TARGETED PERFORMANCE

Annual Report
2023

OBSESSED WITH YOUR SUCCESS™

CWB
Financial Group

TABLE OF CONTENTS

About Us

CWB Financial Group (CWB) is the only full-service bank in Canada with a strategic focus to meet the unique financial needs of businesses and their owners. We provide our nationwide clients with full-service business and personal banking, specialized financing, comprehensive wealth management offerings, and trust services. Clients choose CWB for a differentiated level of service through specialized expertise, customized solutions, and faster response times relative to the competition. Our people take the time to understand our clients and their business, and work as a united team to provide holistic solutions and advice. We are firmly committed to the responsible creation of value for all our stakeholders and our approach to sustainability will support our continued success. Learn more at www.cwb.com.

Our Values

PEOPLE FIRST

Caring people are the key to our success. We work as a team and support one another. We always treat each other with respect and have the courage to be candid.

RELATIONSHIPS GET RESULTS

Clients choose CWB for the best experience. We build relationships proactively, with intention and consistency. Our results depend on it.

EMBRACE THE NEW

Change is everywhere. We seek out new ideas and are committed to continuous learning. We know that better is always possible.

THE HOW MATTERS

How we do things is as important as what we do. We take ownership, and move with urgency and efficiency. We always act with integrity, and balance risk and reward.

INCLUSION HAS POWER

Diverse teams unleash new ideas and perspectives. We are aware of our own biases. We are proud of who we are, and we are allies for those around us.

Connect with us: CWB.COM

CWB Financial Group

OUR VISION

To be the best full-service bank for business owners in Canada

OUR STRATEGIC DIRECTION

Provide an unrivaled client experience tailored for business owners and their families.

Offer an engaging employee experience and culture for our inclusive and performance-driven teams.

Deliver an efficient and resilient business that drives sustained growth of our profitability.

Strategic priorities

With a proven business model, performance-driven teams, and client-focused culture, we believe our strategic investments will accelerate growth of full-service client relationships, position CWB as a destination for top talent and meaningfully expand returns for our investors. Investment priorities within our strategic direction will enhance our ability to:

Continue to augment our digital and payments platform and cash management tools for clients.

Deliver elevated wealth management and personal banking for business owners and their families.

Streamline our operating model and processes for greater efficiency and faster turnaround to clients.

Expand our addressable market across Canada, including further market penetration in Ontario.

Continue to grow and diversify funding with low-cost branch-raised deposits.

Optimize capital allocation to deliver strong, sustainable risk-adjusted returns.

WHY INVEST IN CWB?

We are the only full-service bank in Canada with a focus to create an unrivalled experience for business owners and their families.

Significant opportunity to continue to grow our market share in an underserved midmarket commercial segment and in Ontario.

Prudent risk management supports a strong and resilient balance sheet.

Demonstrated history of strong, stable financial results through business cycles.

MESSAGE FROM
PRESIDENT AND CEO

Chris Fowler

FOCUSED PERFORMANCE DELIVERS STRONG FINANCIAL RESULTS

Our clients continue to choose CWB for a differentiated level of service through specialized expertise, customized solutions, and faster response times relative to our competitors. Our people take the time to understand our clients and their businesses, and work as a united team to provide holistic solutions and advice. In the challenging economic backdrop of 2023 that included persistent inflation, increasing interest rates, lower economic growth, and significant volatility in the global banking industry we delivered overall performance that confirmed the strength and resilience of our strategy as the best full-service bank for business owners in Canada.

While the external environment dampened financial results through the first half of the year, we successfully adapted by targeting lending opportunities to optimize returns within a prudent risk appetite and continued to enhance our client offering while proactively managing our expenses. Our financial performance improved as the year progressed and we continued our trend of low levels of credit losses (figure 3) supported by our secured lending model, prudent underwriting practices, and proactive loan management.

We exited the fiscal year with strong earnings momentum, increased capital ratios, and a resilient balance sheet. We will also benefit from the changes we executed late in fiscal 2023 to increase our operational efficiency and redeploy resources to priority activities consistent with our differentiated strategy. We are well positioned to create value for our investors in the year ahead as we continue to win relationships with business owners and their families, follow our prudent and secured lending approach and proactively manage our expenses to drive positive operating leverage.

FROM TOUGH TIMES TO INSANELY BUSY TIMES, CWB HAS ALWAYS BEEN THERE READY TO HELP ABOVE AND BEYOND.

