CWB reports second quarter 2021 financial and strategic performance

Second Quarter 2021 Highlights[1] (compared to the same period in the prior year)

Adjusted EPS	Total revenue	Loans[2]	Branch-raised deposits	Common share dividend declared[3]
$0.84 *Up 40%*	$247.1 million *Up 15%*	$31.4 billion *Up 7% in total; Up 10% in Ontario*	$18.0 billion *Up 18%*	$0.29 *Consistent with the dividend declared last year and last quarter*

(1) Includes certain non-IFRS measures – refer to definitions and detail provided on page 7.
(2) Excludes the allowance for credit losses.
(3) Declared by our Board of Directors on May 27, 2021.

Edmonton, May 28, 2021 – CWB Financial Group (TSX: CWB) (CWB) today announced financial performance for the three and six month periods ended April 30, 2021, with second quarter net income available to common shareholders of $72 million, up 40% compared to the same period last year. Second quarter pre-tax, pre-provision income was up 11% from the same period last year and down 3% sequentially, with three fewer interest-earning days compared to the prior quarter.

"Our financial results surpassed our expectations again this quarter, supported by very strong branch-raised deposit and loan growth across the country," said Chris Fowler, President and CEO. "Our focus to create an unrivaled experience for our clients and invest in our capabilities and product offering is creating exciting growth opportunities for CWB, especially as the near-term economic outlook improves. Based on the expected trajectory of our financial performance for the rest of the year, we now expect to deliver high single-digit loan growth and mid-teens adjusted earnings per share growth on a full year basis in fiscal 2021."

"Our focus to offer a superior client experience by transforming our capabilities has accelerated growth of full-service relationships within our risk appetite. The $805 million of net loan growth this quarter is one of the highest levels of quarterly organic loan growth that we have delivered in our history. We also continued to drive strong growth of lower cost branch-raised deposits, which has contributed to another sequential increase in our net interest margin."

"As the economy recovers, we will be well-positioned to accelerate our growth and capture increased market share through our continued expansion in Ontario, where we are planning for the opening of our second full-service banking centre in fiscal 2022. I am also pleased with the progress we have made in the development of our digital client offering, which complements our proactive relationship-based client experience. In the second half of 2021, we will commence a limited initial roll-out of our Virtual COO, a digital solution powered by explainable artificial-intelligence that will provide small business owners with access to real-time information on their financial health and relevant insights to accelerate their business growth. This innovative digital tool enables us to be a disruptor as we proactively support small business owners across Canada."

"As we look to the year ahead, we are seeing signals of a strong economic recovery that could provide additional accretive opportunities to surpass our baseline loan growth expectations within our risk appetite. To provide the capital flexibility to take full advantage of these potential opportunities, we plan to establish an at-the-market common equity distribution program. This program will provide a flexible and efficient tool to grow our regulatory capital base, if needed, in parallel with stronger levels of loan growth to drive incremental shareholder returns."

"The parallel run of our AIRB tools and processes continued this quarter. We have gained significant insights as we continue to use these tools across our business and identified opportunities for enhancements that we expect will improve our efficiency and effectiveness as a model-enabled bank. We plan to implement these enhancements and expect to extend our previously communicated timeline for resubmission of our AIRB application beyond the first half of 2022, but believe this approach will result in more favorable long-term outcomes for our teams and our investors."

"The success we have achieved would not be possible without our talented and dedicated teams. I am very proud that for the second consecutive year, CWB Financial Group was recognized as one of the 50 Best Work Places™ in Canada. This award is based on confidential employee trust and engagement survey results, and reflects the strength of our culture. Our continued strategic execution and strong financial results reflects our teams' passion and dedication to realize our full potential across Canada."

Financial Performance

On June 1, 2020, we acquired the businesses of T.E. Wealth and Leon Frazer & Associates (the wealth acquisition). The operations of the wealth acquisition contributed to non-interest income growth while negatively affecting our efficiency ratio compared to the prior year. The wealth acquisition has contributed approximately $0.01 to adjusted earnings per common share in the first half of fiscal 2021, with higher levels of accretion anticipated starting in fiscal 2022.

Q2 2021, compared to Q2 2020[(1)]	Common shareholders' net income of $72 million	Up 40%
	Adjusted EPS of $0.84	Up 40%
	Adjusted ROE of 10.8%	Up 280 bp[(2)]
	Efficiency ratio of 48.9% *(47.1% excluding the impact of the wealth acquisition)*	Worsened 180 bp *(No change)*

Compared to the same quarter last year, common shareholders' net income increased as 15% revenue growth and a decline in the provision for credit losses more than offset the impact of higher non-interest expenses. Accelerated growth of full-service client relationships was the primary driver of very strong branch-raised deposit growth of 18%, which included a 34% increase in lower-cost demand and notice deposits. Net interest income increased 14%, driven by a 13 basis point increase in net interest margin and 7% loan growth, including 10% growth in Ontario. Non-interest income growth of 29% was primarily related to the wealth acquisition. Non-interest expenses were up 20%, or approximately 9% excluding the wealth acquisition and costs associated with operating our *Advanced Internal Ratings Based* (AIRB) tools and processes. The provision for credit losses as a percentage of average loans was 29 basis points lower than last year, primarily due to improved macroeconomic forecasts associated with the ongoing economic recovery, which drove a 34 basis point decrease in the performing loan provision for credit losses.

Q2 2021, compared to Q1 2021[(1)]	Common shareholders' net income of $72 million	Down 9%
	Adjusted EPS of $0.84	Down 10%
	Adjusted ROE of 10.8%	Down 70 bp[(2)]
	Efficiency ratio of 48.9%	Worsened 210 bp

Compared to the prior quarter, common shareholders' net income decreased as 1% revenue growth was more than offset by a 5% increase in non-interest expenses and the impact of the first semi-annual coupon payment on our Series 1 Non-Viability Contingent Capital (NVCC) Limited Recourse Capital Notes (LRCN) during the quarter of $4 million, after-tax. Revenue increased, despite three fewer interest-earning days, primarily due to the impact of a six basis point increase in net interest margin, which included a one-time two basis point benefit associated with adjusting certain balance sheet management activities in response to a shift in our funding mix, and very strong 3% loan growth. Strong growth in branch-raised deposits, including 6% sequential growth in lower cost demand and notice deposits, supported continued net interest margin expansion during the quarter. The provision for credit losses as a percentage of average loans was two basis points higher than last quarter, primarily due to an increase in the impaired loan provision for credit losses.

YTD 2021, compared to YTD 2020[(1)]	Common shareholders' net income of $151 million	Up 23%
	Adjusted EPS of $1.77	Up 24%
	Adjusted ROE of 11.2%	Up 160 bp[(2)]
	Efficiency ratio of 47.8% *(46.1% excluding the impact of the wealth acquisition)*	Worsened 150 bp *(Improved 20 bp)*

(1) Includes certain non-IFRS measures – refer to definitions and detail provided on page 7.
(2) bp – basis point

On a year-to-date basis, the increase in common shareholders' net income was driven by 13% growth in revenue and a decline in the provision for credit losses, partially offset by an increase in non-interest expenses. Revenue growth included a 10% increase in net interest income and a 41% increase in non-interest income from the wealth acquisition. The increase in net interest income was attributable to 7% annual loan growth and a three basis point increase in net interest margin. Non-interest expenses were up 18%, or approximately 7% excluding the wealth acquisition and costs associated with operating our AIRB tools and processes. A 19 basis point provision for credit losses as a percentage of average loans was 15 basis points lower than the prior year, reflecting a 21 basis point decline in the performing loan provision for credit losses due to an improved macroeconomic outlook through the first half of 2021, offset by a six basis point increase in the impaired loan provision for credit losses.

Strategic Performance

We continue to transform our capabilities to offer a superior full-service client experience through a complete range of in-person and digital channels, delivered by our highly engaged teams that operate within a client-centric, collaborative and change-ready culture. Our differentiated market position and transformation-focused strategy sets the stage for CWB to be a disruptive force in Canadian financial services, deliver profitable long-term growth and provide attractive, sustainable returns to investors.

This quarter, work progressed as expected on our key strategic projects, including the development of digital onboarding for small business clients and enhanced digital banking platforms for all business and personal clients. In addition, this quarter we:

- were recognized by Great Place to Work® as one of the 50 Best Workplaces™ in Canada, for the second consecutive year;
- continued to focus on our geographic diversification strategy, with formalized plans to open a new banking centre in Ontario in fiscal 2022, building on the success of our Mississauga banking centre opened in August 2020;
- continued our progress towards AIRB approval. We plan to implement enhancements to improve the efficiency and effectiveness of our AIRB tools and processes that we identified through our parallel run. We expect the implementation of these enhancements to extend our timeline for resubmission of our application to the Office of the Superintendent of Financial Institutions Canada (OSFI) beyond the first half of 2022, as previously expected; and,
- progressed development of the Virtual COO solution in partnership with Temenos, a global leader in banking software, to provide small business owners with a differentiated digital banking experience and accelerate our full-service client growth. The explainable artificial-intelligence powered solution, which is scheduled for a limited initial roll-out in the second half of 2021, will provide our small business owner clients with access to real-time information on their financial health and relevant insights to accelerate their business growth.

Capital Management

During the third quarter of fiscal 2021, we intend to establish an at-the-market (ATM) common equity distribution program that will allow for the incremental issuance, at our discretion and if needed, of up to $150 million of common shares at market prices in effect at the time. This program will provide additional flexibility to gradually support stronger than expected loan growth, while prudently managing our regulatory capital ratios.

Following the successful issuance of our $175 million Series 1 NVCC LRCN in October 2020, we completed the issuance of $150 million Series 2 NVCC LRCN in March 2021. With the recent LRCN issuances that bolstered our Tier 1 and Total capital ratios, we intend to redeem all of the outstanding NVCC Non-Cumulative 5-Year Rate Reset First Preferred Shares Series 7, in accordance with the provisions of the Series 7 Preferred Shares. If we proceed with the redemption, we estimate that it will reduce our Tier 1 and Total capital ratios by approximately 50 basis points. This announcement does not constitute a notice of redemption. If a decision is made to proceed with the redemption, formal notice will be provided in accordance with the provisions of the Series 7 Preferred Shares.

About CWB Financial Group

CWB Financial Group (CWB) is a diversified financial services organization known for a highly proactive client experience serving businesses and individuals across Canada. CWB's key business lines include full-service business and personal banking offered through branch locations of Canadian Western Bank, and personal banking through our digital channels, including Motive Financial. Highly responsive nation-wide specialized financing is delivered under the banners of CWB Optimum Mortgage, CWB Equipment Financing, CWB National Leasing, CWB Maxium Financial and CWB Franchise Finance. Trust services are offered through CWB Trust Services. Comprehensive wealth management services are provided through CWB Wealth Management and its affiliate brands, including T.E. Wealth, Leon Frazer & Associates, CWB McLean & Partners, and Canadian Western Financial. As a public company on the Toronto Stock Exchange (TSX), CWB trades under the symbols "CWB" (common shares), "CWB.PR.B" (Series 5 preferred shares), "CWB.PR.C" (Series 7 preferred shares) and "CWB.PR.D" (Series 9 preferred shares). Learn more at www.cwb.com.

Fiscal 2021 Second Quarter Results Conference Call

CWB's second quarter results conference call is scheduled for Friday, May 28, 2021, at **10:00 a.m. ET (8:00 a.m. MT**). CWB's executives will comment on financial results and respond to questions from analysts.

The conference call may be accessed on a listen-only basis by dialing (647) 427-7450 (Toronto) or 1 (888) 231-8191 (toll-free) and entering passcode: 5359996. The call will also be webcast live on CWB's website:

www.cwb.com/investor-relations/quarterly-reports.

A replay of the conference call will be available until June 4, 2021 by dialing (416) 849-0833 (Toronto) or 1 (855) 859-2056 (toll-free) and entering passcode: 5359996.

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Contents

Selected Financial Highlights[1]

(unaudited) ($ thousands, except per share amounts)	For the three months ended **April 30 2021**	 January 31 2021	 April 30 2020	Change from April 30 2020	For the six months ended **April 30 2021**	 April 30 2020	Change from April 30 2020
Results from Operations							
Net interest income	**$ 216,964**	$ 215,453	$ 190,988	14 %	**$ 432,417**	$ 391,998	10 %
Non-interest income	**30,142**	29,635	23,376	29	**59,777**	42,338	41
Total revenue	**247,106**	245,088	214,364	15	**492,194**	434,336	13
Pre-tax, pre-provision income	**126,342**	130,474	113,314	11	**256,816**	233,102	10
Common shareholders' net income	**71,956**	79,237	51,381	40	**151,193**	123,324	23
Earnings per common share							
Basic	**0.83**	0.91	0.59	41	**1.74**	1.41	23
Diluted	**0.82**	0.91	0.59	39	**1.73**	1.41	23
Adjusted	**0.84**	0.93	0.60	40	**1.77**	1.43	24
Return on common shareholders' equity	**10.6 %**	11.3 %	7.9 %	270 bp[6]	**10.9 %**	9.5 %	140 bp[6]
Adjusted return on common shareholders' equity	**10.8**	11.5	8.0	280	**11.2**	9.6	160
Return on assets	**0.84**	0.91	0.65	19	**0.87**	0.78	9
Net interest margin	**2.53**	2.47	2.40	13	**2.50**	2.47	3
Efficiency ratio	**48.9**	46.8	47.1	180	**47.8**	46.3	150
Operating leverage[2]	**(4.2)**	(3.0)	(0.8)	(340)	**(3.6)**	(1.7)	(190)
Provision for credit losses on total loans as a percentage of average loans[3]	**0.20**	0.18	0.49	(29)	**0.19**	0.34	(15)
Provision for credit losses on impaired loans as a percentage of average loans[3]	**0.27**	0.24	0.22	5	**0.25**	0.19	6
Number of full-time equivalent staff	**2,516**	2,498	2,325	8 %	**2,516**	2,325	8 %
Per Common Share							
Cash dividends	**$ 0.29**	$ 0.29	$ 0.29	- %	**$ 0.58**	$ 0.57	2 %
Book value	**32.26**	32.24	31.24	3	**32.26**	31.24	3
Closing market value	**33.80**	28.45	22.03	53	**33.80**	22.03	53
Common shares outstanding (thousands)	**87,162**	87,101	87,100	-	**87,162**	87,100	-
Balance Sheet and Off-Balance Sheet Summary							
Assets	**$ 35,917,565**	$ 35,301,768	$ 32,958,184	9 %			
Loans[4]	**31,372,100**	30,566,902	29,197,575	7			
Deposits	**29,067,025**	28,635,312	26,147,086	11			
Debt	**2,587,326**	2,572,638	2,813,882	(8)			
Shareholders' equity	**3,527,213**	3,373,145	3,110,775	13			
Wealth Management							
Assets under management	**7,166,287**	6,763,658	1,981,062	262			
Assets under advisement and administration	**2,479,606**	2,372,393	339,403	631			
Assets under administration - other[5]	**12,525,645**	11,971,322	9,684,063	29			
Capital Adequacy							
Common equity Tier 1 ratio	**8.7 %**	8.8 %	9.1 %	(40) bp[6]			
Tier 1 ratio	**11.2**	10.8	10.5	70			
Total ratio	**12.9**	12.6	11.9	100			

(1) Includes certain non-IFRS measures – refer to definitions and detail provided on page 7.
(2) Excluding the impact of the wealth acquisition, our operating leverage ratio would have been positive 0.2% and 1.1% for the second and first quarters of fiscal 2021, respectively, and positive 0.6% for the first six months of fiscal 2021.
(3) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.
(4) Excludes the allowance for credit losses.
(5) Comprised of trust assets under administration, third-party leases under administration and loans under service agreements.
(6) bp – basis point

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A), dated May 27, 2021, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Canadian Western Bank (CWB) for the period ended April 30, 2021, available on SEDAR at www.sedar.com and on CWB's website at www.cwb.com.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in Canadian dollars.

Forward-looking Statements

From time to time, we make written and verbal forward-looking statements. Statements of this type are included in our Annual Report and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about our objectives and strategies, targeted and expected financial results, the outlook for CWB's businesses or for the Canadian economy, the intended redemption of the Series 7 Preferred Shares, including the timing thereof, and the estimated impact on our Tier 1 and Total capital ratios. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact", "goal", "focus", "potential", "proposed" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations and conclusions will not prove to be accurate, that our assumptions may not be correct and that our strategic goals may not be achieved.

A variety of factors, many of which are beyond our control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Canada, including housing market conditions, the volatility and level of liquidity in financial markets, fluctuations in interest rates and currency values, the volatility and level of various commodity prices, changes in monetary policy, changes in economic and political conditions, material changes to trade agreements, transition to the *Advanced Internal Ratings Based* (AIRB) approach for calculating regulatory capital, legislative and regulatory developments, legal developments, the level of competition, the occurrence of natural catastrophes, outbreaks of disease or illness that affect local, national or international economies, changes in accounting standards and policies, information technology and cyber risk, the accuracy and completeness of information we receive about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and our ability to anticipate and manage the risks associated with these factors. It is important to note that the preceding list is not exhaustive of possible factors.

