equity, as well as its relatively straightforward operations and composition of capital. Application of the 2019 Basel III standards to the Bank's financial position at July 31, 2011 results in a 8.5% common equity Tier 1 ratio, a 9.4% Tier 1 ratio and a 14.1% total capital ratio, all well above the minimum regulatory standards. The foregoing estimates are based on the Bank's current capital structure and composition of risk-weighted assets, and will change depending on management strategies, the composition of regulatory capital and financial performance in the future. Management will maintain its practice of prudent capital planning, which includes a comprehensive internal capital adequacy assessment process (ICAAP). The Bank expects to meet forthcoming regulatory capital requirements without a need to change business operations or raise additional common equity.

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 Generally Accepted Accounting Principles (GAAP).

Future Accounting Changes

International Financial Reporting Standards

The CICA is transitioning 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 phase 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 Bank is currently working on the final implementation phase. Further information on the Bank's transition plan is provided on pages 65 to 67 of the 2010 Annual Report.

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

- Derecognition – The Bank expects that National Leasing's securitized assets (totaling $116 million at July 31, 2011 and $199 million at November 1, 2010) will be reported as loans on the balance sheet, which would increase loans and debt but have an insignificant impact on net income.

- 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 IFRS standards for *Consolidated and Separate Financial Statements* and *Consolidation – Special Purpose Entities*. As a result, Canadian Western Bank Capital Trust will be consolidated under IFRS, which will decrease deposits and increase debt by $105 million, but have no impact on net income. For more information about this special purpose entity see Note 15 to the 2010 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. 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 Bank expects the contingent consideration related to the 2010 National Leasing acquisition will be fair valued and the initial adjustment is expected to increase liabilities and goodwill. Subsequent changes in estimated fair value from the acquisition date will be recognized in retained earnings at transition and net income thereafter. A methodology to calculate the fair value of the National Leasing contingent consideration is currently being finalized.

- 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 $57.6 million at July 31, 2011 and $59.6 million at October 31, 2010 under Canadian GAAP. The Bank continues to finalize its methodology but does not expect any material adjustments.

- IFRS 1 – *IFRS 1: First Time Adoption of IFRS* provides a framework for the transition to IFRS. Generally, retroactive application will be applied to the November 1, 2010 opening balance sheet for the comparative 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 to apply *IFRS 3 – Business Combinations* retrospectively with the restatement of the February 2010 National Leasing acquisition. The most significant expected impact of restating the National Leasing acquisition relates to the contingent consideration as described above under *Business Combinations*.

The International Accounting Standards Board continues to propose IFRS changes. The standards in effect at the transition date, the composition of CWB's consolidated balance sheet, future operating and economic environments, and various accounting policy choices yet to be finalized are some of the factors that could have significant impacts on the Bank's future financial statements. The impacts of transitioning to IFRS on the Bank's consolidated financial statements will continue to be disclosed once they are finalized.

Controls and Procedures

There were no changes in the Bank's internal controls over financial reporting that occurred during the quarter ended July 31, 2011 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Prior to its release, this quarterly report to shareholders was reviewed by the Audit Committee and, on the Audit Committee's recommendation, approved by the Board of Directors of Canadian Western Bank.

Updated Share Information

As at August 31, 2011, there were 75,381,124 common shares outstanding. Also outstanding were employee stock options, which are or will be exercisable for up to 3,625,242 common shares for maximum proceeds of $77.9 million.

Warrant Redemption

On August 31, 2011, the Bank redeemed all of its remaining 4,206,187 outstanding warrants (TSX: CWB.WT) for cash of $17.21 per warrant. The aggregate amount required for the warrant redemption of $72.4 million will be charged to retained earnings. The warrants were initially issued as part of the Bank's preferred unit offering completed in March 2009 and were previously exercisable until March 3, 2014 to purchase one common share of the Bank at a price of $14.00. The redemption was effected subsequent to the approval of an extraordinary resolution by warrantholders at a special meeting held in Edmonton on August 19, 2011. Additional information about the extraordinary resolution is included in the Management Information Circular (dated July 18, 2011) mailed to all warrantholders and available under the Bank's profile at www.sedar.com as well as on the Bank's website. A copy of the supplemental indenture, notice of redemption provided to the warrant agent, detailed voting results of the meeting and corresponding news releases issued by the Bank are also available under the Bank's profile at www.sedar.com.

Normal Course Issuer Bid

On January 18, 2011, CWB received approval from the Toronto Stock Exchange for a Normal Course Issuer Bid (NCIB) to purchase, for cancellation, up to 1,029,108 of its warrants. The NCIB commenced January 20, 2011 and was extinguished on August 19, 2011 in conjunction with the warrant redemption discussed above. From January 20 to April 30, 2011, the Bank purchased and cancelled 1,000,000 warrants at an average purchase price per warrant of $15.99. There were no warrant purchases under the NCIB in the third quarter. The aggregate amount required for the warrant purchases under the NCIB of $16.0 million was charged to retained earnings. Security holders may contact the Bank to obtain, without charge, a copy of the notice filed with the TSX. Additionally, a copy of the NCIB news release is available on the Bank's website and on SEDAR at www.sedar.com.

Dividend Reinvestment Plan

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

Summary of Quarterly Financial Information

	2011			2010				2009
($ thousands)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenues (teb)	**$ 123,085**	$ 121,788	$ 121,847	$ 111,570	$ 111,045	$ 110,972	$ 100,672	$ 90,099
Total revenues	**120,288**	119,403	119,103	108,391	108,263	108,310	98,109	87,702
Net income	**44,711**	44,440	43,952	39,107	46,595	37,884	40,035	30,357
Earnings per common share								
Basic	**0.55**	0.58	0.59	0.53	0.64	0.52	0.57	0.42
Diluted	**0.52**	0.53	0.54	0.48	0.59	0.47	0.52	0.39
Diluted cash	**0.54**	0.54	0.55	0.49	0.60	0.48	0.52	0.39
Total assets ($ millions)	**13,997**	13,600	12,946	12,702	12,110	12,004	11,642	11,636

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 from certain prior period transactions increased net income by approximately $7.5 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.

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 additional 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, 2010 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.

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 business and retail banking services, including equipment leasing offered by National Leasing. 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.

Compared to the third quarter last year which included a $7.5 million tax recovery, net income of $41.3 million was down 4% ($1.7 million). Net income before taxes increased 13% ($6.5 million) based on 12% ($12.3 million) growth in total revenues (teb) which reached a record $115.4 million. Strong earnings were driven by 16% ($13.0 million) growth in net interest income and a $0.6 million reduction in the provision for credit losses, which more than offset 14% ($6.4 million) higher non-interest expenses and a 3% ($0.7 million) decline in other income. Higher net interest income was attributed to very strong 18% loan growth and a five basis point improvement in net interest margin. The lower provision for credit losses reflects improved credit performance within National Leasing's portfolio and consistent expectations for credit quality in other lending portfolios. Within other income, a significant 23% ($1.0 million) increase in trust and wealth management services was more than offset by a $1.5 million decline in the 'other' category of other income and $0.5 million lower securitization revenues. For comparison purposes, the 'other' category within other income in 2010 included $1.2 million of interest income related to the third quarter tax recovery and a $0.6 million positive net change in fair value on National Leasing's interest rate swaps. Higher non-interest expense mainly resulted from increased salary and benefit costs and other expenses to support business growth. The efficiency ratio (teb), which measures non-interest expense as a percentage of total revenues (teb), was 45.7%, compared to 44.9% in the same quarter last year.