–CWB Client

A WINNING TEAM AND INCLUSIVE CULTURE

We are committed to building on our inclusive culture and creating opportunities and growth for strong talent in an organization where skill and performance is recognized, rewarded, and celebrated. We placed within the top 25 on this year's Best Workplaces™ in Canada for the second year in a row and we were recognized by Waterstone Human Capital as having one of Canada's Most Admired Corporate Cultures™ for the fourth time, earning a place in their hall of fame.

CWB has been recognized for these awards as our teams continue to go above and beyond for our clients in challenging environments by rapidly adapting to changing conditions. In 2024, we will celebrate our 40th year with our talented teams providing exceptional service to our business owner clients with full-service business and personal banking, specialized financing, comprehensive wealth management offerings, and trust services.

POSITIONED FOR CONTINUED MOMENTUM

We delivered another year of very strong growth in Ontario supported by our existing full-service banking centres in Mississauga and Markham. Our teams have grown loans in the province by an average of 11% annually over the last five years (figure 1). Next year, we plan to open new banking centres in Toronto's financial district and in Kitchener to continue to build brand awareness in Ontario and capitalize on a significant growth opportunity.

General commercial lending to business owners is our core strategic target for growth as it represents a broad section of the Canadian economy that we believe is underserved by other banks. To capitalize on the opportunity to increase our market share in this segment, we continue to enhance our capabilities through an expanded partnership with Brim Financial to offer new business credit cards and are preparing to launch a commercial digital cash management and payments platform for our commercial clients in the near future. With this strategic focus we have delivered 10% general commercial loan growth in the last year, with strong results across the country. This performance has supported 13% average annual loan growth in this category over the last five years (figure 2). Our strategic effort to convert our clients from single product to broader full-service relationships has supported 11% annual growth of branch-raised deposits[1] over the last five years, while we have grown total loans 7% annually over the same period.

[(1)] Non-GAAP measure – refer to definitions and detail provided on page 16.

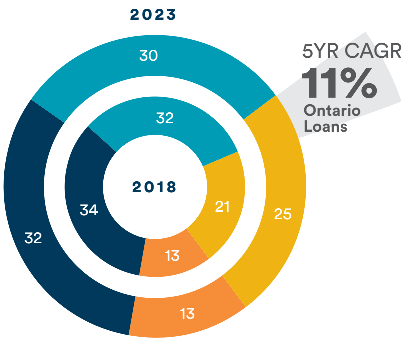
The changes we made late in fiscal 2023 streamline our operations to drive priority activities that take full advantage of our investments in modernized technology, digital capabilities, and further leverage our enhanced credit decisioning tools and processes. With these changes I am confident in our ability to deliver strong financial performance in a potentially volatile environment, while our teams continue to deliver an unrivalled experience to business owners and their families.

In closing, I would like to express my gratitude to our clients for providing our teams the opportunity to be a trusted partner to support their success, and to our shareholders for their continued commitment and support. I would also like to thank each of our team members for their efforts during a challenging environment. Through their efforts we have built a strong, resilient bank and are well positioned to create value for all our stakeholders going forward.

Chris Fowler
President and Chief Executive Officer

FIGURE 1

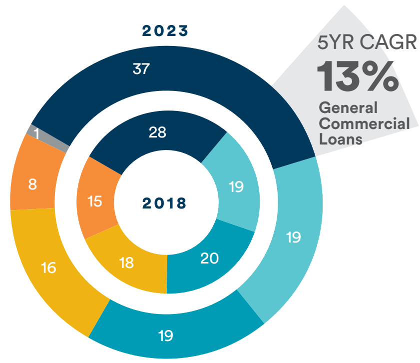
DIVERSIFYING LOANS BY PROVINCE (%)



- British Columbia
- Alberta
- Ontario
- Remainder

FIGURE 2

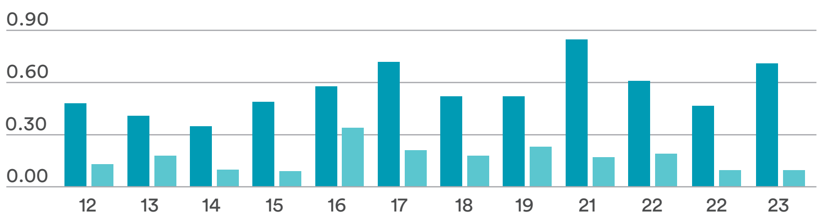
DIVERSIFYING LOANS BY LENDING SECTOR (%)



- General commercial loans
- Commercial mortgages
- Personal loans and mortgages
- Equipment financing and leasing
- Real estate project loans
- Oil and gas production loans

FIGURE 3

STRONG CREDIT QUALITY %

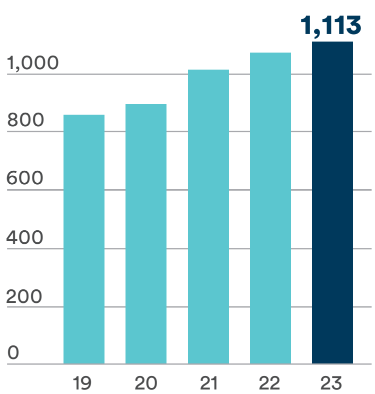


[(1)] Non-GAAP measure – refer to definitions and detail provided on page 16.