Additional information about these factors can be found in the *Risk Management* section of our annual MD&A. These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. Any forward-looking statements contained in this document represent our views as of the date hereof. Unless required by securities law, we do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by us or on our behalf. The forward-looking statements contained in this document are presented for the purpose of assisting readers in understanding our financial position and results of operations as at and for the periods ended on the dates presented, as well as our strategic priorities and objectives, and may not be appropriate for other purposes.

Assumptions about the performance of the Canadian economy over the forecast horizon and how it will affect our business are material factors considered when setting organizational objectives and targets. In determining expectations for economic growth, we consider our own forecasts, economic data and forecasts provided by the Canadian government and its agencies, as well as certain private sector forecasts. These forecasts are subject to inherent risks and uncertainties that may be general or specific. The full extent of the impact that the COVID-19 pandemic, including government and regulatory responses to the outbreak, will have on the Canadian economy and our business is highly uncertain and difficult to predict at this time. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the *Outlook* and *Allowance for Credit Losses* sections of this MD&A and our annual MD&A.

Non-IFRS Measures

We use a number of financial measures to assess our performance against strategic initiatives and operational benchmarks. Non-IFRS measures provide readers with an enhanced understanding of how we view our ongoing performance. These measures may also provide the ability to analyze trends related to profitability and the effectiveness of our operations and strategies, and determine compliance against regulatory standards. To arrive at certain non-IFRS measures, we make adjustments to the results prepared in accordance with IFRS. Adjustments relate to items which we believe are not indicative of underlying operating performance. Some of these financial measures do not have standardized meanings prescribed by IFRS, and therefore, may not be comparable to similar measures presented by other financial institutions. The non-IFRS measures used in this MD&A are calculated as follows:

- Adjusted non-interest expenses – total non-interest expenses, excluding pre-tax amortization of acquisition-related intangible assets, and acquisition and integration costs. Acquisition and integration costs include direct and incremental costs incurred as part of the execution and ongoing integration of the acquisition of the businesses of T.E. Wealth and Leon Frazer & Associates.
- Adjusted common shareholders' net income – total common shareholders' net income, excluding the amortization of acquisition-related intangible assets, and acquisition and integration costs, net of tax.
- Pre-tax, pre-provision income – total revenue less adjusted non-interest expenses.
- Adjusted earnings per common share – diluted earnings per common share calculated with adjusted common shareholders' net income. Prior to the third quarter of fiscal 2020, this metric was named 'Adjusted cash earnings per common share'.
- Return on common shareholders' equity – annualized common shareholders' net income divided by average common shareholders' equity.
- Adjusted return on common shareholders' equity – annualized adjusted common shareholders' net income divided by average common shareholders' equity.
- Return on assets – annualized common shareholders' net income divided by average total assets.
- Efficiency ratio – adjusted non-interest expenses divided by total revenue.
- Net interest margin – annualized net interest income divided by average total assets.
- Provision for credit losses on total loans as a percentage of average loans – annualized provision for credit losses on loans, committed but undrawn credit exposures and letters of credit divided by average total loans. Provisions for credit losses related to debt securities measured at fair value through other comprehensive income (FVOCI) and other financial assets are excluded.
- Provision for credit losses on impaired loans as a percentage of average loans – annualized provision for credit losses on impaired loans divided by average total loans.
- Provision for credit losses on performing loans as a percentage of average loans – annualized provision for credit losses on performing loans (Stage 1 and 2) divided by average total loans.
- Operating leverage – growth rate of total revenue less growth rate of adjusted non-interest expenses.
- Basel III common equity Tier 1, Tier 1, Total capital, and leverage ratios – calculated in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).
- Risk-weighted assets – on and off-balance sheet assets assigned a risk weighting calculated in accordance with the *Standardized* approach guideline issued by OSFI.
- Average balances – average daily balances.

Adjusted Financial Measures

(unaudited) (thousands)	For the three months ended **April 30 2021**	January 31 2021	April 30 2020	Change from April 30 2020	For the six months ended **April 30 2021**	April 30 2020	Change from April 30 2020
Non-interest expenses	**$ 123,056**	$ 116,748	$ 102,254	20 %	**$ 239,804**	$ 203,642	18 %
Adjustments (before tax):							
Amortization of acquisition-related intangible assets	**(2,018)**	(1,991)	(1,204)	68	**(4,009)**	(2,408)	66
Acquisition and integration costs[(1)]	**(274)**	(143)	-	100	**(417)**	-	100
Adjusted non-interest expenses	**$ 120,764**	$ 114,614	$ 101,050	20 %	**$ 235,378**	$ 201,234	17 %
Common shareholders' net income							
Adjustments (after-tax):	**$ 71,956**	$ 79,237	$ 51,381	40 %	**$ 151,193**	$ 123,324	23 %
Amortization of acquisition-related intangible assets	**1,475**	1,456	904	63	**2,931**	1,808	62
Acquisition and integration costs[(1)]	**206**	109	-	100	**315**	-	100
Adjusted common shareholders' net income	**$ 73,637**	$ 80,802	$ 52,285	41 %	**$ 154,439**	$ 125,132	23 %

(1) Includes direct and incremental costs incurred as part the execution and ongoing integration of the acquisition of the businesses of T.E. Wealth and Leon Frazer & Associates.

Pre-tax, Pre-provision Income

(unaudited) (thousands)	For the three months ended **April 30 2021**	January 31 2021	April 30 2020	Change from April 30 2020	For the six months ended **April 30 2021**	April 30 2020	Change from April 30 2020
Total revenue	**$ 247,106**	$ 245,088	$ 214,364	15 %	**$ 492,194**	$ 434,336	13 %
Less:							
Adjusted non-interest expenses (see above)	**120,764**	114,614	101,050	20	**235,378**	201,234	17
Pre-tax, pre-provision income	**$ 126,342**	$ 130,474	$ 113,314	11 %	**$ 256,816**	$ 233,102	10 %

Strategy and Outlook

Q2 2021 Execution Against Strategic Priorities

We continue to transform our capabilities to offer a superior full-service client experience through a complete range of in-person and digital channels, delivered by our highly engaged teams that operate within a client-centric, collaborative and change-ready culture. Our differentiated market position and transformation-focused strategy as described in the 2020 Annual Report sets the stage for CWB to be a disruptive force in Canadian financial services, deliver profitable long-term growth and provide attractive, sustainable returns to investors.

In addition to the achievements noted below, during the quarter, work progressed on our key strategic projects, including the continued parallel run of our *Advanced Internal Ratings Based* (AIRB) tools and processes and the development of digital onboarding for small business clients and enhanced digital banking platforms for all business and personal clients.

To create value for the people who choose CWB	Q2 2021 strategic execution
Transform and optimize our capabilities to create an unrivaled experience for our clients	• Progressed development of the Virtual COO solution in partnership with Temenos, a global leader in banking software, to provide small business owners with a differentiated digital banking experience and accelerate our full-service client growth. The explainable artificial-intelligence powered solution, which is scheduled for a limited initial roll-out in the second half of 2021, will provide our small business owner clients with access to real-time information on their financial health and relevant insights to accelerate their business growth. • Launched a suite of personal credit cards, in partnership with Brim Financial, with a market-leading rewards program and access to innovative digital tools to deliver significant value to our personal clients.(1)
Drive a positive and inclusive culture and employee experience to create value for our people and remain a career destination for top talent	• CWB Financial Group recognized by Great Place to Work® as one of the 50 Best Workplaces™ in Canada, for the second consecutive year. • CWB Optimum Mortgage named the Top Mortgage Workplace in Canada by Canadian Mortgage Professional magazine. • Continued to support our employee-represented groups focused on inclusion and diversity, including the establishment of a new Asian, South Asian and Pacific Islander Alliance group.
Transform and diversify our business to create value for investors through break-out growth and enhanced profitability	• Grew relationship-based, branch-raised funding by 2% sequentially, driven by strong 6% growth in lower cost demand and notice deposits. Branch-raised deposits have increased 18% on an annual basis. • Continued to focus on our geographic diversification strategy, with formalized plans to open a new banking centre in Ontario in fiscal 2022, building on the success of our Mississauga banking centre opened in August 2020. • Continued to build greater funding diversity on the strength of our capital market deposit program, with two senior deposit notes totaling $750 million issued during the quarter at historically low credit spreads.

(1) We do not retain the underlying credit risk of the cards and outstanding balances are not carried on our balance sheet.

Strategic Transaction

On June 1, 2020, we completed the acquisition of 100% of the common shares of iA Investment Counsel Inc., an investment counsellor operating under the brands T.E. Wealth and Leon Frazer & Associates (the wealth acquisition) for a purchase price of $87 million. The wealth acquisition is a transformative step forward for CWB to become a leader in the Canadian private wealth industry, with focused capabilities in complex financial planning and investment management that are highly relevant to our business owner clients. With a significant portion of the client base in Ontario, the wealth acquisition will support our continued growth of strong full-service client relationships across the country. This quarter, we completed the strategic realignment of certain wealth teams to streamline integration of our operations and support our ability to provide a differentiated private wealth experience to our clients.

The wealth acquisition contributed $5.8 billion to assets under management, advisement and administration on the acquisition date, which increased to $6.6 billion at April 30, 2021, primarily due to market value appreciation of underlying assets supported by full advisor retention and no significant client attrition related to our acquisition. The wealth acquisition has contributed approximately $0.01 to adjusted earnings per common share in the first half of fiscal 2021, with higher levels of accretion anticipated in fiscal 2022.

Outlook

Continued strategic execution has positioned us to capture increased market share within a larger addressable market, despite ongoing economic uncertainty driven by the COVID-19 pandemic. We delivered strong performance in the first half of fiscal 2021 against a challenging economic backdrop, underpinned by strong branch-raised deposit and loan growth as we expanded full-service relationships with existing clients and successfully attracted new full-service clients that were within our risk appetite.

We expect that the trajectory of the current economic recovery will be dampened in the near-term by the third wave of rising COVID-19 cases across the country and restrictions put in place to slow the spread of the virus. Continued vaccine delivery has provided optimism for a strong economic recovery once restrictions are loosened, however significant uncertainty remains regarding how the economy will perform as currently enacted government support programs and stimulus measures conclude. Under the assumption of a gradual recovery of the economy, with no significant or prolonged periods of adverse conditions, we expect our strong financial performance in the first half of fiscal 2021 to continue. We now expect to deliver full year 2021 percentage growth of adjusted earnings per common share in the mid-teens, an increase compared to our expectations of mid-single digit percentage growth in the prior quarter, primarily as a result of stronger net interest income and lower provisions for credit losses than previously expected.

Higher net interest income is expected to be driven by stronger loan growth. Based on the current macroeconomic outlook, annual percentage loan growth is now anticipated to be in the high-single digits in fiscal 2021, where prudent. This compares to mid-single digit annual percentage loan growth expected in the prior quarter. Net interest margin is expected to fluctuate around 2.50% over the second half of the year on the assumption of relatively stable funding costs. We expect continued branch-raised deposit growth, but at a lower level than the first half of fiscal 2021, as strong growth from expanded full-service client relationships is expected to be partially offset by declines in deposits due to increased business and consumer spending through the expected economic recovery.

Our outlook for non-interest expenses in fiscal 2021 remains relatively unchanged overall. While certain expenses will remain lower than expected given the ongoing restrictions related to the COVID-19 pandemic, we will continue to make the planned investments in our strategic priorities, including increased costs to implement certain enhancements to our AIRB tools and processes. On a full year basis, we now expect an efficiency ratio between 48% to 49% due to stronger net interest income.

For the second half of fiscal 2021, we expect a total provision for credit losses in the range of high 20 to low 30 basis points, mostly attributable to impaired loan provisions for credit losses. Any significant improvement or deterioration in the macroeconomic outlook, or in the underlying credit performance of our borrowers as government support programs and stimulus measures conclude, could result in incremental volatility in our expected provision for credit losses.

Despite our expectation of improved economic conditions in 2021, potential for near-term volatility remains which may adversely affect our financial performance. Recent rising cases and the emergence of new variants of the virus emphasize the ongoing threat of COVID-19 and we continue to closely monitor developments. Further details on the impact of the COVID-19 pandemic on our teams and clients, and related elevated risk factors, are included in the *Impact of COVID-19 and Our Response* section of our annual MD&A for the year ended October 31, 2020.

It is also possible that economic conditions could improve more rapidly or robustly than expected, which could positively affect our financial results, including the potential to deliver higher than expected loan growth, where prudent. During the third quarter of fiscal 2021, we intend to establish an at-the-market (ATM) common equity distribution program that will allow for the incremental issuance, at our discretion and if needed, of up to $150 million of common shares at market prices in effect at the time. This program will provide additional flexibility to gradually support stronger than expected loan growth that is within our risk appetite and aligned with our strategic priorities, while prudently managing our regulatory capital ratios against our internal targets, which are well above regulatory minimums established by OSFI.

Financial Performance

Net Income and Profitability Ratios

Q2 2021 vs. Q2 2020

Common shareholders' net income of $72 million and diluted earnings per common share of $0.82 were up 40% and 39%, respectively, from the same quarter last year. Adjusted common shareholders' net income of $74 million and adjusted earnings per common share of $0.84 were up 41% and 40%, respectively. Pre-tax, pre-provision income of $126 million was up 11%. Total revenue increased 15%, which reflected a 14% increase in net interest income combined with a 29% increase in non-interest income, primarily attributable to the wealth acquisition. Net interest income increased 14% as a result of a 13 basis point increase in net interest margin and 7% annual loan growth. Non-interest expenses were up 20%, or approximately 9% excluding the wealth acquisition and costs associated with operating our AIRB tools and processes. A 20 basis point provision for credit losses as a percentage of average loans was 29 basis points lower than the same quarter last year, primarily due to improved macroeconomic forecasts associated with the ongoing economic recovery that drove a 34 basis point decrease in the performing loan provision for credit losses. We paid the first semi-annual coupon payment on our Series 1 Non-Viability Contingent Capital (NVCC) Limited Recourse Capital Notes (LRCN) during the quarter, which reduced common shareholders net income by $4 million, after-tax.

Q2 2021 vs. Q1 2021

Compared to the prior quarter, common shareholders' net income and diluted earnings per common share decreased 9% and 10%, respectively, primarily due to a 5% increase in non-interest expenses and the semi-annual Series 1 NVCC LRCN coupon payment made during the quarter. Adjusted common shareholders' net income and adjusted earnings per common share decreased 9% and 10%, respectively. Pre-tax, pre-provision income declined 3%. Total revenue increased 1%, despite three less interest-earning days this quarter, due to a six basis point increase in net interest margin, which included a one-time two basis point benefit associated with adjusting certain balance sheet management activities in response to a shift in our funding mix, and 3% sequential loan growth. The total provision for credit losses as a percentage of average loans was two basis points higher than last quarter, primarily due to a three basis point increase in the impaired loan provision for credit losses.

YTD 2021 vs. YTD 2020

Common shareholders' net income of $151 million and diluted earnings per common share of $1.73 both increased by 23%. Adjusted common shareholders' net income of $154 million and adjusted earnings per common share of $1.77 were up 23% and 24%, respectively. Pre-tax, pre-provision income of $257 million was up 10%. Total revenue grew 13%, with a 10% increase in net interest income and a 41% increase in non-interest income, primarily attributable to the wealth acquisition. The increase in net interest income was primarily driven by 7% annual loan growth and a three basis point increase in net interest margin. Non-interest expenses were up 18%, or approximately 7% excluding the wealth acquisition and costs associated with operating our AIRB tools and processes. A 19 basis point provision for credit losses as a percentage of average loans was 15 basis points lower than the prior year, with a 21 basis point decline in the performing loan provision for credit losses, reflecting the same factors noted in the comparison to the same quarter last year, offset by a six basis point increase in the impaired loan provision for credit losses.

ROE and ROA

Compared to the same quarter last year, the second quarter return on common shareholders' equity (ROE) of 10.6% and adjusted ROE of 10.8% increased 270 basis points and 280 basis points, respectively, primarily due to higher common shareholders' net income offset by an increase in average common shareholders' equity.

Compared to last quarter, ROE and adjusted ROE decreased 70 basis points, primarily driven by lower common shareholders' net income.

On a year-to-date basis ROE of 10.9% and adjusted ROE of 11.2% were 140 basis points and 160 basis points higher, respectively, reflective of an increase in common shareholders' net income partially offset by higher average common shareholders' equity.

The second quarter return on assets (ROA) of 0.84% was 19 basis points higher than the same quarter last year, reflective of higher common shareholders' net income partially offset by higher average assets. Compared to the prior quarter, ROA was seven basis points lower, primarily due to lower common shareholders' net income and higher average assets. On a year-to-date basis ROA of 0.87% was nine basis points higher due to the same factors noted in the comparison to the same quarter last year.

Total Revenue

Second quarter total revenue of $247 million grew 15% from the same quarter last year and increased 1% compared to the prior quarter, despite three fewer interest-earning days. On a year-to-date basis, total revenue of $492 million increased 13% from last year.