Net income was up 1% ($0.4 million) compared to the previous quarter as the benefit of a $5.2 million increase in net interest income (teb) resulting from three additional revenue earning days and very strong loan growth was largely offset by a $4.1 million decline in net gains on sale of securities. Total revenues (teb) increased $1.2 million over the prior quarter while non-interest expenses were up $0.3 million.

On a year-to-date basis, net income was up 8% ($9.5 million), or 11% ($17.6 million) on a before tax (teb) basis. Year-to-date earnings growth compared to the same period last year was mainly driven by very strong loan growth, a 16 basis point improvement in net interest margin (teb) and the performance impact of National Leasing, effective February 1, 2010. Net interest income (teb) was up 19% ($44.5 million) while other income increased 1% ($0.8 million). Increased non-interest expenses and a slightly higher provision for credit losses partially offset the positive earnings impact of record total revenues. The year-to-date efficiency ratio (teb) was 45.5%, compared to 43.7% a year earlier.

	For the three months ended			Change from	For the nine months ended		Change from
($ thousands)	**July 31 2011**	April 30 2011	July 31 2010	July 31 2010	**July 31 2011**	July 31 2010	July 31 2010
Net interest income (teb)	**$ 96,201**	$ 91,017	$ 83,235	16 %	**$ 278,814**	$ 234,290	19 %
Other income	**19,206**	23,188	19,865	(3)	**66,196**	65,432	1
Total revenues (teb)	**115,407**	114,205	103,100	12	**345,010**	299,722	15
Provision for credit losses	**5,175**	5,267	5,806	(11)	**16,658**	15,006	11
Non-interest expenses	**52,735**	52,427	46,305	14	**157,146**	131,061	20
Provision for income taxes (teb)	**16,092**	15,509	7,890	104	**47,320**	39,264	21
Non-controlling interest in subsidiary	**67**	50	59	14	**177**	176	1
Net income	**$ 41,338**	$ 40,952	$ 43,040	(4) %	**$ 123,709**	$ 114,215	8 %
Efficiency ratio (teb)	**45.7 %**	45.9 %	44.9 %	80 bp	**45.5 %**	43.7 %	180 bp
Efficiency ratio	**46.7**	46.8	46.0	70	**46.5**	44.8	170
Net interest margin (teb)	**2.82**	2.85	2.77	5	**2.85**	2.69	16
Net interest margin	**2.74**	2.79	2.68	6	**2.77**	2.60	17
Average loans ($ millions)(1)	**$ 11,543**	$ 11,103	$ 9,962	16 %	**$ 11,089**	$ 9,643	15 %
Average assets ($ millions)(1)	**13,543**	13,084	11,935	13	**13,094**	11,647	12

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), which provides auto, home and travel insurance to individuals in British Columbia and Alberta.

Canadian Direct's third quarter net income of $3.4 million was down 5% ($0.2 million) from the record earnings reported a year earlier despite $1.9 million of claims attributed to the catastrophic wildfire in Slave Lake, Alberta. According to the Insurance Bureau of Canada, this was the second "most costly" insured event in Canadian history. Strong third quarter financial results despite this catastrophe reflects sound underwriting practices as well as management's continued focus on building a well balanced book of business. Growth in net earned premiums of 4% and higher net interest income (teb) mostly offset the combined impact of increased net claims expense and a $0.5 million lower before tax contribution from Canadian Direct's share of the Alberta auto risk sharing pools (the Pools). Growth in net earned premiums reflected a 4% increase in policies outstanding and a higher average premium per policy in the home lines of business.

Net income was down $0.1 million compared to the prior quarter as a 6% increase in net earned premiums due to policy growth and three additional revenue earning days was offset by the combined impact of higher net claims expense, a decline in investment income and a $0.3 million lower before tax contribution from the Pools. Higher net claims expense was attributed to the Slave Lake fire and negative development regarding certain bodily injury claims in the BC auto product line.

Year-to-date net income of $9.4 million represented a 9% ($0.9 million) decrease from the same period in 2010. Absent the impact of Canadian Direct's share of the Pools, net income increased by 3% ($0.3 million) reflecting a 6% increase in net earned premiums and higher net interest income (teb), partially offset by increased net claims expense, policy acquisition costs and non-interest expenses. In the first quarter last year, the Pools' results were positively impacted by a $1.5 million decrease in unpaid claims reserves related to the Supreme Court's decision on Minor Injury Regulation.

For 2011, Canadian Direct implemented a 5% rate reduction on the basic coverage for private passenger vehicles in Alberta. This reduction, mandated by the Alberta Insurance Rate Board (AIRB), resulted in slower growth in net earned premiums. On July 28, 2011, the AIRB announced that rates for the basic coverage on private passenger vehicles in Alberta would remain unchanged for 2012.

	For the three months ended			Change from	For the nine months ended		Change from
($ thousands)	**July 31 2011**	April 30 2011	July 31 2010	July 31 2010	**July 31 2011**	July 31 2010	July 31 2010
Net interest income (teb)	**$ 1,932**	$ 2,265	$ 1,785	8 %	**$ 6,027**	$ 5,168	17 %
Other income (net)							
Net earned premiums	**30,098**	28,286	28,858	4	**87,380**	82,816	6
Commissions and processing fees	**466**	479	606	(23)	**1,410**	1,770	(20)
Net claims and adjustment expenses	**(18,332)**	(17,542)	(17,023)	8	**(55,031)**	(49,797)	11
Policy acquisition costs	**(6,506)**	(6,232)	(6,307)	3	**(18,452)**	(17,464)	6
Insurance revenues (net)	**5,726**	4,991	6,134	(7)	**15,307**	17,325	(12)
Gains on sale of securities	**20**	327	26	(23)	**376**	474	(21)
Total revenues (net) (teb)	**7,678**	7,583	7,945	(3)	**21,710**	22,967	(5)
Non-interest expenses	**3,070**	2,981	2,995	3	**9,195**	8,447	9
Provision for income taxes (teb)	**1,235**	1,114	1,395	(11)	**3,121**	4,221	(26)
Net income	**$ 3,373**	$ 3,488	$ 3,555	(5) %	**$ 9,394**	$ 10,299	(9) %
Policies outstanding (#)	**189,608**	187,744	182,961	4	**189,608**	182,961	4
Gross written premiums	**$ 36,575**	$ 31,903	$ 35,701	2	**$ 94,289**	$ 90,564	4
Claims loss ratio(1)	**61 %**	62 %	59 %	200 bp	**63 %**	60 %	300 bp
Expense ratio(2)	**30**	31	30	-	**30**	29	100
Combined ratio(3)	**91**	93	89	200	**93**	89	400
Alberta auto risk sharing pools impact on net income before tax	**$ 236**	$ 513	$ 784	(70) %	**$ 1,146**	$ 2,918	(61) %
Average total assets (millions)(4)	**235**	230	216	9	**233**	213	9

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

(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 2011 Minimum Targets and Outlook

The minimum performance targets established for the 2011 fiscal year together with CWB's actual year-to-date performance are presented in the table below:

	2011 Minimum Targets	**2011 Year-to-date Performance[1]**
Net income growth [2]	6%	**7%**
Net income growth, before taxes (teb)[3]	10%	**9%**
Total revenue (teb) growth	12%	**14%**
Loan growth	10%	**18%**
Provision for credit losses as a percentage of average loans	0.20% - 0.25%	**0.20%**
Efficiency ratio (teb)	46%	**45.4%**
Return on common equity [4]	15%	**15.7%**
Return on assets [5]	1.20%	**1.22%**

(1) 2011 year-to-date performance for earnings and revenue growth is the current year results over the same period in the prior year, loan growth is the increase over the past twelve months, and performance for ratio targets is the current year-to-date results annualized.
(2) Net income, before preferred share dividends.
(3) Net income before income taxes (teb), non-controlling interest in subsidiary and preferred share dividends.
(4) Return on common equity calculated as annualized net income after preferred share dividends divided by average common shareholders' equity.
(5) Return on assets calculated as annualized net income after preferred share dividends divided by average total assets.

Strong quarterly and year-to-date results have CWB well positioned to meet or surpass all of its fiscal 2011 performance targets for growth, profitability, efficiency and overall credit quality. Exceptional year-over-year loan growth was largely driven by record volumes in the third quarter and reflects stronger than expected activity in each of the Bank's business lending sectors and all key geographic markets. Although management is closely monitoring the potential for adverse effects from economic developments in Europe and the United States, economic fundamentals in Western Canada are expected to remain favourable relative to the rest of Canada. The volume in the pipeline for new loans is currently robust and supports management's ongoing confidence in strategies to build market share while maintaining a focus on high quality loans that offer a fair and profitable return on investment. Solid performance and growth is expected within each company of the CWB Group and the continued development of these businesses will remain a key priority to build value for shareholders and further diversify operations. Despite an increased level of caution related to global economic uncertainties, the outlook for 2011 and beyond is positive.

This management's discussion and analysis is dated September 1, 2011.

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;
- Basel III common equity Tier 1, Tier 1 and total capital ratios – in accordance with CWB's interpretation of the Basel III capital requirements and OSFI proposed guidance;
- 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 included: 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. At the end of the third quarter, management believes increased global uncertainties and ongoing concerns related to the fiscal position of certain major economic regions could negatively impact the global economic recovery. As a result of economic uncertainties, anticipated increases in the Canadian prime lending interest rate did not occur.

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)	For the three months ended July 31 2011	 April 30 2011	 July 31 2010	Change from July 31 2010	For the nine months ended July 31 2011	 July 31 2010	Change from July 31 2010
Interest Income							
Loans	**$ 152,727**	$ 143,562	$ 131,779	16 %	**$ 440,452**	$ 372,450	18 %
Securities	**10,706**	11,498	10,156	5	**32,166**	30,520	5
Deposits with regulated financial institutions	**812**	1,063	1,082	(25)	**3,254**	4,629	(30)
	164,245	156,123	143,017	15	**475,872**	407,599	17
Interest Expense							
Deposits	**62,053**	58,587	56,373	10	**179,483**	162,801	10
Subordinated debentures	**6,856**	6,639	4,406	56	**19,474**	13,347	46
	68,909	65,226	60,779	13	**198,957**	176,148	13
Net Interest Income	**95,336**	90,897	82,238	16	**276,915**	231,451	20
Provision for Credit Losses (Note 5)	**5,175**	5,267	5,806	(11)	**16,658**	15,006	11
Net Interest Income after Provision for Credit Losses	**90,161**	85,630	76,432	18	**260,257**	216,445	20
Other Income							
Credit related	**8,200**	7,534	8,149	1	**24,547**	23,923	3
Insurance, net (Note 2)	**5,726**	4,991	6,134	(7)	**15,307**	17,325	(12)
Trust and wealth management services	**5,251**	4,930	4,260	23	**14,714**	13,229	11
Retail services	**2,343**	2,392	2,250	4	**7,197**	6,598	9
Gains on sale of securities, net	**852**	5,297	840	1	**10,386**	11,409	(9)
Securitization revenue	**739**	1,022	1,238	(40)	**3,275**	3,149	4
Foreign exchange gains	**803**	919	620	30	**2,558**	1,731	48
Other	**1,038**	1,421	2,534	(59)	**3,895**	5,867	(34)
	24,952	28,506	26,025	(4)	**81,879**	83,231	(2)
Net Interest and Other Income	**115,113**	114,136	102,457	12	**342,136**	299,676	14
Non-Interest Expenses							
Salaries and employee benefits	**35,647**	35,394	32,763	9	**106,682**	91,834	16
Premises and equipment	**9,355**	9,153	8,008	17	**27,355**	23,019	19
Other expenses	**10,525**	10,701	8,128	29	**30,835**	23,549	31
Provincial capital taxes	**278**	160	401	(31)	**1,469**	1,106	33
	55,805	55,408	49,300	13	**166,341**	139,508	19
Net Income before Income Taxes and Non-Controlling Interest in Subsidiary	**59,308**	58,728	53,157	12	**175,795**	160,168	10
Income Taxes	**14,530**	14,238	6,503	123	**42,515**	35,478	20
	44,778	44,490	46,654	(4)	**133,280**	124,690	7
Non-Controlling Interest in Subsidiary	**67**	50	59	14	**177**	176	1
Net Income	**$ 44,711**	$ 44,440	$ 46,595	(4) %	**$ 133,103**	$ 124,514	7 %
Preferred share dividends (Note 8)	**$ 3,802**	$ 3,802	$ 3,802	- %	**$ 11,405**	$ 11,405	- %
Net income available to common shareholders	**40,909**	40,638	42,793	(4)	**121,698**	113,109	8
Average number of common shares (in thousands)	**74,712**	70,527	66,376	13	**71,137**	65,476	9
Average number of diluted common shares (in thousands)	**78,336**	76,514	73,146	7	**76,609**	71,963	6
Earnings Per Common Share							
Basic	**$ 0.55**	$ 0.58	$ 0.64	(14) %	**$ 1.71**	$ 1.73	(1) %
Diluted	**0.52**	0.53	0.59	(12)	**1.59**	1.57	1