Net Interest Income

Q2 2021 vs. Q2 2020

Net interest income of $217 million was 14% higher than the same quarter last year due to the benefit of a 13 basis point increase in net interest margin and 7% annual loan growth, partially offset by one fewer interest-earning day this quarter. The increase in net interest margin was primarily due to proactive deposit pricing changes and a favourable shift in our funding mix as strong branch-raised deposit growth resulted in a decline in more expensive broker deposits. These factors were partially offset by the negative impact of the Bank of Canada's policy interest rate reductions in March 2020, which only impacted our results for a portion of the same quarter last year, and the negative impact of higher cash and securities balances this quarter primarily driven by strong deposit growth, the proceeds of capital market issuances, and incremental liquidity held to fund upcoming capital market maturities.

Q2 2021 vs. Q1 2021

Compared to the prior quarter, net interest income increased 1% as the benefits of a six basis point increase in net interest margin and 3% sequential loan growth more than offset the impact of three fewer interest-earning days. The increase in net interest margin reflected the positive impacts of proactive deposit pricing changes, a favourable shift in our funding mix from continued very strong growth of lower cost notice and demand branch-raised deposits, and a one-time two basis point benefit associated with adjusting certain balance sheet management activities in response to a shift in our funding mix.

YTD 2021 vs. YTD 2020

Net interest income of $432 million increased 10% from the prior year, reflecting the benefits of 7% annual loan growth and a three basis point increase in net interest margin. The increase in net interest margin primarily reflects the same factors noted in the comparison to the same quarter last year.

Non-interest Income

Q2 2021 vs. Q2 2020

Non-interest income of $30 million increased 29% from last year, primarily due to the wealth acquisition partially offset by lower net gains on securities, which were elevated last year as we re-balanced our cash and securities portfolio through the market disruption following the emergence of the COVID-19 pandemic.

Q2 2021 vs. Q1 2021

Non-interest income increased 2% from the prior quarter, primarily due to an increase in credit-related fees and higher foreign exchange revenue, recorded within 'other' non-interest income, partially offset by lower net gains on securities.

YTD 2021 vs. YTD 2020

On a year-to-date basis, non-interest income of $60 million increased 41%, primarily due to the wealth acquisition, partially offset by lower net gains on securities.

Non-interest Expenses

Q2 2021 vs. Q2 2020

Non-interest expenses of $123 million were up 20% ($21 million), or approximately 9% ($9 million) excluding the wealth acquisition and $2 million of costs associated with operating our AIRB tools and processes. This includes amortization of accumulated capital costs of our AIRB implementation, recognized in non-interest expenses for the first time last quarter. The remaining increase was driven by continued investment in our people and technology infrastructure to support strategic execution and depreciation of our previous capital investments. We remain committed to balance strong fiscal responsibility with the effective execution of our strategic priorities to further optimize our business as we position ourselves to continue to deliver an unrivaled experience to our clients.

Q2 2021 vs. Q1 2021

Non-interest expenses were up 5% ($6 million) sequentially, primarily due to higher salary and benefit costs driven by the seasonal increase in employee benefits combined with higher performance-based compensation reflective of our strong financial performance through the first half of fiscal 2021, and continued investment in our technology infrastructure.

YTD 2021 vs. YTD 2020

On a year-to-date basis, non-interest expenses of $240 million were up 18% ($36 million), or 7% ($14 million) excluding the wealth acquisition and $4 million of costs associated with operating our AIRB tools and processes. The remaining increase was driven by the same factors noted in the comparison to the same quarter last year.

Efficiency ratio

The second quarter efficiency ratio of 48.9% increased from 47.1% last year and 46.8% last quarter. Excluding the impact of the wealth acquisition, the second quarter efficiency ratio of 47.1% was consistent with last year and increased from 45.1% last quarter due to non-interest expense growth outpacing revenue growth, primarily due to three fewer interest-earning days this quarter. On a year-to-date basis, our efficiency ratio increased to 47.8% compared to 46.3% in the prior year, reflective of the wealth acquisition. Excluding the impact of the wealth acquisition, our efficiency ratio improved to 46.1% compared to 46.3% in the prior year.

Income Taxes

The second quarter effective income tax rate was 25.5%, down 70 basis points from the same quarter last year and 50 basis points from last quarter, primarily due to the impact of non-recurring adjustments to the carrying value of deferred tax assets recognized in the prior quarter. On a year-to-date basis, the effective tax rate was 25.8%, down 40 basis points compared to last year. The decrease from the prior year primarily reflects the acceleration of the previously announced Alberta corporate tax rate reduction, from 10% to 8% effective July 1, 2020, as part of the province's COVID-19 economic recovery plan.

Comprehensive Income

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

Q2 2021 vs. Q2 2020

Comprehensive income of $48 million was down 69% ($106 million) from last year, resulting from a $130 million decrease in OCI partially offset by a $24 million increase in net income. Lower OCI was primarily driven by decreases in the change in fair value of derivatives designated as cash flow hedges ($113 million) and changes in fair value of debt securities measured at FVOCI ($17 million) due to an increase in market interest rates. Our cash and securities portfolio, classified at FVOCI, is predominantly comprised of debt securities issued or guaranteed by Canada, a province or a municipality. Fluctuations in fair value are generally attributed to changes in interest rates, movement in market credit spreads and shifts in interest rate curves.

Q2 2021 vs. Q1 2021

Comprehensive income decreased 33% ($24 million) on a sequential basis, primarily due to a $20 million decrease in OCI and a $4 million decrease in net income. Lower OCI was primarily driven by decreases in the change in fair value of derivatives designated as cash flow hedges ($13 million) and changes in fair value of debt securities measured at FVOCI ($7 million).

YTD 2021 vs. YTD 2020

Year-to-date comprehensive income of $120 million was down 51% ($123 million) from last year, resulting from a $155 million decrease in OCI partially offset by a $32 million increase in net income. Lower OCI was driven by decreases in the change in fair value of derivatives designated as cash flow hedges ($137 million), and the change in fair value of debt securities measured at FVOCI ($18 million).

Balance Sheet

Total assets were $35.9 billion, up 9% from one year ago and 2% from last quarter.

Cash and Securities

Our cash and securities portfolio is mainly comprised of high-quality debt instruments that are not held for trading purposes and are typically held to maturity. Cash, securities and securities purchased under resale agreements totaled $3.9 billion, compared to $3.1 billion last year and $4.1 billion last quarter. Average balances of cash and securities for the three months ended April 30, 2021 of $4.0 billion were up 45% from last year and 7% from last quarter. On a year-to-date basis, average balances of cash and securities of $3.8 billion were 49% higher than last year. These increases were primarily due to strong deposit growth, the proceeds of capital market issuances, and incremental liquidity held to fund upcoming capital market maturities.

Consistent with our risk appetite, we continue to maintain a prudent liquidity position and conservative investment profile. Our liquidity management is based on an internal stressed cash flow model, with the level of liquid assets driven primarily by the term structure of both assets and liabilities, and the liquidity structure of liabilities. The composition of our total liquid assets supports ongoing compliance with the OSFI *Liquidity Adequacy Requirements* (LAR) guideline and our own internal policies.

Net unrealized gains on cash and securities recorded on the balance sheet totaled $3 million compared to $16 million last year and $12 million last quarter. During the quarter, we realized minimal net gains on securities, compared to $6 million one year ago and $1 million last quarter. The realized net gains on securities in the prior year related to re-balancing our cash and securities portfolio as we navigated through market disruptions.

Loans

Total loans, excluding the allowance for credit losses, of $31.4 billion increased 7% ($2.2 billion) from last year. Growth in the second quarter was very strong at 3% ($0.8 billion).

(unaudited) (millions)	**April 30 2021**	% of total as at April 30 2021	January 31 2021	April 30 2020	Change from April 30 2020
General commercial loans	**$ 10,412**	33 %	$ 10,027	$ 9,548	9 %
Commercial mortgages	**6,393**	20	5,868	5,149	24
Personal loans and mortgages	**5,976**	19	6,120	5,812	3
Equipment financing and leasing	**5,239**	17	5,183	5,160	2
Real estate project loans	**3,065**	10	3,148	3,316	(8)
Oil and gas production loans	**287**	1	221	213	35
Total loans outstanding[(1)]	**$ 31,372**	100 %	$ 30,567	$ 29,198	7 %

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

Q2 2021 vs. Q2 2020

Strong growth in the strategically targeted general commercial portfolio of 9%, including 15% growth in Ontario, reflected our focus to increase full-service client relationships across our national footprint.

Very strong growth in commercial mortgages of 24% primarily reflected strong new lending volumes in British Columbia and Alberta with high-quality borrowers that remain within our risk appetite. We were also successful in providing lending to existing clients as they transitioned to commercial mortgages upon completion of real estate project loans.

The 3% increase in personal loans and mortgages primarily reflected "A" mortgage portfolio growth, which largely consists of residential mortgages eligible for bulk portfolio insurance, to support our participation in the *National Housing Act Mortgage Backed Securities* (NHA MBS) program.

Real estate project loans declined 8%, driven by successful project completions, primarily in British Columbia. The economic impact of the COVID-19 pandemic negatively impacted project starts and slowed the pace of projects underway, given physical distancing protocols. Improvement in economic conditions has resulted in an increase in new project starts and our pipeline of approved future developments is very strong.

Oil and gas production loans were up $74 million, primarily due to participation in syndicated facilities that remain within our risk appetite. Our exposure to oil and gas production and service businesses each represent 1% of our total loans.

Q2 2021 vs. Q1 2021

General commercial loans increased 4% during the quarter, led by strong growth in Alberta and Ontario.

Personal loans and mortgages decreased 2% due to a contraction in our residential mortgage portfolio, primarily in Ontario and British Columbia.

Commercial mortgages increased 9%, primarily due to the successful conversion of real estate project loans to commercial mortgages upon project completion and new lending associated with future redevelopment activities with existing high-quality clients.

Growth in equipment financing and leasing of 1% was driven by increasing levels of capital investment by our clients, reflective of improving economic conditions.

Real estate project loans declined 3%, primarily driven by the impact of successful project completions, mainly in British Columbia.

Oil and gas production loans were up $66 million, primarily from participation in syndicated facilities that remain within our risk appetite.

Geographic diversification

(unaudited) (millions)	**April 30 2021**	% of total as at April 30 2021	January 31 2021	April 30 2020	Change from April 30 2020
British Columbia	**$ 10,150**	32 %	$ 9,893	$ 9,557	6 %
Alberta	**9,872**	32	9,561	9,209	7
Ontario	**7,252**	23	7,187	6,601	10
Saskatchewan	**1,524**	5	1,414	1,430	7
Quebec	**997**	3	960	927	8
Manitoba	**950**	3	921	864	10
Other	**627**	2	631	610	3
Total loans outstanding(1)	**$ 31,372**	100 %	$ 30,567	$ 29,198	7 %

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

Q2 2021 vs. Q2 2020

We continue to execute on our geographic diversification strategy. Ontario loans grew 10%, supported by our increased presence with the opening of our Mississauga banking centre. Growth in Alberta was primarily related to general commercial loans and commercial mortgages. Growth in British Columbia was dampened by the contraction of real estate project loans.

Q2 2021 vs. Q1 2021

On a sequential basis, total outstanding loans were up 3%, with very strong sequential growth in nearly all provinces. Growth was strongest in Alberta, British Columbia and Saskatchewan, driven by our commercial mortgage and general commercial portfolios. Loan growth of 1% in Ontario was driven by very strong general commercial loan growth partially offset by a decline in personal loans and mortgages.

Credit Quality

Credit quality continues to reflect the secured nature of our lending portfolio, disciplined underwriting practices and proactive loan management.

Gross impaired loans

The level of gross impaired loans fluctuates as loans become impaired and are subsequently resolved, and does not directly reflect the dollar value of expected write-offs given tangible security held in support of lending exposures. Gross impaired loans totaled $298 million, compared to $271 million one year ago and $284 million last quarter.

(unaudited) (thousands)	For the three months ended **April 30 2021**	January 31 2021	April 30 2020	Change from April 30 2020
Gross impaired loans, beginning of period	**$ 283,707**	$ 257,141	$ 242,811	17 %
New formations	**55,666**	83,598	91,789	(39)
Reductions, impaired accounts paid down or returned to performing status	**(32,423)**	(50,550)	(46,724)	(31)
Write-offs	**(8,856)**	(6,482)	(16,427)	(46)
Total(1)	**$ 298,094**	$ 283,707	$ 271,449	10 %
Balance of the ten largest impaired accounts	**133,285**	104,353	104,079	28 %
Total number of accounts classified as impaired(2)	**376**	396	390	(4)
Gross impaired loans as a percentage of gross loans	**0.95 %**	0.93 %	0.93 %	2 bp(3)

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $3,093 (January 31, 2021 – $3,126; April 30, 2020 – $6,047).
(2) Total number of accounts excludes CWB National Leasing.
(3) bp – basis point

The dollar level of gross impaired loans represented 0.95% of gross loans, up from 0.93% last year and last quarter. New impaired loan formations of $56 million were significantly lower than $92 million last year and $84 million last quarter. Resolutions of impaired loans were $32 million compared to $47 million last year and $51 million last quarter. We continue to carefully monitor the entire loan portfolio for signs of weakness and have not identified any current or emerging systemic issues.

We continue to closely monitor our loan portfolio to assess evolving risk profiles, with a focus on industries particularly affected by the current restrictions put in place to slow the spread of the virus, including restaurants and hotels. Our exposure within these industries is well-diversified and supported by high-quality, resilient borrowers. Our strong credit risk management framework, including well-established underwriting standards, secured lending with conservative loan-to-value ratios and proactive approach to working with clients through difficult periods has proven to be very effective, as demonstrated by our demonstrated history of low write-offs as a percentage of total loans, including through past periods of financial uncertainty.

Total allowance for credit losses

At April 30, 2021, the total allowance for credit losses (Stages 1, 2 and 3) was $186 million, compared to $135 million one year ago and $173 million last quarter. The performing loan allowance (Stage 1 and 2), which is our most significant accounting estimate, consists of expected credit losses (ECL) in the portfolio that are not presently identifiable on an account-by-account basis. The allowance for impaired loans consists of the amounts required to reduce the carrying value of individually identified impaired loans to their estimated realizable value. Further information relating to our total allowance for credit losses is provided in Note 4 of the interim consolidated financial statements for the period ended April 30, 2021.

(unaudited) (thousands)	**April 30 2021**	January 31 2021	April 30 2020	Change from April 30 2020
Performing (Stage 1 and 2)				
Loans	**$ 116,013**	$ 121,241	$ 106,990	8 %
Committed but undrawn credit exposures and letters of credit	**4,620**	4,719	3,683	25
	120,633	125,960	110,673	9
Impaired loans (Stage 3)	**65,677**	46,874	24,492	168
Total	**$ 186,310**	$ 172,834	$ 135,165	38 %

Performing loan allowance

The performing loan allowance is estimated based on 12-month expected credit losses for loans in Stage 1, while loans in Stage 2 require the recognition of lifetime expected credit losses. The proportion of performing loans in Stage 2 at the end of the second quarter was 12%, compared to 18% last year and 13% last quarter. The relatively short duration of our loan portfolios, particularly our personal loans and mortgages, limits the impact on our performing loan allowance when loans migrate from Stage 1 to Stage 2. Tangible security held and conservative loan-to-value ratios also decrease the overall sensitivity of our allowance for credit losses to changes in forecasted economic conditions.

The performing loan allowance of $121 million increased 9% from the prior year, due to the impact of evolving macroeconomic forecasts following the emergence of COVID-19 and annual loan growth of 7%. The macroeconomic forecast used in the estimation of the performing loan allowance in the second quarter last year assumed a significant deterioration in macroeconomic factors to the end of the third quarter of fiscal 2020, followed by a sharp recovery fueled by successful re-opening of the economy and reflecting the impact of various government and central bank stimulus programs. Compared to the prior year, the macroeconomic forecast in the current quarter reflects the expectation of a more gradual recovery of economic conditions and higher predicted borrower default rates, which resulted in an increase in estimated expected credit losses.

The forecast used in our estimation of the performing loan allowance this quarter, which is based on an average of the large Canadian banks' macroeconomic forecasts, was slightly more optimistic than the outlook last quarter. This resulted in a $5 million (4%) decrease in the estimated performing loan allowance compared to last quarter.

Key economic variables incorporated in our ECL models are inherently prone to volatility on a forward-looking basis. While economic conditions are expected to be less volatile than those experienced in fiscal 2020, we continue to expect fluctuations in the near-term driven by evolving measures enacted by all levels of government to slow the spread of the COVID-19 virus and the impact of ongoing vaccine delivery. Hindsight cannot be used, so while these evolving assumptions may result in future forecasts that differ from those used in the ECL estimation at April 30, 2021, those changes will be reflected in future quarters. For further details on the economic factors incorporated into the estimation of the performing loan allowance, see Note 4 of the interim consolidated financial statements for the period ended April 30, 2021.

In estimating the performing loan allowance, we continue to supplement our modeled ECL to reflect expert credit judgements. These expert credit judgements account for the variability in the results provided by the models and consider the lagging impacts of typical credit cycles, where loan defaults occur in periods subsequent to the onset of a decline in macroeconomic conditions. These expert credit judgements also allow us to incorporate the estimated impact of the unprecedented levels of government stimulus and support, which cannot be modelled using historical data as they have not occurred in the past.

Impaired loan allowance

The allowance for impaired loans (Stage 3) was $66 million, compared to $24 million last year and $47 million last quarter. Given the larger average exposure size within our commercial portfolios in comparison to personal loans, our impaired loan allowances and provisions for credit losses may fluctuate as loans become impaired and are subsequently resolved. In determining allowances for impaired loans, we establish estimates through detailed analysis of both the overall quality and ultimate marketability of the security held against each impaired account on a case-by-case basis.

Provision for credit losses

The second quarter provision for credit losses on total loans as a percentage of average loans was 20 basis points, down 29 basis points from last year and up two basis points last quarter. Our approach to managing credit risk has proven to be very effective and we continue to experience low write-offs as a percentage of total loans.

(unaudited) (as a % of average loans)	For the three months ended April 30 2021	January 31 2021	April 30 2020	Change from April 30 2020	For the six months ended April 30 2021	April 30 2020	Change from April 30 2020
Provision for credit losses							
Performing loans	**(0.07) %**	(0.06) %	0.27 %	(34) bp[1]	**(0.06) %**	0.15 %	(21) bp[1]
Impaired loans	**0.27**	0.24	0.22	5	**0.25**	0.19	6
Total	**0.20**	0.18	0.49	(29)	**0.19**	0.34	(15)
Write-offs	**0.12**	0.09	0.23	(11)	**0.10**	0.19	(9)

(1) bp – basis point

The impaired loan provision for credit losses in the second quarter of $20 million, compared to $15 million last year and $18 million last quarter, represented 27 basis points as a percentage of average loans and included the impact of new impairments, resolutions and recoveries of previously written-off amounts during the quarter.

The performing loan provision for credit losses was a net recovery of $5 million, or seven basis points as a percentage of average loans, compared to a charge of $19 million last year and a recovery of $4 million last quarter. Last year, the performing loan provision for credit losses reflected a significant deterioration in macroeconomic assumptions related to the estimated economic impact of the COVID-19 pandemic, which resulted in a larger proportion of loans in Stage 2. The recovery this quarter and last quarter reflected improvements in the near-term forecast and a migration of loans back to Stage 1. For further details on the estimation of the performing loan allowance, see the *Performing loan allowance* section.

Deposits and Funding

Total deposits were up 11% ($2.9 billion) from last year and 2% ($0.4 billion) from last quarter. Branch-raised deposits increased 18% ($2.8 billion) from last year and 2% ($0.4 billion) compared to last quarter.

(unaudited) (millions)	April 30 2021	January 31 2021	April 30 2020	Change from April 30 2020
Deposits by source and type				
CWB Financial Group branch-raised				
Demand and notice	**$ 13,392**	$ 12,676	$ 10,025	34 %
Term	**4,611**	4,896	5,218	(12)
	18,003	17,572	15,243	18
Broker term	**6,586**	6,969	7,453	(12)
Capital markets	**4,478**	4,094	3,451	30
Total deposits	**$ 29,067**	$ 28,635	$ 26,147	11 %

Q2 2021 vs. Q2 2020

We continue to deliver on our funding diversification strategy. Our teams grew branch-raised deposits by 18%, which now represent 62% of total deposits, up from 58% last year. Branch-raised deposit growth was generated in demand and notice products, our lowest cost source of funding, and reflects very strong performance from our banking branches, CWB Trust Services and Motive Financial as we continue to expand our full-service relationships with existing and new clients. Demand and notice deposits increased 34% and now account for 46% of total deposits, compared to 38% last year.

Capital market deposits increased $1.0 billion from last year, reflective of four senior deposit note issuances, and represented 15% of total deposits at quarter end, up from 13% in the prior year.

Very strong branch-raised deposit growth resulted in a 12% decline in broker-sourced deposits, which now represent 23% of total deposits, compared to 29% last year. The broker deposit market continues to be a deep and efficient source to raise insured fixed term retail deposits and has proven to be a reliable and effective way to access funding and liquidity over a wide geographic base. We raise only fixed term broker deposits with terms to maturity between one and five years.

Q2 2021 vs. Q1 2021

Total deposits were up 2% from the prior quarter. Branch-raised deposits increased 2% during the quarter, with our banking branches contributing to the majority of the increase. We have consistently delivered strong growth of branch-raised deposits over the past two years, resulting from our focus on growth of full-service client relationships leveraging our expanded product offering and capabilities. The proportion of branch-raised deposits to total deposits increased to 62% this quarter as compared to 61% last quarter. Lower-cost demand and notice deposits increased 6% and now account for 46% of total deposits, up from 44% last quarter.

Capital market deposits increased 9% ($384 million) from last quarter. Broker deposit balances continued to trend downwards, with a decline of 6% this quarter, and represented 23% of total deposits compared to 24% last quarter.

Securitization

Securitized leases, loans and mortgages are reported on-balance sheet with total loans. The gross amount of securitized leases and loans at April 30, 2021 was $1.7 billion, down $0.1 billion from last year and consistent with last quarter. The gross amount of mortgages securitized under the NHA MBS program was $1.2 billion, up from $1.0 billion one year ago and consistent with last quarter. Year-to-date funding from the securitization of leases, loans and mortgages was $568 million compared to $726 million last year.

Securitization funding of $2.2 billion, recorded as debt on our balance sheet, remained consistent with last year and last quarter.

Other Assets and Other Liabilities

Other assets totaled $809 million at April 30, 2021, compared to $747 million last year and $813 million last quarter. The change from last year was primarily driven by an increase in goodwill and intangible assets, mainly related to the wealth acquisition, partially offset by lower fair values of derivatives used for interest rate risk management purposes.

Other liabilities totaled $736 million at April 30, 2021, compared to $885 million last year and $720 million last quarter. The decrease from prior year was related to the timing of payments.

Interest Rate Sensitivity

Note 11 of the interim consolidated financial statements for the period ended April 30, 2021 provides the asset-liability gap position for select time intervals and information on the estimated impact of a one-percentage point increase or decrease in interest rates on net interest income and other comprehensive income. The analysis is a static measurement of interest rate sensitivity gaps at a specific point in time, and there is potential for these gaps to change significantly over a short period. The impact on common shareholders' net income from changes in market interest rates depends on both the magnitude of and speed with which interest rates change, as well as the size and maturity structure of the cumulative interest rate gap position and the management of those positions over time.

We maintain an asset-liability structure and interest rate sensitivity within our established policies through pricing and product initiatives, as well as the use of interest rate swaps and other appropriate strategies. Differences in the respective sensitivity of net interest income and other comprehensive income to changes in interest rates compared to last year primarily reflects the current interest rate environment and balance sheet composition.

Off-Balance Sheet

Wealth management assets under management, advisement and administration were $9.6 billion at April 30, 2021, compared to $2.3 billion one year ago and $9.1 billion last quarter. The wealth acquisition contributed $5.8 billion to assets under management, advisement and administration on the acquisition date, which increased to $6.6 billion at April 30, 2021, primarily due to market value appreciation of underlying assets supported by full advisor retention and no significant client attrition related to our acquisition.

Other assets under administration totaled $12.5 billion at quarter end, up from $9.7 billion a year earlier and $12.0 billion last quarter. The increases reflected CWB Trust Services growth combined with an increase in the market value of underlying assets.

Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit). We do not utilize, nor do we have exposure to, collateralized debt obligations or credit default swaps.

Capital Management

OSFI requires Canadian financial institutions to manage and report regulatory capital in accordance with the Basel III capital management framework. We currently report regulatory capital ratios using the *Standardized* approach for calculating risk-weighted assets, which requires us to carry significantly more capital for certain credit exposures compared to requirements under the AIRB methodology. For this reason, regulatory capital ratios of banks that utilize the *Standardized* approach are not directly comparable with the large Canadian banks and other financial institutions that utilize the AIRB methodology. Our required minimum regulatory capital ratios, including a 250 basis point capital conservation buffer, are 7.0% common equity Tier 1 (CET1), 8.5% Tier 1 and 10.5% Total capital. We manage our capital based on internal targets established to maintain capital positions in excess of regulatory minimums in order to provide sufficient flexibility to support growth of our businesses while building long-term shareholder value, with consideration of our risk appetites, as well as the results of stress testing and contingency planning.

Regulatory Capital and Capital Adequacy Ratios

Our capital ratios were 8.7% CET1, 11.2% Tier 1 and 12.9% Total capital at April 30, 2021. Our Basel III leverage ratio was 8.8% at April 30, 2021.

(unaudited) (millions)	**April 30 2021**	January 31 2021	April 30 2020
Regulatory capital			
CET1 capital before deductions	**$ 2,758**	$ 2,726	$ 2,603
Net CET1 deductions[1]	**(310)**	(305)	(225)
CET1 capital	**2,448**	2,421	2,378
Tier 1 capital	**3,163**	2,986	2,768
Total capital	**3,645**	3,471	3,117
Risk-weighted assets	**$ 28,250**	$ 27,546	$ 26,235
Capital adequacy ratios			
CET1	**8.7 %**	8.8 %	9.1 %
Tier 1	**11.2**	10.8	10.5
Total	**12.9**	12.6	11.9
Leverage ratio[2]	**8.8**	8.4	8.3

(1) Includes deductions related to goodwill and intangible assets offset by the transitional arrangement related to the capital treatment of the performing loan allowance, net of related tax. The implementation of the performing loan allowance transitional arrangement, which has no impact on the total capital ratio, resulted in an $11 million increase to CET1 and Tier 1 capital (January 31, 2021 – $13 million; October 31, 2020 – $21 million) and an approximate five basis point increase in the CET1 and Tier 1 ratios at April 30, 2021 (January 31, 2021 – approximately five basis points; April 30, 2020 – approximately four basis points).

(2) Sovereign-issued securities that qualify as High Quality Liquid Assets under the LAR guideline are temporarily excluded from the leverage ratio exposure measure until December 31, 2021. This exclusion increased our leverage ratio by approximately 10 basis points at April 30, 2021 (January 31, 2021 – approximately five basis points; April 30, 2020 – approximately 10 basis points).

Significant Changes

Our CET1 capital ratio declined 40 basis points from the prior year and 10 basis points from last quarter. The decrease from the prior year primarily reflected the impact of the wealth acquisition. The reduction from last quarter resulted from strong loan growth, which resulted in risk-weighted asset growth that exceeded retained earnings growth.

The Tier 1 capital ratio increased 70 basis points from the prior year and 40 basis points from last quarter. The increase from the prior year and prior quarter reflected the Series 2 NVCC LRCN issuance of $150 million on March 25, 2021, which contributed approximately 55 basis points to the Tier 1 and Total capital ratios, partially offset by the factors noted above. Compared to last year, the increase also included the benefit of the $175 million Series 1 NVCC LRCN issuance on October 30, 2020. With the recent LRCN issuances that bolstered our Tier 1 and Total capital ratios, we plan to redeem our Series 7 preferred shares, which are included in Tier 1 capital and are eligible for redemption on July 31, 2021. The redemption will reduce our Tier 1 and Total capital ratios by approximately 50 basis points.

The Total capital ratio increased 100 basis points from last year and 30 basis points from last quarter due to the items noted above. The increase from the prior year also reflected the benefit of a $125 million NVCC subordinated debenture issuance on June 29, 2020.

Dividends

We evaluate common share dividends each quarter considering the strength of our capital positon and capital requirements under the *Standardized* approach to support ongoing strong and balanced asset growth. OSFI has mandated that federally-regulated financial institutions must continue to suspend dividend increases and the use of share buyback programs until further notice.

Common shareholders received a quarterly cash dividend of $0.29 per common share on March 25, 2021. On May 27, 2021, our Board of Directors declared a cash dividend of $0.29 per common share, payable on June 24, 2021 to shareholders of record on June 10, 2021. This quarterly dividend is consistent with the dividends declared last year and last quarter. Consistent with the dividends paid to preferred shareholders on April 30, 2021, the Board of Directors also declared cash dividends of $0.2688125 per Series 5, $0.390625 per Series 7, and $0.375 per Series 9 preferred shares, all payable on July 31, 2021 to shareholders of record on July 23, 2021.

Further information related to our capital position is provided in Note 16 of the audited consolidated financial statements for the year ended October 31, 2020 and Note 7 of the interim consolidated financial statements for the period ended April 30, 2021.

Book Value per Common Share

Book value per common share at April 30, 2021 of $32.26 was relatively consistent with last quarter as the benefit of retained earnings growth was offset by a reduction in accumulated other comprehensive income driven by an increase in market interest rates. The 3% increase from a book value of $31.24 last year primarily reflects sustained common shareholders' net income growth partially offset by a decline in accumulated other comprehensive income.

Regulatory Updates

Basel III Reforms

In October 2018, OSFI released a discussion paper that provided a preliminary overview of the scope and timing of the proposed implementation of the final Basel III reforms in Canada. The proposed changes included adjustments to the calculation of risk-weighted assets under both the *Standardized* approach and the internal ratings-based approach to credit risk, operational risk, and credit valuation adjustments, as well as to the AIRB capital floors. In March 2021, OSFI launched an industry consultation, which closes on June 4, 2021, on proposed regulatory changes to introduce the latest and final round of Basel III reforms into its capital, leverage and liquidity requirements, and related disclosure guidelines. The revisions, compared to the discussion paper previously released, include changes to reflect specific capital and liquidity requirements applicable to small- and medium-sized deposit-taking institutions. The new guidelines are expected to become effective in the first quarter of 2023.

New Minimum Qualifying Rate for Uninsured Mortgages

In May 2021, OSFI released updated guidelines on the minimum qualifying rate for uninsured mortgages. The new guidance establishes a qualifying rate based on a fixed floor rather than a current benchmark rate, effective June 1, 2021. The new qualifying rate for uninsured mortgages is the higher of the contractual mortgage rate plus 2%, or a minimum floor of 5.25%. OSFI has committed to review the floor, at a minimum, every December as well as in advance of the high-volume housing spring season. We do not expect this change will have a significant impact on our residential mortgage lending.

AIRB Transition

A parallel run of our AIRB tools and processes to evaluate their operation through this period of economic volatility is currently underway. Through the parallel run, we continue to actively use our AIRB tools to manage credit risk, including to estimate risk-adjusted return on capital to assist in the evaluation of new lending opportunities, monitor the capital demand and economic capital consumption of our core lending portfolios, perform comprehensive stress testing, risk quantification processes and the Internal Capital Adequacy Assessment Process, and estimate ECL. Ongoing enhancement and integration of these improved risk management capabilities better equip us to manage our capital more efficiently and allocate resources to target business segments that generate the most attractive risk-adjusted returns.

Through the activities undertaken in our parallel run, we have identified enhancements that will drive efficiencies in the use of our AIRB tools and processes throughout our business, and support continued refinement in the measurement of credit risk of certain lending portfolios. We expect that the implementation of these enhancements will extend our previously expected timeline for resubmission of our AIRB application to OSFI beyond the first half of 2022.

Transition to the AIRB approach for regulatory capital purposes will put us on more equal footing with our competition and increase our addressable market. Approval of our application is expected to boost our capital ratios, as risk-weighted assets will be calculated using more risk-sensitive models, add risk sensitivity to our framework for capital management and improve risk-based pricing capabilities and economic capital estimations.

Significant Changes in Accounting Policies and Financial Statement Presentation

The unaudited interim consolidated financial statements for the period ended April 30, 2021 were prepared using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2020. Additional discussion on future accounting standards that may impact CWB are included in Note 1 of the audited consolidated financial statements for the year ended October 31, 2020 and Note 2 of the interim consolidated financial statements for the period ended April 30, 2021.

Controls and Procedures

There were no significant changes in our disclosure controls and procedures and internal controls over financial reporting that occurred during the period ended April 30, 2021 that have materially affected, or are reasonably likely to materially affect, our disclosures of required information and internal controls over financial reporting. Prior to its release, this quarterly report to shareholders was reviewed by the Audit Committee and, on the Audit Committee's recommendation, approved by the Board of Directors.

Third-party Credit Ratings

The following table summarizes our current credit ratings issued by DRBS Morningstar, as well as the corresponding rating agency outlook.

	Short-term instruments	Long-term senior debt and long-term deposits	Subordinated debentures (NVCC)	Preferred shares (NVCC)	Limited recourse capital notes (NVCC)
Rating	R1 (low)	A (low)	BBB (low)	Pfd-3	BB (high)
Outlook	Stable	Negative	Negative	Negative	Negative

Credit ratings do not consider market price or address the suitability of any financial instrument for a particular investor and are not recommendations to purchase, sell or hold securities. Ratings are subject to revision or withdrawal at any time by the rating organization.

Updated Share Information

At May 20, 2021, there were 87,167,852 common shares and 2,018,840 stock options outstanding. For additional information on share capital and stock options, see Notes 16 and 17 of the audited annual consolidated financial statements for the year ended October 31, 2020 and Notes 7 and 8 of the interim consolidated financial statements for the period ended April 30, 2021.