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

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at July 31 2011	As at April 30 2011	As at October 31 2010	As at July 31 2010	Change from July 31 2010
Assets						
Cash Resources						
Cash and non-interest bearing deposits with financial institutions		**$ 5,100**	$ 5,729	$ 8,965	$ 20,348	(75) %
Interest bearing deposits with regulated financial institutions	(Note 3)	**190,415**	252,081	168,998	182,808	4
Cheques and other items in transit		**8,442**	11,018	9,981	4,984	69
		203,957	268,828	187,944	208,140	(2)
Securities	(Note 3)					
Issued or guaranteed by Canada		**459,849**	506,575	564,694	392,688	17
Issued or guaranteed by a province or municipality		**300,962**	289,638	88,478	73,132	312
Other securities		**770,038**	781,128	857,015	803,358	(4)
		1,530,849	1,577,341	1,510,187	1,269,178	21
Securities Purchased Under Resale Agreements		**-**	219,385	177,954	220,122	(100)
Loans	(Notes 4 and 6)					
Residential mortgages		**2,920,821**	2,833,163	2,479,957	2,318,665	26
Other loans		**9,096,897**	8,484,160	8,095,148	7,861,947	16
		12,017,718	11,317,323	10,575,105	10,180,612	18
Allowance for credit losses	(Note 5)	**(70,786)**	(78,771)	(78,641)	(75,746)	(7)
		11,946,932	11,238,552	10,496,464	10,104,866	18
Other						
Property and equipment		**69,676**	67,282	65,978	61,709	13
Goodwill		**37,852**	37,852	37,723	37,438	1
Other intangible assets		**38,988**	40,553	43,420	44,677	(13)
Insurance related		**56,393**	56,846	59,652	58,914	(4)
Derivative related	(Note 7)	**85**	459	134	83	2
Other assets		**112,075**	93,082	122,235	105,046	7
		315,069	296,074	329,142	307,867	2
Total Assets		**$ 13,996,807**	$ 13,600,180	$ 12,701,691	$ 12,110,173	16 %
Liabilities and Shareholders' Equity						
Deposits						
Payable on demand		**$ 572,218**	$ 618,728	$ 530,608	$ 519,565	10 %
Payable after notice		**3,260,918**	3,377,816	2,999,599	2,986,572	9
Payable on a fixed date		**7,709,978**	7,259,922	7,177,560	6,645,905	16
Deposit from Canadian Western Bank Capital Trust		**105,000**	105,000	105,000	105,000	-
		11,648,114	11,361,466	10,812,767	10,257,042	14
Other						
Cheques and other items in transit		**37,813**	38,352	39,628	31,728	19
Insurance related		**144,347**	140,739	149,396	144,198	-
Derivative related	(Note 7)	**581**	971	992	1,080	(46)
Securities sold under repurchase agreements		**41,894**	-	-	-	nm
Other liabilities		**240,278**	215,952	235,865	243,010	(1)
		464,913	396,014	425,881	420,016	11
Subordinated Debentures						
Conventional		**545,000**	545,000	315,000	315,000	73
Shareholders' Equity						
Preferred shares	(Note 8)	**209,750**	209,750	209,750	209,750	-
Common shares	(Note 8)	**403,688**	387,740	279,352	276,930	46
Contributed surplus		**21,090**	20,795	21,291	21,225	(1)
Retained earnings		**691,799**	661,394	614,710	595,026	16
Accumulated other comprehensive income		**12,453**	18,021	22,940	15,184	(18)
		1,338,780	1,297,700	1,148,043	1,118,115	20
Total Liabilities and Shareholders' Equity		**$ 13,996,807**	$ 13,600,180	$ 12,701,691	$ 12,110,173	16 %
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 nine months ended July 31 2011	 July 31 2010
Retained Earnings			
Balance at beginning of period		**$ 614,710**	$ 511,784
Net income		**133,103**	124,514
Dividends – Preferred shares		**(11,405)**	(11,405)
– Common shares		**(28,624)**	(21,607)
Warrants purchased under normal course issuer bid	(Note 8)	**(15,985)**	(8,155)
Issuance costs on common shares		**-**	(105)
Balance at end of period		**691,799**	595,026
Accumulated Other Comprehensive Income (Loss)			
Balance at beginning of period		**22,940**	19,119
Other comprehensive income (loss)		**(10,487)**	(3,935)
Balance at end of period		**12,453**	15,184
Total retained earnings and accumulated other comprehensive income		**704,252**	610,210
Preferred Shares	(Note 8)		
Balance at beginning and end of period		**209,750**	209,750
Common Shares	(Note 8)		
Balance at beginning of period		**279,352**	226,480
Issued on exercise of warrants		**113,569**	160
Issued under dividend reinvestment plan		**4,221**	2,423
Transferred from contributed surplus on exercise or exchange of options		**3,675**	1,926
Issued on exercise of options		**2,871**	3,359
Issued on acquisition		**-**	42,582
Balance at end of period		**403,688**	276,930
Contributed Surplus			
Balance at beginning of period		**21,291**	19,366
Amortization of fair value of options		**3,474**	3,785
Transferred to common shares on exercise or exchange of options		**(3,675)**	(1,926)
Balance at end of period		**21,090**	21,225
Total Shareholders' Equity		**$ 1,338,780**	$ 1,118,115

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended July 31 2011	 July 31 2010	For the nine months ended July 31 2011	 July 31 2010
Net Income	**$ 44,711**	$ 46,595	**$ 133,103**	$ 124,514
Other Comprehensive Income (Loss), net of tax				
Available-for-sale securities:				
Gains (losses) from change in fair value(1)	**(4,962)**	10,264	**(3,018)**	5,647
Reclassification to other income(2)	**(606)**	(572)	**(7,469)**	(7,986)
	(5,568)	9,692	**(10,487)**	(2,339)
Derivatives designated as cash flow hedges:				
Gains from change in fair value(3)	**-**	-	**-**	17
Reclassification to net interest income(4)	**-**	(27)	**-**	(1,613)
	-	(27)	**-**	(1,596)
	(5,568)	9,665	**(10,487)**	(3,935)
Comprehensive Income for the Period	**$ 39,143**	$ 56,260	**$ 122,616**	$ 120,579

(1) Net of income tax benefit of $1,931 and $1,178 for the three and nine months ended July 31, 2011, respectively (2010 – tax expense of $4,163 and $2,198).
(2) Net of income tax benefit of $246 and $2,917 for the three and nine months ended July 31, 2011, respectively (2010 – $245 and $3,423).
(3) Net of income tax expense of nil for the three and nine months ended July 31, 2011 (2010 – nil and $7, respectively).
(4) Net of income tax benefit of nil for the three and nine months ended July 31, 2011 (2010 – $12 and $672, respectively).