Dividend Reinvestment Plan

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

Summary of Quarterly Financial Information

	2021		2020				2019	
($ thousands)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue	**$ 247,106**	$ 245,088	$ 236,575	$ 226,484	$ 214,364	$ 219,972	$ 220,853	$ 218,484
Common shareholders' net income	**71,956**	79,237	63,380	62,252	51,381	71,943	67,512	70,964
Earnings per common share								
Basic	**0.83**	0.91	0.73	0.71	0.59	0.82	0.77	0.81
Diluted	**0.82**	0.91	0.73	0.71	0.59	0.82	0.77	0.81
Adjusted cash	**0.84**	0.93	0.75	0.74	0.60	0.83	0.78	0.82
Total assets ($ millions)	**35,918**	35,302	33,938	33,223	32,958	31,572	31,424	30,931

The financial results for each of the last eight quarters are summarized above. In general, our performance reflects a relatively consistent growth trend, although the second quarter contains three fewer revenue-earning days in non-leap years and two fewer days in leap years, such as 2020. The financial results beginning in the second quarter of 2020 were impacted by the emergence of COVID-19 and related market volatility.

For additional details on variations between the prior quarters, refer to the *Summary of Quarterly Results* section of our annual MD&A for the years ended October 31, 2020 and 2019, and the individual quarterly reports to shareholders, which are available on SEDAR at www.sedar.com and on our website at www.cwb.com.

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at April 30 2021	As at January 31 2021	As at October 31 2020	As at April 30 2020	Change from April 30 2020
Assets						
Cash Resources						
Cash and non-interest bearing deposits with financial institutions		**$ 112,998**	$ 61,204	$ 113,868	$ 93,237	21 %
Interest bearing deposits with regulated financial institutions	(Note 3)	**115,877**	336,690	254,451	321,531	(64)
Cheques and other items in transit		**25,937**	23,607	-	-	100
		254,812	421,501	368,319	414,768	(39)
Securities	(Note 3)					
Issued or guaranteed by Canada		**2,403,582**	1,925,720	1,317,967	1,434,997	67
Issued or guaranteed by a province or municipality		**948,091**	1,300,155	967,415	937,898	1
Other debt securities		**311,688**	440,581	377,244	330,814	(6)
Preferred shares		**-**	1,999	1,992	1,960	(100)
		3,663,361	3,668,455	2,664,618	2,705,669	35
Securities Purchased under Resale Agreements		**-**	-	50,084	24,999	(100)
Loans	(Note 4)					
Personal		**5,976,331**	6,119,760	6,073,643	5,811,759	3
Business		**25,395,769**	24,447,142	24,094,076	23,385,816	9
		31,372,100	30,566,902	30,167,719	29,197,575	7
Allowance for credit losses		**(181,690)**	(168,115)	(159,326)	(131,482)	38
		31,190,410	30,398,787	30,008,393	29,066,093	7
Other						
Property and equipment		**128,040**	132,841	139,349	136,526	(6)
Goodwill		**138,701**	138,256	138,256	85,557	62
Intangible assets		**220,855**	219,304	220,708	178,651	24
Derivatives		**43,378**	75,811	96,615	144,666	(70)
Other assets		**278,008**	246,813	251,523	201,255	38
		808,982	813,025	846,451	746,655	8
Total Assets		**$ 35,917,565**	$ 35,301,768	$ 33,937,865	$ 32,958,184	9 %
Liabilities and Equity						
Deposits	(Note 5)					
Personal		**$ 15,434,329**	$ 15,819,333	$ 15,661,320	$ 15,657,504	(1) %
Business and government		**13,632,696**	12,815,979	11,649,034	10,489,582	30
		29,067,025	28,635,312	27,310,354	26,147,086	11
Other						
Cheques and other items in transit		**36,166**	39,714	52,326	41,484	(13)
Securities sold under repurchase agreements	(Note 6)	**-**	-	65,198	-	-
Derivatives		**18,558**	5,946	6,285	19,138	(3)
Other liabilities		**681,277**	674,181	746,979	824,673	(17)
		736,001	719,841	870,788	885,295	(17)
Debt						
Debt related to securitization activities	(Note 6)	**2,214,396**	2,199,849	2,051,680	2,214,944	-
Secured liquidity facility		**-**	-	-	350,284	(100)
Subordinated debentures		**372,930**	372,789	372,643	248,654	50
		2,587,326	2,572,638	2,424,323	2,813,882	(8)
Equity						
Preferred shares	(Note 7)	**390,000**	390,000	390,000	390,000	-
Limited recourse capital notes	(Note 7)	**325,000**	175,000	175,000	-	100
Common shares	(Note 7)	**732,494**	730,860	730,846	730,846	-
Retained earnings		**1,997,018**	1,961,718	1,907,739	1,835,601	9
Share-based payment reserve		**26,373**	26,122	25,749	24,893	6
Accumulated other comprehensive income		**56,328**	89,445	102,204	129,435	(56)
Total Shareholders' Equity		**3,527,213**	3,373,145	3,331,538	3,110,775	13
Non-controlling interests		**-**	832	862	1,146	(100)
Total Equity		**3,527,213**	3,373,977	3,332,400	3,111,921	13
Total Liabilities and Equity		**$ 35,917,565**	$ 35,301,768	$ 33,937,865	$ 32,958,184	9 %

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

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)		For the three months ended April 30 2021	January 31 2021	April 30 2020	Change from April 30 2020	For the six months ended April 30 2021	April 30 2020	Change from April 30 2020
Interest Income	(Note 12)							
Loans		**$ 313,810**	$ 324,913	$ 336,831	(7) %	**$ 638,723**	$ 696,498	(8) %
Securities		**5,254**	4,438	9,132	(42)	**9,692**	17,464	(45)
Deposits with regulated financial institutions		**123**	171	1,450	(92)	**294**	3,209	(91)
		319,187	329,522	347,413	(8)	**648,709**	717,171	(10)
Interest Expense								
Deposits		**86,646**	97,450	139,223	(38)	**184,096**	291,863	(37)
Debt		**15,577**	16,619	17,202	(9)	**32,196**	33,310	(3)
		102,223	114,069	156,425	(35)	**216,292**	325,173	(33)
Net Interest Income		**216,964**	215,453	190,988	14	**432,417**	391,998	10
Non-interest Income								
Wealth management services		**14,169**	14,282	4,528	213	**28,451**	9,391	203
Credit related		**9,507**	9,064	8,391	13	**18,571**	17,073	9
Retail services		**2,232**	2,458	2,405	(7)	**4,690**	5,131	(9)
Trust services		**2,309**	2,133	2,136	8	**4,442**	4,237	5
Gains on securities, net		**123**	863	5,685	(98)	**986**	5,688	(83)
Other		**1,802**	835	231	680	**2,637**	818	222
		30,142	29,635	23,376	29	**59,777**	42,338	41
Total Revenue		**247,106**	245,088	214,364	15	**492,194**	434,336	13
Provision for Credit Losses	(Notes 3 and 4)	**14,849**	13,517	34,901	(57)	**28,366**	48,238	(41)
Non-interest Expenses								
Salaries and employee benefits		**80,158**	75,895	67,543	19	**156,053**	135,234	15
Premises and equipment		**24,156**	23,338	18,722	29	**47,494**	36,515	30
Other expenses		**18,742**	17,515	15,989	17	**36,257**	31,893	14
		123,056	116,748	102,254	20	**239,804**	203,642	18
Net Income before Income Taxes		**109,201**	114,823	77,209	41	**224,024**	182,456	23
Income taxes		**27,806**	29,889	20,216	38	**57,695**	47,836	21
Net Income		**81,395**	84,934	56,993	43	**166,329**	134,620	24
Net income attributable to non-controlling interests		**-**	290	206	(100)	**290**	483	(40)
Shareholders' Net Income		**81,395**	84,644	56,787	43	**166,039**	134,137	24
Preferred share dividends and limited recourse capital note distributions		**9,439**	5,407	5,406	75	**14,846**	10,813	37
Common Shareholders' Net Income		**$ 71,956**	$ 79,237	$ 51,381	40 %	**$ 151,193**	$ 123,324	23 %
Average number of common shares (in thousands)		**87,128**	87,100	87,171	- %	**87,114**	87,218	- %
Average number of diluted common shares (in thousands)		**87,290**	87,191	87,172	-	**87,240**	87,265	-
Earnings Per Common Share								
Basic		**$ 0.83**	$ 0.91	$ 0.59	41 %	**$ 1.74**	$ 1.41	23 %
Diluted		**0.82**	0.91	0.59	39	**1.73**	1.41	23

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

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended April 30 2021	 April 30 2020	For the six months ended April 30 2021	 April 30 2020
Net Income	**$ 81,395**	$ 56,993	**$ 166,329**	$ 134,620
Other Comprehensive Income (Loss), net of tax				
Items that will be subsequently reclassified to net income				
Debt securities measured at fair value through other comprehensive income				
Gains (losses) from change in fair value(1)	**(5,125)**	14,627	**(2,870)**	16,656
Reclassification to net income(2)	**(201)**	(2,778)	**(925)**	(2,899)
	(5,326)	11,849	**(3,795)**	13,757
Derivatives designated as cash flow hedges				
Gains (losses) from change in fair value(3)	**(11,221)**	86,595	**(9,501)**	95,681
Reclassification to net income(4)	**(16,536)**	(894)	**(32,592)**	(820)
	(27,757)	85,701	**(42,093)**	94,861
Items that will not be subsequently reclassified to net income				
Gains on equity securities designated at fair value through other comprehensive income(5)	**1**	4	**47**	427
	(33,082)	97,554	**(45,841)**	109,045
Comprehensive Income for the Period	**$ 48,313**	$ 154,547	**$ 120,488**	$ 243,665
Comprehensive income for the period attributable to:				
Shareholders	**$ 48,313**	$ 154,341	**$ 120,198**	$ 243,182
Non-controlling interests	**-**	206	**290**	483
Comprehensive Income for the Period	**$ 48,313**	$ 154,547	**$ 120,488**	$ 243,665

(1) Net of income tax of $1,595 and $852 for the three and six months ended April 30, 2021, respectively (2020 – $4,986 and $5,677).
(2) Net of income tax of $62 and $286 for the three and six months ended April 30, 2021, respectively (2020 – $948 and $989).
(3) Net of income tax of $3,466 and $2,985 for the three and six months ended April 30, 2021, respectively (2020 – $29,507 and $32,606).
(4) Net of income tax of $5,108 and $9,297 for the three and six months ended April 30, 2021, respectively (2020 – $305 and $279).
(5) Net of income tax of $nil and $15 for the three and six months ended April 30, 2021, respectively (2020 – $1 and $146).

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

Consolidated Statements of Changes in Equity

(unaudited) ($ thousands)		For the six months ended **April 30 2021**	April 30 2020
Preferred Shares	(Note 7)		
Balance at beginning and end of period		**$ 390,000**	$ 390,000
Limited Recourse Capital Notes	(Note 7)		
Balance at beginning of period		**175,000**	-
Issued		**150,000**	-
Balance at end of period		**325,000**	-
Common Shares	(Note 7)		
Balance at beginning of period		**730,846**	731,970
Issued under dividend reinvestment plan		**1,390**	-
Transferred from share-based payment reserve on the exercise or exchange of options		**258**	379
Purchased for cancellation		**-**	(1,503)
Balance at end of period		**732,494**	730,846
Retained Earnings			
Balance at beginning of period		**1,907,739**	1,785,273
Impact of adopting IFRS 16 on November 1, 2019		**-**	(13,035)
Shareholders' net income		**166,039**	134,137
Dividends and other distributions – Preferred shares and limited recourse capital notes		**(14,846)**	(10,813)
– Common shares		**(50,523)**	(49,695)
Decrease in equity attributable to non-controlling interests ownership change		**(9,703)**	(492)
Issuance costs on limited recourse capital notes		**(1,723)**	-
Realized gains (losses) reclassified from accumulated other comprehensive income		**35**	(6,132)
Net premium on common shares purchased for cancellation		**-**	(3,642)
Balance at end of period		**1,997,018**	1,835,601
Share-based Payment Reserve			
Balance at beginning of period		**25,749**	24,309
Amortization of fair value of options	(Note 8)	**882**	963
Transferred to common shares on the exercise or exchange of options		**(258)**	(379)
Balance at end of period		**26,373**	24,893
Accumulated Other Comprehensive Income			
Debt securities measured at fair value through other comprehensive income			
Balance at beginning of period		**6,125**	(2,021)
Other comprehensive (loss) income		**(3,795)**	13,757
Balance at end of period		**2,330**	11,736
Derivatives designated as cash flow hedges			
Balance at beginning of period		**96,006**	22,858
Other comprehensive (loss) income		**(42,093)**	94,861
Balance at end of period		**53,913**	117,719
Equity securities designated at fair value through other comprehensive income			
Balance at beginning of period		**73**	(6,579)
Other comprehensive income		**47**	427
Realized (gains) losses reclassified to retained earnings		**(35)**	6,132
Balance at end of period		**85**	(20)
Total Accumulated Other Comprehensive Income		**56,328**	129,435
Total Shareholders' Equity		**3,527,213**	3,110,775
Non-controlling Interests			
Balance at beginning of period		**862**	1,872
Net income attributable to non-controlling interests		**290**	483
Dividends to non-controlling interests		**(320)**	(536)
Ownership change		**(832)**	(673)
Balance at end of period		**-**	1,146
Total Equity		**$ 3,527,213**	$ 3,111,921

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

Consolidated Statements of Cash Flows

(unaudited) ($ thousands)		For the six months ended **April 30 2021**	April 30 2020
Cash Flows from Operating Activities			
Net income		**$ 166,329**	$ 134,620
Adjustments to determine net cash flows:			
Depreciation and amortization		**29,078**	23,257
Provision for credit losses	(Note 3 and 4)	**28,366**	48,238
Amortization of fair value of employee stock options	(Note 8)	**882**	963
Accrued interest receivable and payable, net		**(27,992)**	(1,319)
Current income taxes receivable and payable, net		**(24,264)**	(22,649)
Gains on securities, net		**(986)**	(5,688)
Deferred income taxes, net		**(294)**	(797)
Change in operating assets and liabilities:			
Deposits, net		**1,756,671**	795,725
Debt related to securitization activities, net		**162,716**	301,145
Securities purchased under resale agreements, net		**50,084**	15,367
Loans, net		**(1,210,715)**	(748,712)
Securities sold under repurchase agreements, net		**(65,198)**	(29,965)
Secured liquidity facility, net		**-**	350,284
Other items, net		**105,728**	153,441
		970,405	1,013,910
Cash Flows from Financing Activities			
Limited recourse capital notes issued, net of issuance costs		**148,277**	-
Dividends and limited recourse capital note distributions		**(63,979)**	(60,508)
Non-controlling interests, purchases, dividends and contributions		**(11,889)**	(1,881)
Repayment of lease liabilities		**(7,901)**	(7,234)
Debentures redeemed		**-**	(250,000)
Common shares purchased for cancellation		**-**	(5,145)
		64,508	(324,768)
Cash Flows from Investing Activities			
Interest bearing deposits with regulated financial institutions, net		**138,574**	(27,675)
Securities, purchased		**(7,189,558)**	(7,263,067)
Securities, sale proceeds		**3,658,778**	3,436,706
Securities, matured		**2,415,684**	3,138,823
Property, equipment and intangible assets		**(17,164)**	(21,630)
		(993,686)	(736,843)
Change in Cash and Cash Equivalents		**41,227**	(47,701)
Cash and Cash Equivalents at Beginning of Period		**61,542**	99,454
Cash and Cash Equivalents at End of Period*		**$ 102,769**	$ 51,753
* Represented by:			
Cash and non-interest bearing deposits with financial institutions		**$ 112,998**	$ 93,237
Cheques and other items in transit (included in Cash Resources)		**25,937**	-
Cheques and other items in transit (included in Other Liabilities)		**(36,166)**	(41,484)
Cash and Cash Equivalents at End of Period		**$ 102,769**	$ 51,753
Supplemental Disclosure of Cash Flow Information			
Interest and dividends received		**$ 671,215**	$ 732,101
Interest paid		**241,024**	337,390
Income taxes paid		**68,114**	108,731

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

(unaudited)
($ thousands, unless otherwise noted)

1. Basis of Presentation and Significant Accounting Policies

These unaudited condensed interim consolidated financial statements of Canadian Western Bank (CWB) have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2020. These interim consolidated financial statements of CWB, domiciled in Canada, have also been prepared in accordance with subsection 308 (4) of the Bank Act and the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). Under International Financial Reporting Standards (IFRS), additional disclosures are required in annual financial statements and accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2020.

The interim consolidated financial statements were authorized for issue by the Board of Directors on May 27, 2021.

COVID-19 Pandemic Considerations

The Canadian economy continued to experience disruption and volatility related to the COVID-19 pandemic. The overall impact of the pandemic continues to be uncertain and is dependent on actions taken by Canadian governments, businesses and individuals to limit the spread of the COVID-19 virus, as well as government economic response and support efforts.

As described in Note 1 of the audited consolidated financial statements for the year ended October 31, 2020, we make estimates and assumptions in preparing the interim consolidated financial statements. For the quarter ended April 30, 2021, these estimates and assumptions consider the economic impact of the COVID-19 pandemic and the significant economic volatility and uncertainty it has created. Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

Information on critical judgements impacted by the COVID-19 pandemic that have the most significant effect on the amounts recognized in the interim consolidated financial statements is described in Note 4.

Additional information about the impact of COVID-19 on our risk management practices, as described in Note 28 of the audited consolidated financial statements for the year ended October 31, 2020, is included in the *Impact of COVID-19 and Our Response* section of the Management's Discussion and Analysis within CWB's 2020 Annual Report.

2. Changes in Accounting Policy and Future Accounting Changes

We continue to monitor the IASB's proposed changes to accounting standards. Although not expected to materially impact CWB's 2021 consolidated financial statements, proposed changes may have a significant impact on future financial statements. Additional discussion on certain accounting standards that may impact CWB is included in Note 1 of the audited consolidated financial statements within CWB's 2020 Annual Report.

Interest Rate Benchmark Reform

Phase 1 Amendments

On November 1, 2020, we adopted Phase 1 amendments to hedge accounting requirements in IFRS 9 *Financial Instruments* (IFRS 9), IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) and IFRS 7 *Financial Instruments: Disclosures* (IFRS 7) which modify certain hedge accounting requirements to provide relief from the effect of uncertainties created by Inter-bank Offered Rate (IBOR) reform prior to the transition to alternative interest rates. Adoption of these amendments had no impact to our interim consolidated financial statements. These amendments will apply until IBOR-based cash flows transition to new risk-free rates or when the applicable hedging relationships are discontinued. Our accounting policies related to hedge accounting are described in Note 11 of the October 31, 2020 audited consolidated financial statements. At April 30, 2021, we had no hedging relationships that reference IBORs with a maturity date which extends beyond the anticipated date of IBOR reform.

Phase 2 Amendments

In August 2020, the IASB issued its Phase 2 amendments to IFRS 9, IAS 39, and IFRS 7 to address to the ongoing IBOR and other interest rate benchmark reform. The Phase 2 amendments focus on accounting and disclosure matters that will arise once an existing benchmark is replaced with an alternative benchmark rate. The amendments provide practical expedients if contract modifications result directly from IBOR reform and occur on an economic equivalent basis. In these cases, changes may be accounted for by updating the effective interest rate. Existing hedging relationships are not required to be discontinued if changes in hedge documentation are required solely by IBOR reform. The amendments are effective for our fiscal year beginning on November 1, 2021. We are in the process of assessing the impact of these amendments.

3. Securities

Unrealized Gains and Losses

Unrealized gains and losses related to debt securities and cash resources measured at fair value through other comprehensive income (FVOCI) and equity securities designated at FVOCI follow:

	As at April 30, 2021				As at January 31, 2021			
	Amortized Cost(3)	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	Amortized Cost(3)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Measured at FVOCI								
Interest bearing deposits with regulated financial institutions(1)	**$ 115,869**	**$ 8**	**$ -**	**$ 115,877**	$ 336,682	$ 11	$ 3	$ 336,690
Debt securities issued or guaranteed by								
Canada	**2,403,620**	**3,571**	**3,609**	**2,403,582**	1,919,311	6,600	191	1,925,720
A province or municipality	**946,589**	**1,767**	**265**	**948,091**	1,296,758	3,397	-	1,300,155
Other debt securities(2)	**309,829**	**1,889**	**30**	**311,688**	438,932	1,664	15	440,581
Designated at FVOCI								
Preferred shares	**-**	**-**	**-**	**-**	1,953	46	-	1,999
Total	**$ 3,775,907**	**$ 7,235**	**$ 3,904**	**$ 3,779,238**	$ 3,993,636	$ 11,718	$ 209	$ 4,005,145

	As at October 31, 2020			
	Amortized Cost(3)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Measured at FVOCI				
Interest bearing deposits with regulated financial institutions(1)	$ 254,442	$ 11	$ 2	$ 254,451
Debt securities issued or guaranteed by				
Canada	1,313,002	5,232	267	1,317,967
A province or municipality	964,084	3,394	63	967,415
Other debt securities(2)	376,377	1,126	259	377,244
Designated at FVOCI				
Preferred shares	1,953	39	-	1,992
Total	$ 2,909,858	$ 9,802	$ 591	$ 2,919,069

(1) Included in cash resources on the consolidated balance sheets.
(2) Includes securities issued or guaranteed by the United States of $61,718 (January 31, 2021 - $64,241; October 31, 2020 - $93,078).
(3) The amortized cost of debt securities and cash resources measured at FVOCI is net of the estimated allowance for credit losses of $483 (January 31, 2021 - $452; October 31, 2020 - $349).

Impairment

Impairment losses and recoveries on debt securities measured at FVOCI, estimated using an expected credit loss (ECL) approach, are recognized in the provision for credit losses in the consolidated statements of income and reduce the accumulated changes in fair value recorded in OCI.

During the three and six months ended April 30, 2021, credit losses of $31 and $134 (2020 – $71 and $77), were recorded in the consolidated statements of income related to an increase in the estimated allowance for credit losses on performing debt securities measured at FVOCI, all of which were classified in Stage 1 at April 30, 2021 and April 30, 2020.

4. Loans, Impaired Loans and Allowance for Credit Losses

Loans at Amortized Cost

Loans, including leases, which are measured at amortized cost and stated net of unearned income, unamortized premiums or discounts and allowances for credit losses, are originated or purchased with the objective to collect contractual cash flows and generate cash flows that satisfy the requirements of the solely payments of principal and interest test. Loan fees integral to the yield, net of transaction costs, are amortized to interest income using the effective interest method.

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

($ millions)	BC	AB	ON	SK	MB	QC	Other	Total	Composition Percentage April 30 2021	January 31 2021	October 31 2020
Personal[1]	$ 1,580	$ 1,684	$ 2,197	$ 269	$ 128	$ -	$ 118	$ 5,976	19 %	20 %	20 %
Business											
General commercial loans	3,161	3,131	3,030	380	295	266	149	10,412	33	33	32
Commercial mortgages	3,191	2,473	208	298	155	57	11	6,393	20	19	19
Equipment financing and leasing[2]	822	1,255	1,422	476	274	641	349	5,239	17	17	17
Real estate project loans	1,387	1,064	395	88	98	33	-	3,065	10	10	11
Oil and gas production loans	9	265	-	13	-	-	-	287	1	1	1
	8,570	8,188	5,055	1,255	822	997	509	25,396	81	80	80
Total Loans[3]	$ 10,150	$ 9,872	$ 7,252	$ 1,524	$ 950	$ 997	$ 627	$ 31,372	100 %	100 %	100 %
Composition Percentage											
April 30, 2021	32 %	32 %	23 %	5 %	3 %	3 %	2 %	100 %			
January 31, 2021	32 %	31 %	24 %	5 %	3 %	3 %	2 %	100 %			
October 31, 2020	32 %	32 %	23 %	5 %	3 %	3 %	2 %	100 %			

(1) Includes mortgages securitized through the *National Housing Act Mortgage Backed Securities* program reported on-balance sheet of $1,154 (January 31, 2021 - $1,202; October 31, 2020 – $1,093).
(2) Includes securitized leases reported on-balance sheet of $1,731 (January 31, 2021 – $1,690; October 31, 2020 – $1,678).
(3) This table does not include an allocation of the allowance for credit losses.

Credit Quality

Internal Risk Ratings

Within our loan portfolios, borrowers are assigned a borrower risk rating (BRR) that reflects the credit quality of the obligor using industry and sector-specific risk models and expert credit judgment. BRRs are assessed and assigned at the time of loan origination and reviewed at least annually, with the exception of consumer loans and single-unit residential mortgages. More frequent reviews are conducted for borrowers with weaker risk ratings, borrowers that trigger a review based on adverse changes in financial performance and borrowers who require or request changes to credit facilities. Each BRR has a probability of default calibrated against it, which is estimated based on our historical loss experience for each risk segment or risk rating level, adjusted for forward-looking information. Our BRR scale broadly aligns to external ratings as follows:

Description	**CWB Rating Category**	**Standard & Poor's**	**Moody's Investor Services**
Investment grade or low risk	1 to 6M	AAA to BBB-	Aaa to Baa3
Non-investment grade or medium risk	6L to 8L	BB+ to CCC+	Ba1 to Caa1
Watchlist or high risk	9H to 10L	CCC and below	Caa2 and below
Impaired	11 to 12	Default	Default

Carrying Value of Exposures by Risk Rating

Gross carrying amounts of loans and the contractual amounts of committed but undrawn credit exposures and letters of credit, categorized based on internal risk ratings, follow:

	As at April 30, 2021			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Loans – Personal				
Low risk	$ 3,286,530	$ 70,530	$ -	$ 3,357,060
Medium risk	2,025,695	327,464	-	2,353,159
Watchlist or high risk	-	249,972	-	249,972
Impaired	-	-	16,140	16,140
Total	5,312,225	647,966	16,140	5,976,331
Allowance for credit losses	(1,391)	(2,734)	(853)	(4,978)
Total, net of allowance for credit losses	5,310,834	645,232	15,287	5,971,353
Loans – Business				
Investment grade or low risk	1,431,680	335,647	-	1,767,327
Non-investment grade or medium risk	20,710,979	1,997,187	-	22,708,166
Watchlist or high risk	-	638,322	-	638,322
Impaired	-	-	281,954	281,954
Total	22,142,659	2,971,156	281,954	25,395,769
Allowance for credit losses	(65,695)	(46,193)	(64,824)	(176,712)
Total, net of allowance for credit losses	22,076,964	2,924,963	217,130	25,219,057
Total loans	27,454,884	3,619,122	298,094	31,372,100
Allowance for credit losses	(67,086)	(48,927)	(65,677)	(181,690)
Total Loans, Net of Allowance for Credit Losses	$ 27,387,798	$ 3,570,195	$ 232,417	$ 31,190,410
Committed but Undrawn Credit Exposures and Letters of Credit				
Investment grade or low risk	$ 1,189,136	$ 77,678	$ -	$ 1,266,814
Non-investment grade or medium risk	4,388,586	502,904	-	4,891,490
Watchlist or high risk	-	28,987	-	28,987
Impaired	-	-	-	-
Total	5,577,722	609,569	-	6,187,291
Allowance for credit losses	(3,354)	(1,266)	-	(4,620)
Total, Net of Allowance for Credit Losses	$ 5,574,368	$ 608,303	$ -	$ 6,182,671

	As at January 31, 2021			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Loans – Personal				
Low risk	$ 3,346,167	$ 70,975	$ -	$ 3,417,142
Medium risk	2,006,341	419,713	-	2,426,054
Watchlist or high risk	-	252,514	-	252,514
Impaired	-	-	24,050	24,050
Total	5,352,508	743,202	24,050	6,119,760
Allowance for credit losses	(1,580)	(2,600)	(976)	(5,156)
Total, net of allowance for credit losses	5,350,928	740,602	23,074	6,114,604
Loans – Business				
Investment grade or low risk	1,730,259	116,124	-	1,846,383
Non-investment grade or medium risk	19,160,825	2,540,513	-	21,701,338
Watchlist or high risk	-	639,764	-	639,764
Impaired	-	-	259,657	259,657
Total	20,891,084	3,296,401	259,657	24,447,142
Allowance for credit losses	(66,609)	(50,452)	(45,898)	(162,959)
Total, net of allowance for credit losses	20,824,475	3,245,949	213,759	24,284,183
Total loans	26,243,592	4,039,603	283,707	30,566,902
Allowance for credit losses	(68,189)	(53,052)	(46,874)	(168,115)
Total Loans, Net of Allowance for Credit Losses	$ 26,175,403	$ 3,986,551	$ 236,833	$ 30,398,787
Committed but Undrawn Credit Exposures and Letters of Credit				
Investment grade or low risk	$ 1,104,917	$ 17,845	$ -	$ 1,122,762
Non-investment grade or medium risk	4,253,025	793,733	-	5,046,758
Watchlist or high risk	-	42,478	-	42,478
Impaired	-	-	-	-
Total	5,357,942	854,056	-	6,211,998
Allowance for credit losses	(3,173)	(1,546)	-	(4,719)
Total, Net of Allowance for Credit Losses	$ 5,354,769	$ 852,510	$ -	$ 6,207,279

Impaired and Past Due Loans

Outstanding gross loans and impaired loans, net of Stage 3 allowances for credit losses, by loan type, are as follows:

	As at April 30, 2021				As at January 31, 2021			
	Gross Amount	**Gross Impaired Amount(1)**	**Stage 3 Allowance**	**Net Impaired Loans**	Gross Amount	Gross Impaired Amount(1)	Stage 3 Allowance	Net Impaired Loans
Personal	**$ 5,976,331**	**$ 16,140**	**$ 853**	**$ 15,287**	$ 6,119,760	$ 24,050	$ 976	$ 23,074
Business								
General commercial loans	**10,411,779**	**111,426**	**36,526**	**74,900**	10,026,568	92,504	20,406	72,098
Commercial mortgages(2)	**6,393,128**	**66,192**	**12,402**	**53,790**	5,868,167	68,613	9,726	58,887
Equipment financing and leasing	**5,238,752**	**46,645**	**9,426**	**37,219**	5,183,272	47,570	9,515	38,055
Real estate project loans	**3,064,708**	**40,574**	**670**	**39,904**	3,148,384	31,131	451	30,680
Oil and gas production loans	**287,402**	**17,117**	**5,800**	**11,317**	220,751	19,839	5,800	14,039
Total	**$ 31,372,100**	**$ 298,094**	**$ 65,677**	**$ 232,417**	$ 30,566,902	$ 283,707	$ 46,874	$ 236,833

	As at October 31, 2020			
	Gross Amount	Gross Impaired Amount(1)	Stage 3 Allowance	Net Impaired Loans
Personal	$ 6,073,643	$ 26,481	$ 829	$ 25,652
Business				
General commercial loans	9,697,325	90,628	21,261	69,367
Commercial mortgages(2)	5,695,614	48,797	1,719	47,078
Equipment financing and leasing	5,253,503	63,642	10,326	53,316
Real estate project loans	3,252,519	24,858	-	24,858
Oil and gas production loans	195,115	2,735	-	2,735
Total	$ 30,167,719	$ 257,141	$ 34,135	$ 223,006

(1) Gross impaired loans include foreclosed assets with a carrying value of $3,093 (January 31, 2021 – $3,126; October 31, 2020 – $4,357) which are held for sale. We pursue timely realization on foreclosed assets and do not use the assets for our own operations.
(2) Multi-family residential mortgages are included in real estate loans.

Outstanding impaired loans, net of Stage 3 allowances for credit losses, by provincial location of security, are as follows:

	As at April 30, 2021			As at January 31, 2021		
	Gross Impaired Amount	**Stage 3 Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Stage 3 Allowance	Net Impaired Loans
Alberta	**$ 162,233**	**$ 31,043**	**$ 131,190**	$ 137,794	$ 28,273	$ 109,521
Ontario	**66,835**	**27,299**	**39,536**	58,818	11,658	47,160
British Columbia	**28,431**	**1,921**	**26,510**	42,902	1,571	41,331
Saskatchewan	**17,961**	**2,430**	**15,531**	22,196	2,485	19,711
Quebec	**6,119**	**1,845**	**4,274**	5,697	1,706	3,991
Manitoba	**1,148**	**412**	**736**	1,024	404	620
Other	**15,367**	**727**	**14,640**	15,276	777	14,499
Total	**$ 298,094**	**$ 65,677**	**$ 232,417**	$ 283,707	$ 46,874	$ 236,833

	As at October 31, 2020		
	Gross Impaired Amount	Stage 3 Allowance	Net Impaired Loans
Alberta	$ 105,487	$ 14,292	$ 91,195
Ontario	60,892	8,104	52,788
British Columbia	40,304	4,659	35,645
Saskatchewan	23,692	2,103	21,589
Quebec	8,636	1,942	6,694
Manitoba	4,007	2,356	1,651
Other	14,123	679	13,444
Total	$ 257,141	$ 34,135	$ 223,006

Loans are considered past due when a customer has not made a payment by the contractual due date. The following table presents the carrying value of loans that are contractually past due but not classified as impaired:

	As at April 30, 2021			
	1 – 30 days	**31 – 60 days**	**61 – 90 days**	**Total**
Personal	**$ 38,331**	**$ 16,401**	**$ 148**	**$ 54,880**
Business	**72,245**	**25,889**	**4,744**	**102,878**
Total	**$ 110,576**	**$ 42,290**	**$ 4,892**	**$ 157,758**
Total as at January 31, 2021	$ 119,702	$ 20,829	$ 36,258	$ 176,789
Total as at October 31, 2020	$ 139,660	$ 41,799	$ 18,329	$ 199,788

Allowance for Credit Losses

The allowance for credit losses is our most significant accounting estimate. For impaired loans, the allowance for credit losses is estimated as the difference between the carrying value of the loan and the present value of future cash flows. When future cash flows cannot be reliably estimated, the allowance is determined based on the fair value of the security or market price of the loan. The following disclosures are provided as an update to the information included in Note 7 of the October 31, 2020 audited consolidated financial statements.

For performing loan allowances, our underlying ECL models incorporate a number of assumptions which involve a significant degree of management judgment and estimation uncertainty that can have a significant impact on financial results. The key drivers in the estimation of ECL are changes in internal risk ratings attributable to credit quality, thresholds used to determine when a borrower has experienced a significant increase in credit risk, and changes in forward-looking information related to macroeconomic variables.

The forward-looking macroeconomic scenario described below reflects our best estimate as at April 30, 2021, calibrated to an average of the large Canadian banks' macroeconomic forecasts. As indicated in Note 1, the rapidly evolving nature of the COVID-19 pandemic and its impacts on the economy, along with government relief and stimulus, has led to continuously changing macroeconomic assumptions. Hindsight cannot be used, so while these evolving assumptions may result in future forecasts that differ from those used in the ECL estimation as at April 30, 2021, those changes will be reflected in future quarters.