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 July 31 2011	July 31 2010	For the nine months ended July 31 2011	July 31 2010
Cash Flows from Operating Activities					
Net income		**$ 44,711**	$ 46,595	**$ 133,103**	$ 124,514
Adjustments to determine net cash flows:					
Provision for credit losses		**5,175**	5,806	**16,658**	15,006
Depreciation and amortization		**4,622**	3,882	**13,476**	10,084
Amortization of fair value of employee stock options		**1,119**	1,322	**3,474**	3,785
Future income taxes, net		**(446)**	6,134	**(8,608)**	8,166
Gain on sale of securities, net		**(852)**	(840)	**(10,386)**	(11,409)
Accrued interest receivable and payable, net		**12,836**	19,460	**3,379**	7,155
Current income taxes payable, net		**3,944**	(5,805)	**3,800**	(19,809)
Other items, net		**(5,263)**	(19,201)	**28,131**	35,436
		65,846	57,353	**183,027**	172,928
Cash Flows from Financing Activities					
Deposits, net		**286,648**	71,998	**835,347**	639,804
Securities sold under repurchase agreements, net		**41,894**	-	**41,894**	(300,242)
Common shares issued	(Note 8)	**15,124**	1,980	**120,661**	5,942
Dividends		**(14,306)**	(11,101)	**(40,029)**	(33,012)
Warrants purchased under normal course issuer bid	(Note 8)	**-**	(7,457)	**(15,985)**	(8,155)
Debentures issued		**-**	-	**300,000**	-
Debentures redeemed		**-**	-	**(70,000)**	(60,000)
Issuance costs on share capital		**-**	-	**-**	(105)
Long-term debt repaid		**-**	-	**-**	(270,630)
		329,360	55,420	**1,171,888**	(26,398)
Cash Flows from Investing Activities					
Interest bearing deposits with regulated financial institutions, net		**62,192**	5,450	**(21,914)**	81,825
Securities, purchased		**(1,010,412)**	(260,164)	**(3,641,010)**	(2,289,513)
Securities, sale proceeds		**486,884**	194,021	**1,856,812**	2,468,084
Securities, matured		**563,083**	183,502	**1,749,522**	446,693
Securities purchased under resale agreements, net		**219,385**	27,560	**177,954**	(220,122)
Loans, net		**(713,555)**	(244,002)	**(1,467,126)**	(560,472)
Property and equipment		**(5,449)**	(6,476)	**(12,741)**	(14,050)
Business acquisition		**-**	(471)	**-**	(53,531)
		(397,872)	(100,580)	**(1,358,503)**	(141,086)
Change in Cash and Cash Equivalents		**(2,666)**	12,193	**(3,588)**	5,444
Cash and Cash Equivalents at Beginning of Period		**(21,605)**	(18,589)	**(20,683)**	(11,840)
Cash and Cash Equivalents at End of Period *		**$ (24,271)**	$ (6,396)	**$ (24,271)**	$ (6,396)
* Represented by:					
Cash and non-interest bearing deposits with financial institutions		**$ 5,100**	$ 20,348	**$ 5,100**	$ 20,348
Cheques and other items in transit (included in Cash Resources)		**8,442**	4,984	**8,442**	4,984
Cheques and other items in transit (included in Other Liabilities)		**(37,813)**	(31,728)	**(37,813)**	(31,728)
Cash and Cash Equivalents at End of Period		**$ (24,271)**	$ (6,396)	**$ (24,271)**	$ (6,396)
Supplemental Disclosure of Cash Flow Information					
Amount of interest paid in the period		**$ 56,187**	$ 43,609	**$ 196,048**	$ 182,003
Amount of income taxes paid in the period		**11,095**	6,174	**47,595**	47,122

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, 2010. 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, 2010 as set out on pages 76 to 110 of the Bank's 2010 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 nine months ended	
	July 31 2011	April 30 2011	July 31 2010	**July 31 2011**	July 31 2010
Net earned premiums	**$ 30,098**	$ 28,286	$ 28,858	**$ 87,380**	$ 82,816
Commissions and processing fees	**466**	479	606	**1,410**	1,770
Net claims and adjustment expenses	**(18,332)**	(17,542)	(17,023)	**(55,031)**	(49,797)
Policy acquisition costs	**(6,506)**	(6,232)	(6,307)	**(18,452)**	(17,464)
Total, net	**$ 5,726**	$ 4,991	$ 6,134	**$ 15,307**	$ 17,325

3. Securities

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

	As at July 31 2011	As at April 30 2011	As at October 31 2010
Interest bearing deposits with regulated financial institutions	**$ 1,291**	$ 813	$ 2,104
Securities issued or guaranteed by			
Canada	**228**	179	(139)
A province or municipality	**547**	567	723
Other debt securities	**2,051**	1,479	3,412
Equity securities			
Preferred shares	**9,945**	9,053	18,331
Common shares	**3,096**	12,693	7,669
Unrealized gains, net	**$ 17,158**	$ 24,784	$ 32,100

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. Volatility in equity markets also leads to fluctuations in value, particularly for common shares.

4. Loans

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

($ millions)	British Columbia	Alberta	Saskatchewan	Manitoba	Other	Total	July 31 2011 Composition Percentage	April 30 2011 Composition Percentage	October 31 2010 Composition Percentage
Loans to Individuals									
Residential mortgages[2]	$ 1,278	$ 1,140	$ 172	$ 72	$ 259	$ 2,921	24 %	25 %	23 %
Other loans	71	110	12	3	1	197	2	2	2
	1,349	1,250	184	75	260	3,118	26	27	25
Loans to Businesses									
Commercial	930	1,617	96	100	331	3,074	26	26	26
Construction and real estate[3]	1,380	1,621	263	71	181	3,516	29	29	31
Equipment financing	380	764	142	72	605	1,963	16	16	16
Energy	-	347	-	-	-	347	3	2	2
	2,690	4,349	501	243	1,117	8,900	74	73	75
Total Loans[1]	$ 4,039	$ 5,599	$ 685	$ 318	$ 1,377	$ 12,018	100 %	100 %	100 %
Composition Percentage									
July 31, 2011	33 %	47 %	6 %	3 %	11 %	100 %			
April 30, 2011	33 %	48 %	6 %	3 %	10 %	100 %			
October 31, 2010	33 %	48 %	6 %	3 %	10 %	100 %			

(1) This table does not include an allocation for credit losses.
(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 July 31, 2011			For the three months ended April 30, 2011		
	Specific Allowance	**General Allowance for Credit Losses**	**Total**	Specific Allowance	General Allowance for Credit Losses	Total
Balance at beginning of period	**$ 21,909**	**$ 56,862**	**$ 78,771**	$ 14,862	$ 60,185	$ 75,047
Provision for credit losses	**4,445**	**730**	**5,175**	8,590	(3,323)	5,267
Write-offs (1)	**(13,684)**	**-**	**(13,684)**	(1,940)	-	(1,940)
Recoveries	**524**	**-**	**524**	397	-	397
Balance at end of period	**$ 13,194**	**$ 57,592**	**$ 70,786**	$ 21,909	$ 56,862	$ 78,771

(1) Write-offs in the third quarter of 2011 reflect a change in internal process to recognize write-offs earlier than in prior periods.