The primary macroeconomic variables, for each quarter over the next 12 months and the remaining forecast period thereafter used to estimate ECL are as follows:

	Forecast				
Macroeconomic Variable	**July 31 2021**	**October 31 2021**	**January 31 2022**	**April 30 2022**	**Remaining Forecast Period**
GDP growth, year over year	13 %	5 %	5 %	6 %	2 %
Unemployment rate	8	7	7	6	6
Housing price growth, year over year	13	2	3	2	6
Three month treasury bill rate	0.1	0.2	0.2	0.2	0.5
U.S. dollar/Canadian dollar exchange rate	$ 1.27	$ 1.27	$ 1.26	$ 1.28	$ 1.28
WTI Oil price (U.S. dollar per barrel)	54	55	56	55	58

The forecast scenario presented in the table above incorporates assumptions about the resulting economic impacts of the COVID-19 pandemic, based on information and facts available at April 30, 2021. The forecast assumes a continued recovery reflecting a phased re-opening of the economy and the estimated impact of various government and central bank stimulus programs.

ECL is sensitive to changes in both the scenario described above as well as the incorporation of multiple macroeconomic scenarios. Our models include a simulation incorporating a large volume of alternate macroeconomic scenarios into our ECL estimate. This approach resulted in an increase of approximately $9 million (January 31, 2021 – $9 million, October 31, 2020 – $12 million) to the performing loan allowance for credit losses at April 30, 2021, relative to using only the forecast scenario presented above.

We continue to supplement our modeled ECL to reflect expert credit judgements to our estimation of ECL. These expert credit judgements account for the variability in the results provided by the models and consider lagging impacts of typical credit cycles, where loan defaults occur in periods subsequent to the onset of a decline in macroeconomic conditions. These expert credit judgements also allow us to incorporate the estimated impact of the unprecedented levels of government stimulus and support, which cannot be modelled historically as they have not occurred in the past.

Reconciliation

A reconciliation of changes in the allowance for credit losses related to loans, committed but undrawn credit exposures and letters of credit follows:

	For the three months ended April 30, 2021			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 1,586	$ 2,610	$ 976	$ 5,172
Transfers to (from)				
Stage 1[(1)]	57	(57)	-	-
Stage 2[(1)]	(127)	127	-	-
Stage 3[(1)]	-	(12)	12	-
Net remeasurement[(2)]	(405)	299	67	(39)
New originations	368	-	-	368
Derecognitions and maturities	(83)	(223)	-	(306)
Provision for (reversal of) credit losses[(3)]	(190)	134	79	23
Write-offs	-	-	(222)	(222)
Recoveries	-	-	20	20
Balance at end of period	1,396	2,744	853	4,993
Business				
Balance at beginning of period	69,776	51,988	45,898	167,662
Transfers to (from)				
Stage 1[(1)]	3,497	(3,497)	-	-
Stage 2[(1)]	(1,457)	1,457	-	-
Stage 3[(1)]	(13)	(2,421)	2,434	-
Net remeasurement[(2)]	(9,301)	3,004	17,632	11,335
New originations	13,158	-	-	13,158
Derecognitions and maturities	(6,616)	(3,082)	-	(9,698)
Provision for (reversal of) credit losses[(3)]	(732)	(4,539)	20,066	14,795
Write-offs	-	-	(8,634)	(8,634)
Recoveries	-	-	7,494	7,494
Balance at end of period	69,044	47,449	64,824	181,317
Total Allowance for Credit Losses[(4)]	$ 70,440	$ 50,193	$ 65,677	$ 186,310

	For the six months ended April 30, 2021			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 1,346	$ 5,376	$ 829	$ 7,551
Transfers to (from)				
Stage 1[(1)]	1,712	(1,712)	-	-
Stage 2[(1)]	(369)	369	-	-
Stage 3[(1)]	-	(1,196)	1,196	-
Net remeasurement[(2)]	(2,077)	492	(948)	(2,533)
New originations	926	-	-	926
Derecognitions and maturities	(142)	(585)	(32)	(759)
Provision for (reversal of) credit losses[(3)]	50	(2,632)	216	(2,366)
Write-offs	-	-	(308)	(308)
Recoveries	-	-	116	116
Balance at end of period	1,396	2,744	853	4,993
Business				
Balance at beginning of period	57,503	66,053	33,306	156,862
Transfers to (from)				
Stage 1[(1)]	10,790	(10,790)	-	-
Stage 2[(1)]	(4,698)	4,774	(76)	-
Stage 3[(1)]	(32)	(9,485)	9,517	-
Net remeasurement[(2)]	(16,449)	8,643	28,782	20,976
New originations	33,967	-	-	33,967
Derecognitions and maturities	(12,037)	(11,746)	(562)	(24,345)
Provision for (reversal of) credit losses[(3)]	11,541	(18,604)	37,661	30,598
Write-offs	-	-	(15,030)	(15,030)
Recoveries	-	-	8,887	8,887
Balance at end of period	69,044	47,449	64,824	181,317
Total Allowance for Credit Losses[(4)]	$ 70,440	$ 50,193	$ 65,677	$ 186,310
Represented by:				
Loans	$ 67,086	$ 48,927	$ 65,677	$ 181,690
Committed but undrawn credit exposures and letters of credit[(5)]	3,354	1,266	-	4,620
Total Allowance for Credit Losses[(4)]	$ 70,440	$ 50,193	$ 65,677	$ 186,310

(1) Represents stage movements prior to remeasurement of the allowance for credit losses.
(2) Represents credit risk changes as a result of significant increases in credit risk, changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions, including changes in forward-looking macroeconomic forecasts and qualitative adjustments, and changes due to partial repayment.
(3) Included in the provision for credit losses in the consolidated statements of income.
(4) Allowances for credit losses related to debt securities measured at FVOCI, cash resources and other financial assets classified at amortized cost are excluded from the table above. See Note 3 for details related to the allowance for credit losses on debt securities measured at FVOCI. Cash resources and other financial assets classified at amortized cost are presented in the consolidated balance sheets, net of allowance for credit losses.
(5) Included in other liabilities in the consolidated balance sheets.

	For the three months ended April 30, 2020			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 1,341	$ 1,304	$ 1,210	$ 3,855
Transfers to (from)				
Stage 1	38	(38)	-	-
Stage 2	(123)	123	-	-
Stage 3	-	(20)	20	-
Net remeasurement	(60)	580	241	761
New originations	408	-	-	408
Derecognitions and maturities	(57)	(59)	-	(116)
Provision for credit losses	206	586	261	1,053
Write-offs	-	-	(567)	(567)
Recoveries	-	-	11	11
Balance at end of period	1,547	1,890	915	4,352
Business				
Balance at beginning of period	60,453	28,147	23,239	111,839
Transfers to (from)				
Stage 1	1,418	(1,418)	-	-
Stage 2	(2,649)	2,649	-	-
Stage 3	(36)	(993)	1,029	-
Net remeasurement	(5,038)	17,580	20,144	32,686
New originations	18,575	-	-	18,575
Derecognitions and maturities	(6,215)	(5,237)	(6,032)	(17,484)
Provision for credit losses	6,055	12,581	15,141	33,777
Write-offs	-	-	(15,860)	(15,860)
Recoveries	-	-	1,057	1,057
Balance at end of period	66,508	40,728	23,577	130,813
Total Allowance for Credit Losses	$ 68,055	$ 42,618	$ 24,492	$ 135,165

	For the six months ended April 30, 2020			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of period	$ 1,620	$ 1,480	$ 1,036	$ 4,136
Transfers to (from)				
Stage 1	89	(89)	-	-
Stage 2	(189)	189	-	-
Stage 3	(2)	(361)	363	-
Net remeasurement	(563)	851	287	575
New originations	755	-	-	755
Derecognitions and maturities	(163)	(180)	(4)	(347)
Provision for (reversal of) credit losses	(73)	410	646	983
Write-offs	-	-	(806)	(806)
Recoveries	-	-	39	39
Balance at end of period	1,547	1,890	915	4,352
Business				
Balance at beginning of period	62,552	23,409	24,928	110,889
Transfers to (from)				
Stage 1	3,881	(3,881)	-	-
Stage 2	(4,388)	4,427	(39)	-
Stage 3	(100)	(4,146)	4,246	-
Net remeasurement	(15,807)	30,023	27,609	41,825
New originations	31,683	-	-	31,683
Derecognitions and maturities	(11,313)	(9,104)	(6,070)	(26,487)
Provision for credit losses	3,956	17,319	25,746	47,021
Write-offs	-	-	(30,075)	(30,075)
Recoveries	-	-	2,978	2,978
Balance at end of period	66,508	40,728	23,577	130,813
Total Allowance for Credit Losses	$ 68,055	$ 42,618	$ 24,492	$ 135,165
Represented by:				
Loans	$ 66,701	$ 40,289	$ 24,492	$ 131,482
Committed but undrawn credit exposures and letters of credit	1,354	2,329	-	3,683
Total Allowance for Credit Losses	$ 68,055	$ 42,618	$ 24,492	$ 135,165

5. Deposits

	As at April 30, 2021			As at January 31, 2021		
	Individuals	**Business and Government**	**Total**	Individuals	Business and Government	Total
Payable on demand	**$ 36,846**	**$ 1,112,745**	**$ 1,149,591**	$ 34,545	$ 995,280	$ 1,029,825
Payable after notice	**6,913,115**	**5,328,931**	**12,242,046**	6,686,076	4,960,288	11,646,364
Payable on a fixed date	**8,484,368**	**7,191,020**	**15,675,388**	9,098,712	6,860,411	15,959,123
Total	**$ 15,434,329**	**$ 13,632,696**	**$ 29,067,025**	$ 15,819,333	$ 12,815,979	$ 28,635,312

	As at October 31, 2020		
	Individuals	Business and Government	Total
Payable on demand	$ 35,520	$ 949,514	$ 985,034
Payable after notice	6,128,753	4,399,327	10,528,080
Payable on a fixed date	9,497,047	6,300,193	15,797,240
Total	$ 15,661,320	$ 11,649,034	$ 27,310,354

6. Financial Assets Transferred But Not Derecognized

Securitization of leases and loans

We securitize equipment financing leases and loans to third parties. These securitizations do not qualify for derecognition as we continue to be exposed to certain risks associated with the leases and loans, therefore we have not transferred substantially all of the risk and rewards of ownership. As the leases and loans do not qualify for derecognition, the assets remain on the consolidated balance sheets and a securitization liability is recognized within debt related to securitization activities for the cash proceeds received.

During the six months ended April 30, 2021, we securitized equipment financing leases and loans of $447,096 (2020 – $690,685) which were sold to third parties for cash proceeds of $401,589 (2020 – $620,168).

Securitization of residential mortgages

We securitize fully insured residential mortgages through the creation of mortgage-backed securities under the *National Housing Act Mortgage Backed Securities* (NHA MBS) program sponsored by Canada Mortgage and Housing Corporation (CMHC). The mortgage-backed securities are sold directly to third party investors, sold to the Canada Housing Trust (CHT) as part of the Canada Mortgage Bond (CMB) program or are held by us. The CHT issues CMBs, which are government guaranteed, to third party investors and uses resulting proceeds to purchase NHA MBS from us and other mortgage issuers in the Canadian market.

The third-party sale of the mortgage pools that comprise the NHA MBS does not qualify for derecognition as we retain the credit and interest rate risks associated with the mortgages, which represent substantially all of the risks and rewards associated with the transferred assets. As a result, the mortgages remain on the consolidated balance sheets as personal loans carried at amortized cost. Cash proceeds from the third-party sale of the mortgage pools, including those sold as part of the CMB program, are recognized within debt related to securitization activities.

During the six months ended April 30, 2021, we securitized residential mortgages of $166,672 (2020 – $106,396) which were sold to the CHT for cash proceeds of $165,992 (2020 – $105,579).

Securities sold under repurchase agreements

We enter into repurchase agreements where we sell previously recognized securities, with a simultaneous agreement to purchase them back at a specific price on a future date, but retain substantially all of the credit, price, interest rate, and foreign exchange risks and rewards associated with the assets. These securities are not derecognized and the cash proceeds from the sale are recognized within other liabilities on the consolidated balance sheets.

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

	As at April 30, 2021		As at January 31, 2021	
	Carrying value	**Fair Value**	Carrying Value	Fair Value
Transferred Assets that do not Qualify for Derecognition				
Securitized leases and loans	**$ 1,730,837**	**$ 1,750,482**	$ 1,690,410	$ 1,718,572
Securitized residential mortgages	**632,521**	**637,967**	657,829	666,321
	2,363,358	**2,388,449**	2,348,239	2,384,893
Associated Liabilities[1]	**2,214,396**	**2,241,550**	2,199,849	2,231,740
Net Position	**$ 148,962**	**$ 146,899**	$ 148,390	$ 153,153

	As at October 31, 2020	
	Carrying Value	Fair Value
Transferred Assets that do not Qualify for Derecognition		
Securitized leases and loans	$ 1,677,515	$ 1,710,730
Securitized residential mortgages	515,540	522,051
Securities sold under repurchase agreements	65,198	65,198
	2,258,253	2,297,979
Associated Liabilities[1]	2,116,878	2,148,860
Net Position	$ 141,375	$ 149,119

(1) Associated liabilities consist of $1,577,112 related to securitized leases and loans (January 31, 2021 – $1,540,175; October 31, 2020 – $1,528,662), $637,284 related to residential mortgages securitized through the NHA MBS program (January 31, 2021 – $659,675; October 31, 2020 – $523,018) and no liabilities related to securities sold under repurchase agreements (January 31, 2021 – nil; October 31, 2020 – $65,198).

Additionally, we have securitized residential mortgages through the NHA MBS program totaling $521,847 with a fair value of $526,340 (January 31, 2021 – $544,483 with a fair value of $551,512; October 31, 2020 – $577,449 with a fair value of $584,743) that were not transferred to third parties.

7. Capital Stock

Share Capital

		For the six months ended			
		April 30, 2021		April 30, 2020	
		Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares – Series 5					
Outstanding at beginning and end of period		**5,000,000**	**$ 125,000**	5,000,000	$ 125,000
Preferred Shares – Series 7					
Outstanding at beginning and end of period		**5,600,000**	**140,000**	5,600,000	140,000
Preferred Shares – Series 9					
Outstanding at beginning and end of period		**5,000,000**	**125,000**	5,000,000	125,000
		15,600,000	**390,000**	15,600,000	390,000
Limited Recourse Capital Notes – Series 1					
Outstanding at beginning and end of period		**175,000**	**175,000**	-	-
Limited Recourse Capital Notes – Series 2					
Outstanding at beginning of period		**-**	**-**	-	-
Issued		**150,000**	**150,000**	-	-
Outstanding at end of period		**150,000**	**150,000**	-	-
		325,000	**325,000**	-	-
Common Shares					
Outstanding at beginning of period		**87,099,831**	**730,846**	87,249,711	731,970
Issued under dividend reinvestment plan		**42,041**	**1,390**	-	-
Issued on exercise or exchange of options[(1)]	(Note 8)	**19,795**	**258**	29,296	379
Purchased for cancellation		**-**	**-**	(179,176)	(1,503)
		87,161,667	**732,494**	87,099,831	730,846
Total			**$ 1,447,494**		$ 1,120,846

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

Non-Viability Contingent Capital (NVCC) Limited Recourse Capital Notes (LRCN) - Series 2

	Redemption Amount	Interest Rate	Maturity Date	Reset Spread[(1)]	Earliest Date Redeemable
LRCN – Series 2	$ 1,000	5.00%	July 31, 2081	394.9 bp	July 31, 2026

(1) The interest rate will reset on the date redeemable and every five years thereafter at a level of the reset spread basis points over the then five-year Government of Canada Bond Yield.
bp – basis points

On March 25, 2021, we completed the Series 2 LRCN issuance of $150 million, which bear interest paid semi-annually, with the first payment scheduled for July 31, 2021.

In connection with the Series 2 LRCN issuance, we also issued $150 million of Series 12 Preferred Shares at a price of $1,000 per share, which are held by a third party trustee in a consolidated trust, CWB Limited Recourse Trust. In the event of (i) non-payment of interest on any interest payment date, (ii) non-payment of the redemption price in the case of a redemption of Series 2 LRCN, (iii) non-payment of principal at the maturity of Series 2 LRCN, or (iv) an event of default on the notes, noteholders will have recourse limited to receipt of a proportionate amount of Series 12 Preferred Shares, and the delivery of the Series 12 Preferred Shares will represent the full and complete extinguishment of our obligations under the Series 2 LRCN.

The terms, structure and accounting treatment of the Series 2 LRCN are consistent with Series 1 LRCN, which are described in detail in Note 16 of the October 31, 2020 audited consolidated financial statements.