	For the three months ended July 31, 2010		
	Specific Allowance	General Allowance for Credit Losses	Total
Balance at beginning of period	$ 18,381	$ 58,005	$ 76,386
Provision for credit losses	4,772	1,034	5,806
Write-offs	(6,633)	-	(6,633)
Recoveries	187	-	187
Balance at end of period	$ 16,707	$ 59,039	$ 75,746

	For the nine months ended July 31, 2011			For the nine 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	**$ 19,038**	**$ 59,603**	**$ 78,641**	$ 14,306	$ 61,153	$ 75,459
Allowance acquired	**-**	**-**	**-**	2,596	4,172	6,768
Provision for credit losses	**18,669**	**(2,011)**	**16,658**	21,292	(6,286)	15,006
Write-offs	**(25,671)**	**-**	**(25,671)**	(21,768)	-	(21,768)
Recoveries	**1,158**	**-**	**1,158**	281	-	281
Balance at end of period	**$ 13,194**	**$ 57,592**	**$ 70,786**	$ 16,707	$ 59,039	$ 75,746

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 July 31, 2011				As at April 30, 2011			
	Gross Amount	**Gross Impaired Amount**	**Specific Allowance**	**Net Impaired Loans**	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Consumer and personal	**$ 1,995,504**	**$ 19,577**	**$ 951**	**$ 18,626**	$ 1,932,737	$ 25,039	$ 1,519	$ 23,520
Real estate(1)	**4,617,198**	**55,601**	**3,485**	**52,116**	4,347,243	68,503	6,152	62,351
Equipment financing	**2,308,483**	**14,882**	**5,115**	**9,767**	2,069,611	15,393	6,338	9,055
Commercial	**3,096,533**	**17,833**	**3,643**	**14,190**	2,967,732	19,602	7,900	11,702
Total (2)	**$ 12,017,718**	**$ 107,893**	**$ 13,194**	**94,699**	$ 11,317,323	$ 128,537	$ 21,909	106,628
General allowance(3)				**(57,592)**				(56,862)
Net impaired loans after general allowance				**$ 37,107**				$ 49,766

	As at October 31, 2010			
	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Consumer and personal	$ 1,793,181	$ 24,534	$ 1,288	$ 23,246
Real estate(1)	4,124,235	82,799	4,880	77,919
Equipment financing	1,943,716	27,918	10,215	17,703
Commercial	2,713,973	7,956	2,655	5,301
Total (2)	$ 10,575,105	$ 143,207	$ 19,038	124,169
General allowance(3)				(59,603)
Net impaired loans after general allowance				$ 64,566

(1) Multi-family residential mortgages are included in real estate loans.
(2) Gross impaired loans include foreclosed assets with a carrying value of $3,425 (April 30, 2011 - $992 and October 31, 2010 - $867) 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 July 31, 2011			As at April 30, 2011		
	Gross Impaired Amount	**Specific Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	**$ 56,871**	**$ 6,818**	**$ 50,053**	$ 79,532	$ 13,467	$ 66,065
British Columbia	**43,230**	**2,620**	**40,610**	38,927	2,844	36,083
Saskatchewan	**3,539**	**1,197**	**2,342**	2,977	1,194	1,783
Manitoba	**944**	**278**	**666**	1,165	306	859
Other	**3,309**	**2,281**	**1,028**	5,936	4,098	1,838
Total	**$ 107,893**	**$ 13,194**	**94,699**	$ 128,537	$ 21,909	106,628
General allowance[(1)]			**(57,592)**			(56,862)
Net impaired loans after general allowance			**$ 37,107**			$ 49,766

	As at October 31, 2010		
	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	$ 98,973	$ 14,515	$ 84,458
British Columbia	38,543	1,259	37,284
Saskatchewan	2,109	1,114	995
Manitoba	329	233	96
Other	3,253	1,917	1,336
Total	$ 143,207	$ 19,038	124,169
General allowance[(1)]			(59,603)
Net impaired loans after general allowance			$ 64,566

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

During the three and nine months ended July 31, 2011, interest recognized as income on impaired loans totaled $1,002 and $2,028, respectively (2010 - $1,085 and $2,689).

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 July 31, 2011				
	1 – 30 days	**31 – 60 days**	**61 – 90 days**	**More than 90 days**	**Total**
Residential mortgages	**$ 10,579**	**$ 10,129**	**$ 1,442**	**$ 329**	**$ 22,479**
Other loans	**16,243**	**27,373**	**3,583**	**121**	**47,320**
	$ 26,822	**$ 37,502**	**$ 5,025**	**$ 450**	**$ 67,799**
Total as at April 30, 2011	$ 44,184	$ 9,915	$ 1,899	$ 365	$ 56,363
Total as at October 31, 2010	$ 23,639	$ 41,871	$ 9,643	$ 4	$ 75,157

7. Derivative Financial Instruments

The Bank may designate 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. As at July 31, 2011, outstanding interest rate swaps include nil (2010 – nil) designated as cash flow hedges and $28,200 (2010 – $52,490) not designated as hedges.

For the three and nine months ended July 31, 2011, no net unrealized after tax gains (2010 – nil and $17) were recorded in other comprehensive income for changes in fair value of the effective portion of derivatives designated as cash flow hedges, and no amounts (2010 – nil) were 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 three and nine months ended July 31, 2011, no amounts (2010 – net gains after tax of $27 and $1,613 respectively) were reclassified to net income.

7. Derivative Financial Instruments – continued

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

	As at July 31, 2011			As at April 30, 2011		
	Notional Amount	**Positive Fair Value**	**Negative Fair Value**	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps not designated as hedges[1]	**$ 28,200**	**$ -**	**$ 534**	$ 37,100	$ -	$ 579
Foreign exchange contracts[2]	**23,858**	**85**	**47**	17,851	459	392
Other forecasted transactions	**-**	**-**	**-**	-	-	-
Derivative related amounts		**$ 85**	**$ 581**		$ 459	$ 971

	As at October 31, 2010		
	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps not designated as hedges	$ 47,550	$ -	$ 930
Foreign exchange contracts	57,032	132	59
Equity contracts	500	2	-
Embedded derivatives in equity-linked deposits	n/a	-	3
Other forecasted transactions	-	-	-
Derivative related amounts		$ 134	$ 992

(1) Interest rate swaps not designated as hedges outstanding at July 31, 2011 mature between November 2012 and April 2014.
(2) Foreign exchange contracts outstanding at July 31, 2011 mature between August 2011 and November 2012.
n/a – not applicable
.

There were no forecasted transactions that failed to occur during the three and nine months ended July 31, 2011.

8. Capital Stock

Share Capital

	For the nine months ended			
	July 31, 2011		July 31, 2010	
	Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares - Series 3				
Outstanding at beginning and end of period[1]	**8,390,000**	**$ 209,750**	8,390,000	$ 209,750
Common Shares				
Outstanding at beginning of period	**66,641,362**	**279,352**	63,903,460	226,480
Issued on exercise of warrants	**8,112,066**	**113,569**	11,468	160
Issued on exercise or exchange of options	**327,317**	**2,871**	459,956	3,359
Issued under dividend reinvestment plan[2]	**143,172**	**4,221**	106,625	2,423
Transferred from contributed surplus on exercise or exchange of options	**-**	**3,675**	-	1,926
Issued on acquisition	**-**	**-**	2,065,088	42,582
Outstanding at end of period	**75,223,917**	**403,688**	66,546,597	276,930
Share Capital		**$ 613,438**		$ 486,680

(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 19 of the audited consolidated financial statements for the year ended October 31, 2010 (see page 95 of the 2010 Annual Report).
(2) For the periods noted above, shares were issued at a 2% discount from the average closing price of the five trading days preceding the dividend payment date.

Warrants to Purchase Common Shares

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

	For the nine months ended	
Number of Warrants	**July 31 2011**	July 31 2010
Outstanding at beginning of period	**13,471,611**	14,964,356
Purchased and cancelled	**(1,000,000)**	(746,504)
Exercised	**(8,112,066)**	(11,468)
Outstanding at end of period	**4,359,545**	14,206,384

Subsequent to quarter-end, the holders of the Bank's common share purchase warrants approved a resolution to amend the terms of the warrant indenture, which allowed the Bank to redeem all of the outstanding warrants. On August 31, 2011, the Bank redeemed for cash 4,206,187 warrants for an aggregate cost of $72,388 thousand that will be charged to retained earnings.

8. Capital Stock - continued

Normal Course Issuer Bid

On January 18, 2011, the Bank received approval from the Toronto Stock Exchange for a Normal Course Issuer Bid (NCIB) to purchase and cancel up to 1,029,108 of its warrants. The NCIB commenced January 20, 2011 and was extinguished on August 19, 2011 in conjunction with the warrant redemption as discussed above. For the three and nine months ended July 31, 2011, the Bank purchased and cancelled nil and 1,000,000 warrants (2010 – 673,576 and 746,504) at an aggregate cost of nil and $15,985, respectively (2010 – $7,458 and $8,155), which was charged to retained earnings.

9. Stock-Based Compensation

Stock Options

	For the three months ended			
	July 31, 2011		July 31, 2010	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**3,472,987**	**$ 20.54**	4,243,621	$ 19.31
Granted	**370,449**	**30.76**	274,095	23.43
Exercised or exchanged	**(188,150)**	**22.69**	(478,885)	16.76
Forfeited	**(18,044)**	**19.06**	(26,532)	24.35
Balance at end of period	**3,637,242**	**$ 21.48**	4,012,299	$ 19.86

	For the nine months ended			
	July 31, 2011		July 31, 2010	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**3,834,433**	**$ 19.93**	4,394,605	$ 18.65
Granted	**729,314**	**30.10**	632,386	22.67
Exercised or exchanged	**(868,399)**	**21.89**	(932,185)	16.00
Forfeited	**(58,106)**	**21.44**	(82,507)	20.70
Balance at end of period	**3,637,242**	**$ 21.48**	4,012,299	$ 19.86

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 868,399 options (2010 – 932,185) exercised or exchanged in the nine months ended July 31, 2011, option holders exchanged the rights to 740,899 options (2010 – 716,800) and received 199,817 shares (2010 – 244,571) in return under the cashless settlement alternative.

For the nine months ended July 31, 2011, salary expense of $3,474 (2010 – $3,785) 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 2.1% (2010 – 2.6%), (ii) expected option life of 4.0 years (2010 – 4.0 years), (iii) expected volatility of 36% (2010 – 44%), and (iv) expected dividends of 1.8% (2010 – 2.1%). The weighted average fair value of options granted was estimated at $7.69 (2010 – $7.42) per share.

Further details relating to stock options outstanding and exercisable at July 31, 2011 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	911,100	2.4	$ 11.72	-	$ -
$16.89 to $21.46	738,840	2.4	18.83	40,000	21.46
$22.09 to $26.38	1,057,374	2.6	23.96	253,600	25.51
$28.11 to $31.18	929,928	3.5	30.33	205,030	31.14
Total	3,637,242	2.7	$ 21.48	498,630	$ 27.50

9. Stock-Based Compensation – continued

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 nine months ended July 31, 2011, salary expense of $6,843 (2010 – $3,265) was recognized related to RSUs. As at July 31, 2011, the liability for the RSUs held under this plan was $7,414 (2010 – $4,971). 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 July 31, 2011, 536,747 (2010 – 473,318) RSUs were outstanding.

Deferred Share Units

Under the Deferred Share Unit (DSU) 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. The expense related to the DSUs is recorded in the period the award is earned by the director.

For the nine months ended July 31, 2011, non-interest expense "other expenses" included $778 (2010 – $238) related to DSUs. As at July 31, 2011, the liability for DSUs was $1,596 (2010 – $622). 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. As at July 31, 2011, 51,189 (2010 – 23,943) DSUs were outstanding.

10. Contingent Liabilities and Commitments

Significant contingent liabilities and commitments, including guarantees provided to third parties, are discussed in Note 21 of the Bank's audited consolidated financial statements for the year ended October 31, 2010 (see page 98 of the 2010 Annual Report) and include:

	As at July 31 2011	As at April 30 2011	As at October 31 2010
Guarantees and standby letters of credit			
Balance outstanding	**$ 262,882**	$ 260,522	$ 261,438
Business credit cards			
Total approved limit	**13,139**	12,950	13,153
Balance outstanding	**3,025**	3,028	2,927

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 2010 consolidated annual financial statements.

The value of financial assets recorded on the consolidated balance sheets at July 31, 2011 at fair value (cash, securities, securities purchased under resale agreements and derivatives) was determined using published market prices quoted in active markets for 98% (2010 – 85%) of the portfolio and estimated using a valuation technique based on observable market data for 2% (2010 – 15%) 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 measured using unobservable market data. Further information on how the fair value of financial instruments is determined is included in Note 30 of the October 31, 2010 audited financial statements beginning on page 105 in the 2010 Annual Report.

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 29 of the audited consolidated financial statements for the year ended October 31, 2010 (see page 104 of the 2010 Annual Report). The following table shows the gap position for selected time intervals.

Asset Liability Gap Positions

($ millions)	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Non-interest Sensitive	Total
July 31, 2011								
Assets								
Cash resources and securities	**$ 260**	**$ 503**	**$ 152**	**$ 915**	**$ 676**	**$ 119**	**$ 25**	**$ 1,735**
Loans	**5,549**	**531**	**1,335**	**7,415**	**4,496**	**80**	**(44)**	**11,947**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**315**	**315**
Derivative financial instruments[1]	**28**	**-**	**-**	**28**	**-**	**-**	**24**	**52**
Total	**5,837**	**1,034**	**1,487**	**8,358**	**5,172**	**199**	**320**	**14,049**
Liabilities and Equity								
Deposits	**4,454**	**996**	**2,586**	**8,036**	**3,523**	**105**	**(16)**	**11,648**
Other liabilities	**45**	**6**	**26**	**77**	**34**	**8**	**346**	**465**
Debentures	**-**	**-**	**120**	**120**	**350**	**75**	**-**	**545**
Shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**1,339**	**1,339**
Derivative financial instruments[1]	**-**	**2**	**11**	**13**	**15**	**-**	**24**	**52**
Total	**4,499**	**1,004**	**2,743**	**8,246**	**3,922**	**188**	**1,693**	**14,049**
Interest Rate Sensitive Gap	**$ 1,338**	**$ 30**	**$ (1,256)**	**$ 112**	**$ 1,250**	**$ 11**	**$ (1,373)**	**$ -**
Cumulative Gap	**$ 1,338**	**$ 1,368**	**$ 112**	**$ 112**	**$ 1,362**	**$ 1,373**	**$ -**	**$ -**
Cumulative Gap as a percentage of total assets	**9.5 %**	**9.7 %**	**0.8 %**	**0.8 %**	**9.7 %**	**9.8 %**	**- %**	**- %**
April 30, 2011								
Cumulative gap	$ 1,176	$ 1,510	$ 370	$ 370	$ 1,284	$ 1,299	$ -	$ -
Cumulative gap as a Percentage of total assets	8.6 %	11.1 %	2.7 %	2.7 %	9.4 %	9.5 %	- %	- %
October 31, 2010								
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 %	- %	- %