8. Share-based Payments

Stock Options

	For the three months ended					
	April 30, 2021			April 30, 2020		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Options						
Balance at beginning of period	**2,105,586**	**$**	**29.30**	1,922,033	$	29.23
Exercised or exchanged	**(67,220)**		**24.57**	(31,136)		26.13
Expired	**-**		**-**	(78,756)		26.13
Forfeited	**-**		**-**	(10,210)		30.69
Balance at End of Period	**2,038,366**	**$**	**29.46**	1,801,931	$	29.41

	For the six months ended					
	April 30, 2021			April 30, 2020		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Options						
Balance at beginning of period	**1,788,818**	**$**	**29.39**	1,676,604	$	28.41
Granted	**359,048**		**29.07**	407,807		31.93
Exercised or exchanged	**(71,414)**		**24.52**	(125,207)		25.80
Forfeited	**(38,086)**		**31.89**	(62,499)		31.42
Expired	**-**		**-**	(94,774)		25.93
Balance at End of Period	**2,038,366**	**$**	**29.46**	1,801,931	$	29.41

All exercised options are settled via cashless settlement, which provides the option holder the number of shares equivalent to the excess of the market value of the shares under option, determined at the exercise date, over the exercise price. During the six months ended April 30, 2021, option holders exercised 71,414 options (2020 – 125,207) in exchange for 19,795 shares (2020 – 29,296).

For the six months ended April 30, 2021, salary expense of $882 (2020 – $963) was recognized related to the estimated fair value of options granted. The fair value of options granted during the six months ended April 30, 2021, which expire seven years after the grant date, was estimated using a binomial option pricing model with the following weighted average variables and assumptions: (i) risk-free interest rate of 0.5% (2020 – 1.6%) (ii) expected option life of 5.0 years (2020 – 5.0 years), (iii) expected annual volatility of 35% (2020 – 28%) and (iv) expected annual dividends of 4.0% (2020 – 3.7%). The weighted average fair value of options granted was estimated at $5.87 per share (2020 – $5.01).

Further details related to stock options outstanding and exercisable at April 30, 2021 follow:

	Options Outstanding				**Options Exercisable**		
Range of Exercise Prices	**Number of Options**	**Weighted Average Remaining Contractual Life (years)**		**Weighted Average Exercise Price**	**Number of Options**		**Weighted Average Exercise Price**
$23.70	**435,334**	**1.9**	**$**	**23.70**	**435,334**	**$**	**23.70**
$29.07 to $30.85	**995,871**	**4.9**		**29.73**	**305,432**		**30.84**
$31.93 to $35.15	**607,161**	**5.0**		**33.15**	**229,375**		**35.15**
Total	**2,038,366**	**4.3**	**$**	**29.46**	**970,141**	**$**	**28.65**

9. Contingent Liabilities and Commitments

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

10. Fair Value of Financial Instruments

Financial Assets and Liabilities by Measurement Basis

The table below provides the carrying amount of financial instruments by category as defined in IFRS 9 and by balance sheet heading. The table does not include assets and liabilities that are not considered financial instruments. The table also excludes assets and liabilities which are considered financial instruments, but are not recorded at fair value and for which the carrying amount approximates fair value.

As at April 30, 2021	Derivatives	Amortized Cost	FVOCI	Total Carrying Amount	Fair Value	Fair Value Over Carrying Amount
Financial Assets						
Cash resources	$ -	$ 138,935	$ 115,877	$ 254,812	$ 254,812	$ -
Securities[1]	-	-	3,663,361	3,663,361	3,663,361	-
Loans[2]	-	31,383,610	-	31,383,610	31,663,623	280,013
Derivatives	43,378	-	-	43,378	43,378	-
Total	$ 43,378	$ 31,522,545	$ 3,779,238	$ 35,345,161	$ 35,625,174	$ 280,013
Financial Liabilities						
Deposits[2]	$ -	$ 29,083,220	$ -	$ 29,083,220	$ 29,343,446	$ 260,226
Debt	-	2,587,326	-	2,587,326	2,648,291	60,965
Derivatives	18,558	-	-	18,558	18,558	-
Total	$ 18,558	$ 31,670,546	$ -	$ 31,689,104	$ 32,010,295	$ 321,191
As at January 31, 2021						
Total Financial Assets	$ 75,811	$ 30,656,129	$ 4,005,145	$ 34,737,085	$ 35,117,663	$ 380,578
Total Financial Liabilities	$ 5,946	$ 31,226,004	$ -	$ 31,231,950	$ 31,703,438	$ 471,488
As at October 31, 2020						
Total Financial Assets	$ 96,615	$ 30,322,903	$ 2,919,069	$ 33,338,587	$ 33,721,296	$ 382,709
Total Financial Liabilities	$ 6,285	$ 29,818,506	$ -	$ 29,824,791	$ 30,292,570	$ 467,779

(1) Securities are comprised of $3,663,361 (January 31, 2021 - $3,666,456; October 31, 2020 - $2,662,626) measured at FVOCI and nil (January 31, 2021 - $1,999; October 31, 2020 - $1,992) designated at FVOCI.

(2) Loans and deposits exclude deferred premiums, deferred revenue, allowances for credit losses and fair value hedge adjustments, which are not financial instruments.

Fair values are based on our best estimates based on market conditions and pricing policies at a certain point in time. Methods used to estimate the fair values of financial instruments remain unchanged from the audited consolidated financial statements for the year ended October 31, 2020.

The fair value estimates are subjective and involve particular assumptions and matters of judgment and, as such, may not be reflective of future fair values. Further information on how we estimate the fair value of financial instruments is included in Note 26 of the October 31, 2020 audited consolidated financial statements.

Fair Value Hierarchy

We categorize fair value measurements of financial instruments recorded on the consolidated balance sheets according to a three-level hierarchy. Level 1 fair value measurements reflect unadjusted quoted prices in active markets for identical assets and liabilities that we can access at the measurement date. Level 2 fair value measurements are estimated using observable inputs, including quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and model inputs that are either observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 fair value measurements are determined using one or more inputs that are unobservable and significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available at the measurement date.

The following table presents our financial assets and liabilities that are either carried at fair value on the balance sheet or where fair value is disclosed, categorized by level under the fair value hierarchy:

		Valuation Technique		
As at April 30, 2021	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash resources	**$ 254,812**	**$ 160,859**	**$ 93,953**	**$ -**
Securities	**3,663,361**	**387,448**	**3,275,913**	**-**
Loans	**31,663,623**	**-**	**-**	**31,663,623**
Derivatives	**43,378**	**-**	**43,378**	**-**
Total	**$ 35,625,174**	**$ 548,307**	**$ 3,413,244**	**$ 31,663,623**
Financial Liabilities				
Deposits	**$ 29,343,446**	**$ -**	**$ 29,343,446**	**$ -**
Debt	**2,648,291**	**-**	**2,648,291**	**-**
Derivatives	**18,558**	**-**	**18,558**	**-**
Total	**$ 32,010,295**	**$ -**	**$ 32,010,295**	**$ -**
As at January 31, 2021				
Financial Assets	$ 35,117,663	$ 512,968	$ 3,652,799	$ 30,951,896
Financial Liabilities	$ 31,703,438	$ -	$ 31,703,438	$ -
As at October 31, 2020				
Financial Assets	$ 33,721,296	$ 696,253	$ 2,483,383	$ 30,541,660
Financial Liabilities	$ 30,292,570	$ -	$ 30,292,570	$ -

Financial instruments that are not carried on the balance sheet at fair value, but where fair values are disclosed above, include loans, deposits, securities sold under repurchase agreements and debt.

11. Interest Rate Sensitivity

Our exposure to interest rate risk as a result of a difference or gap between the maturity or repricing behavior of interest sensitive assets and liabilities, including derivative financial instruments, is discussed in Note 24 of the audited consolidated financial statements for the year ended October 31, 2020. The following table shows the gap position for selected time intervals.

Asset Liability Gap Positions

($ millions)	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Non-interest Sensitive	Total
April 30, 2021								
Assets								
Cash resources and securities	**$ 525**	**$ 591**	**$ 276**	**$ 1,392**	**$ 2,491**	**$ 28**	**$ 7**	**$ 3,918**
Loans[1]	**14,536**	**1,252**	**4,399**	**20,187**	**10,868**	**330**	**(195)**	**31,190**
Other assets[2]	**-**	**-**	**-**	**-**	**-**	**-**	**809**	**809**
Derivative financial instruments[3]	**431**	**616**	**615**	**1,662**	**1,505**	**450**	**1**	**3,618**
Total	**15,492**	**2,459**	**5,290**	**23,241**	**14,864**	**808**	**622**	**39,535**
Liabilities and Equity								
Deposits[1]	**12,602**	**1,905**	**4,832**	**19,339**	**9,244**	**502**	**(18)**	**29,067**
Other liabilities[2]	**-**	**-**	**-**	**-**	**-**	**-**	**736**	**736**
Debt	**61**	**117**	**509**	**687**	**1,900**	**-**	**-**	**2,587**
Equity	**-**	**-**	**140**	**140**	**425**	**150**	**2,812**	**3,527**
Derivative financial instruments[3]	**3,075**	**26**	**-**	**3,101**	**446**	**70**	**1**	**3,618**
Total	**15,738**	**2,048**	**5,481**	**23,267**	**12,015**	**722**	**3,531**	**39,535**
Interest Rate Sensitive Gap	**$ (246)**	**$ 411**	**$ (191)**	**$ (26)**	**$ 2,849**	**$ 86**	**$ (2,909)**	**$ -**
Cumulative Gap	**$ (246)**	**$ 165**	**$ (26)**	**$ (26)**	**$ 2,823**	**$ 2,909**	**$ -**	**$ -**
Cumulative Gap as a Percentage of Total Assets	**(0.6) %**	**0.4 %**	**(0.1) %**	**(0.1) %**	**7.1 %**	**7.4 %**	**- %**	**- %**
January 31, 2021								
Cumulative Gap	$ (1,086)	$ (459)	$ 665	$ 665	$ 2,999	$ 2,868	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(2.7) %	(1.2) %	1.7 %	1.7 %	7.5 %	7.2 %	- %	- %
October 31, 2020								
Cumulative Gap	$ (753)	$ (376)	$ (49)	$ (49)	$ 2,699	$ 2,858	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(1.9) %	(1.0) %	(0.1) %	(0.1) %	6.9 %	7.4 %	- %	- %

(1) Potential prepayments of fixed rate loans and early redemption of redeemable fixed term deposits have not been estimated. Redemptions of fixed term deposits where depositors have this option are not expected to be material. The majority of fixed rate loans, mortgages and leases are either closed or carry prepayment penalties.
(2) Accrued interest is excluded in calculating interest sensitive assets and liabilities.
(3) Derivative financial instruments are included in this table at the notional amount.

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

April 30, 2021	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Total Assets	**3.0 %**	**2.7 %**	**3.9 %**	**3.2 %**	**3.4 %**	**2.5 %**	**3.3 %**
Total Liabilities	**0.7**	**1.5**	**1.8**	**1.0**	**2.0**	**2.5**	**1.4**
Interest Rate Sensitive Gap	**2.3 %**	**1.2 %**	**2.1 %**	**2.2 %**	**1.4 %**	**- %**	**1.9 %**
January 31, 2021							
Total Assets	3.1 %	2.1 %	3.4 %	3.1 %	3.6 %	2.6 %	3.2 %
Total Liabilities	0.8	1.9	1.9	1.1	2.1	2.6	1.5
Interest Rate Sensitive Gap	2.3 %	0.2 %	1.5 %	2.0 %	1.5 %	- %	1.7 %
October 31, 2020							
Total Assets	3.1 %	2.9 %	3.5 %	3.2 %	3.7 %	4.1 %	3.4 %
Total Liabilities	0.8	1.9	2.2	1.2	2.3	1.0	1.5
Interest Rate Sensitive Gap	2.3 %	1.0 %	1.3 %	2.0 %	1.4 %	3.1 %	1.9 %

Based on the current interest rate gap position, it is estimated that a one-percentage point increase or decrease in all interest rates would have an insignificant impact on net interest income. The analysis is a static measurement of interest rate sensitivity gaps at a specific point in time, and there is potential for these gaps to change significantly over a short period. The impact on common shareholders' net income from changes in market interest rates depends on both the magnitude of and speed with which interest rates change, as well as the size and maturity structure of the cumulative interest rate gap position and the management of those positions over time.

A one-percentage point increase in interest rates would decrease OCI by $65,978 (January 31, 2021 – $64,139; October 31, 2020 – $72,721) net of tax and a one-percentage point decrease in interest rates would increase OCI by $67,972 (January 31, 2021 – $65,861; October 31, 2020 – $74,999) net of tax. The estimates are based on a number of assumptions and factors, which include: a constant structure in the interest sensitive asset and liability portfolios; interest rate changes affecting interest sensitive assets and liabilities by proportionally the same amount, except floor levels for various deposit liabilities and certain floating rate loans, and applied at the appropriate repricing dates; and, no early redemptions.

12. Interest Income

The composition of our interest income follows:

	For the three months ended		For the six months ended	
	April 30 2021	April 30 2020	**April 30 2021**	April 30 2020
Loans measured at amortized cost[1]	**$ 313,810**	$ 336,831	**$ 638,723**	$ 696,498
Securities				
Debt securities measured at FVOCI[1]	**5,233**	9,041	**9,652**	17,083
Equity securities designated at FVOCI	**-**	10	**10**	137
Securities purchased under resale agreements measured at amortized cost[1]	**21**	81	**30**	244
Deposits with regulated financial institutions measured at FVOCI[1]	**123**	1,450	**294**	3,209
Total	**$ 319,187**	$ 347,413	**$ 648,709**	$ 717,171

(1) Interest income is calculated using the effective interest method.

13. Capital Management

Capital for Canadian financial institutions is managed and reported in accordance with a capital management framework specified by OSFI commonly called Basel III. We currently utilize the *Standardized* approach for calculating risk-weighted assets for credit risk. Additional information about our capital management practices is provided in Note 29 of the audited consolidated financial statements for the year ended October 31, 2020 and in the Capital Management section in the Q2 2021 Management's Discussion and Analysis.

Capital funds are managed in accordance with policies and plans that are regularly reviewed and approved by the Board of Directors and take into account forecasted capital needs and markets. The goal is to maintain adequate regulatory capital to be considered well capitalized, protect customer deposits and provide capacity for internally generated growth and strategic opportunities that do not otherwise require accessing the public capital markets, all while providing a satisfactory return for shareholders.

Significant Changes

On March 25, 2021, CWB issued $150 million Series 2 NVCC LRCN. This issuance resulted in an increase in the Tier 1 and Total capital ratios of approximately 55 basis points. For further details, refer to Note 7.

Capital Structure and Regulatory Ratios

	As at April 30 2021	As at January 31 2021	As at October 31 2020
Regulatory capital, net of deductions			
Common equity Tier 1[1]	**$ 2,447,700**	$ 2,420,678	$ 2,371,753
Tier 1[1]	**3,162,700**	2,985,782	2,936,845
Total	**3,645,040**	3,471,299	3,418,997
Capital ratios			
Common equity Tier 1	**8.7 %**	8.8 %	8.8 %
Tier 1	**11.2**	10.8	10.9
Total	**12.9**	12.6	12.6
Leverage ratio[2]	**8.8**	8.4	8.5

(1) The implementation of the transitional arrangement related to the capital treatment of the performing loan allowance, net of related tax, resulted in an $11 million increase to CET1 and Tier 1 capital (January 31, 2021 – $13 million; October 31, 2020 – $21 million) and an approximate five basis point increase in the CET1 and Tier 1 ratios at April 30, 2021 (January 31, 2021 – approximately five basis points; October 31, 2020 – approximately 10 basis points). The transitional arrangement has no impact on the Total capital ratio.

(2) Sovereign-issued securities that qualify as High Quality Liquid Assets under the *Liquidity Adequacy Requirements* guideline are temporarily excluded from the leverage ratio exposure measure until December 31, 2021. This exclusion increased our leverage ratio by approximately 10 basis points at April 30, 2021 (January 31, 2021 – approximately five basis points; October 31, 2020 – approximately 10 basis points).

During the six months ended April 30, 2021, we complied with all internal and external capital requirements.

Shareholder Information

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Stock Exchange Listings

The Toronto Stock Exchange (TSX)
Common Shares: CWB
Series 5 Preferred Shares: CWB.PR.B
Series 7 Preferred Shares: CWB.PR.C
Series 9 Preferred Shares: CWB.PR.D

Transfer Agent and Registrar

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Eligible Dividends Designation

CWB designates all common and preferred share dividends paid to Canadian residents as "eligible dividends", as defined in the Income Tax Act (Canada), unless otherwise noted.

Dividend Reinvestment Plan

CWB's dividend reinvestment plan allows common and preferred shareholders to purchase additional common shares by reinvesting their cash dividend without incurring brokerage and commission fees. For information about participation in the plan, please contact the Transfer Agent and Registrar.

Investor Relations Department

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More comprehensive investor information - including supplemental financial reports, quarterly financial releases, corporate presentations, corporate fact sheets and frequently asked questions - is available in the Investor Relations section at cwb.com.

Filings are available on the Canadian Securities Administrators' website at sedar.com.

Quarterly Conference Call and Webcast

CWB's quarterly conference call and live audio webcast will take place on May 28, 2021 at 10:00 a.m. ET. The webcast will be archived on CWB's website at cwb.com for sixty days. A replay of the conference call will be available until June 4, 2021, by dialing (855) 859-2056 and entering passcode 5359996.