(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:

July 31, 2011	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Total assets	**4.0 %**	**2.6 %**	**5.2 %**	**4.0 %**	**5.3 %**	**5.3 %**	**4.5 %**
Total liabilities	**1.1**	**2.2**	**2.5**	**1.7**	**3.1**	**5.8**	**2.2**
Interest rate sensitive gap	**2.9 %**	**0.4 %**	**2.7 %**	**2.3 %**	**2.2 %**	**(0.5) %**	**2.3 %**
April 30, 2011							
Total assets	3.9 %	2.8 %	4.8 %	3.9 %	5.4 %	5.3 %	4.5 %
Total liabilities	1.1	1.9	2.6	1.7	3.1	5.8	2.2
Interest rate sensitive gap	2.8 %	0.9 %	2.2 %	2.2 %	2.3 %	(0.5) %	2.3 %
October 31, 2010							
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 %

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 3.1% or $11,036 (October 31, 2010 – 2.3% or $7,372) and decrease other comprehensive income $7,844 (October 31, 2010 – $9,796) 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 3.7% or $12,964 (October 31, 2010 – 1.5% or $4,703) and increase other comprehensive income $7,844 (October 31, 2010 – $9,796) 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		
	July 31 2011	April 30 2011	July 31 2010	**July 31 2011**	April 30 2011	July 31 2010
Net interest income (teb)[(1)]	**$ 96,201**	$ 91,017	$ 83,235	**$ 1,932**	$ 2,265	$ 1,785
Less teb adjustment	**2,529**	2,130	2,548	**268**	255	234
Net interest income per financial statements	**93,672**	88,887	80,687	**1,664**	2,010	1,551
Other income[(2)]	**19,206**	23,188	19,865	**5,746**	5,318	6,160
Total revenues	**112,878**	112,075	100,552	**7,410**	7,328	7,711
Provision for credit losses	**5,175**	5,267	5,806	**-**	-	-
Non-interest expenses	**52,735**	52,427	46,305	**3,070**	2,981	2,995
Provision for income taxes	**13,563**	13,379	5,342	**967**	859	1,161
Non-controlling interest in subsidiary	**67**	50	59	**-**	-	-
Net income	**$ 41,338**	$ 40,952	$ 43,040	**$ 3,373**	$ 3,488	$ 3,555
Total average assets ($ millions)[(3)]	**$ 13,543**	$ 13,084	$ 11,935	**$ 235**	$ 230	$ 216

	Total		
	Three months ended		
	July 31 2011	April 30 2011	July 31 2010
Net interest income (teb)[(1)]	**$ 98,133**	$ 93,282	$ 85,020
Less teb adjustment	**2,797**	2,385	2,782
Net interest income per financial statements	**95,336**	90,897	82,238
Other income[(2)]	**24,952**	28,506	26,025
Total revenues	**120,288**	119,403	108,263
Provision for credit losses	**5,175**	5,267	5,806
Non-interest expenses	**55,805**	55,408	49,300
Provision for income taxes	**14,530**	14,238	6,503
Non-controlling interest in subsidiary	**67**	50	59
Net income	**$ 44,711**	$ 44,440	$ 46,595
Total average assets ($ millions)[(3)]	**$ 13,778**	$ 13,314	$ 12,151

	Banking and Trust		Insurance		Total	
	Nine months ended		Nine months ended		Nine months ended	
	July 31 2011	July 31 2010	**July 31 2011**	July 31 2010	**July 31 2011**	July 31 2010
Net interest income (teb)[(1)]	**$ 278,814**	$ 234,290	**$ 6,027**	$ 5,168	**$ 284,841**	$ 239,458
Less teb adjustment	**7,150**	7,375	**776**	632	**7,926**	8,007
Net interest income per financial statements	**271,664**	226,915	**5,251**	4,536	**276,915**	231,451
Other income[(2)]	**66,196**	65,432	**15,683**	17,799	**81,879**	83,231
Total revenues	**337,860**	292,347	**20,934**	22,335	**358,794**	314,682
Provision for credit losses	**16,658**	15,006	**-**	-	**16,658**	15,006
Non-interest expenses	**157,146**	131,061	**9,195**	8,447	**166,341**	139,508
Provision for income taxes	**40,170**	31,889	**2,345**	3,589	**42,515**	35,478
Non-controlling interest in subsidiary	**177**	176	**-**	-	**177**	176
Net income[(4)]	**$ 123,709**	$ 114,215	**$ 9,394**	$ 10,299	**$ 133,103**	$ 124,514
Total average assets ($ millions)[(3)]	**$ 13,094**	$ 11,647	**$ 233**	$ 213	**$ 13,327**	$ 11,860

(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.
(4) The 2010 banking and trust segment contains the results of National Leasing Group Inc. from the acquisition date on February 1, 2010.

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.

Significant capital transactions in the current year include the first quarter redemption of $70,000 and issue of $300,000 of conventional subordinated debentures, which qualify as Tier 2 regulatory capital. In addition, proceeds from the 2011 exercise of warrants by the holders, net of warrants purchased and cancelled under the NCIB, increased Tier 1 regulatory capital by $97,584. Subsequent to quarter-end, the cash redemption of all remaining outstanding warrants (see Note 8) is expected to reduce Tier 1 and total capital ratios by approximately 60 basis points.

Additional information about the Bank's capital management practices is provided in Note 32 to the fiscal 2010 audited financial statements beginning on page 107 of the 2010 Annual Report.

Capital Structure and Regulatory Ratios

	As at July 31 2011	As at April 30 2011	As at July 31 2010
Capital			
Tier 1	**$ 1,385,737**	$ 1,339,794	$ 1,159,924
Total	**1,910,776**	1,872,627	1,469,915
Capital ratios			
Tier 1	**11.8 %**	11.8 %	11.4 %
Total	**16.3**	16.6	14.4
Assets to capital multiple	**7.3 x**	7.3 x	8.3 x

During the three and nine months ended July 31, 2011, the Bank complied with all internal and external capital requirements.

15. 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 phase 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 Bank is currently working on the final implementation phase.

The quantitative impact of the transition to IFRS on the Bank's consolidated financial statements for current standards has not yet been finalized. However, the differences identified include derecognition, the consolidation of variable interest entities, contingent consideration as a result of a business combination, and loan loss accounting. 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.

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Stock Exchange Listings

The Toronto Stock Exchange
Common Shares: CWB
Series 3 Preferred Shares: CWB.PR.A

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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 September 2, 2011 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 September 16, 2011 by dialing (416) 849-0833 or toll-free (855) 859-2056 and entering passcode 88330810.