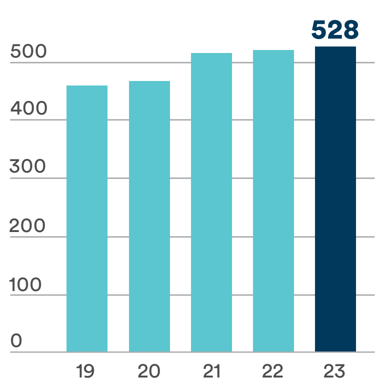
Our five-year and ten-year average write-offs as a percentage of average loans[(1)] are 16 and 17 basis points, respectively.

- Gross impaired loans as a % of gross loans
- Write-offs as a % of average loans[(1)]

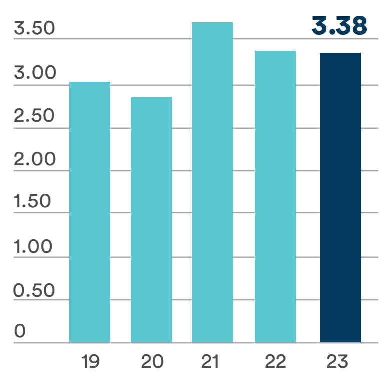
REVENUE $ MILLIONS



PRE-TAX, PRE-PROVISON INCOME[(1)] $ MILLIONS



DILUTED EPS $/SHARE



[(1)] Non-GAAP measure – refer to definitions and detail provided on page 16.

Executive Committee

Chris Fowler

President and Chief Executive Officer

Matt Rudd

Chief Financial Officer

Kelly Blackett

Chief People & Culture Officer

Stephen Murphy

Group Head, Commercial, Personal & Wealth

Carolina Parra

Chief Risk Officer

Jeff Wright

Group Head, Client Solutions & Specialty Businesses

Board of Directors

ANDREW J. BIBBY
Corporate Director
Board Commitees: Human Resources (HR), Risk, Loan Adjudication Panel (Chair)
Director since: 2012

DR. MARIE Y. DELORME
CEO, The Imagination Group of Companies
Board Commitees: Audit, HR
Director since: 2021

MARIA FILIPPELLI
Corporate Director
Board Commitees: Audit[1] (Chair), Governance and Conduct Review (GCR)
Director since: 2020

CHRISTOPHER H. FOWLER
President and CEO, Canadian Western Bank
Director since: 2013

LINDA M.O. HOHOL
Corporate Director
Board Commitees: HR (Chair), Risk
Director since: 2011

E. GAY MITCHELL
Corporate Director
Board Commitees: GCR, Risk (Chair)
Director since: 2019

SARAH A. MORGAN-SILVESTER (Chair)
Corporate Director
Board Commitees: Audit, GCR, HR, Risk
Director since: 2014

MARGARET J. MULLIGAN
Corporate Director
Board Commitees: Audit[1], Risk
Director since: 2017

IRFHAN A. RAWJI
Managing Partner, Relay Ventures
Board Commitees: HR, Risk
Director since: 2021

IAN M. REID
Corporate Director
Board Commitees: Audit, GCR (Chair)
Director since: 2011

CORPORATE GOVERNANCE

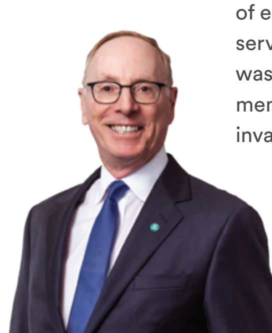
We strive to maintain the trust of our stakeholders through high standards of corporate governance. Our risk governance structure, including a complete list of our Board committees and the key responsibilities for each committee can be found on page [47] of this report. Further information regarding our corporate governance practices is also available on our website at: **cwb.com/corporate-governance**

Our Management Proxy Circular for the 2024 Annual Meeting will be available on our website in February 2024. It will include information on our director nominees, reports of each board committee, and detailed descriptions of our corporate governance practices.

We are committed to open communication with stakeholders – please contact us at:
ChairoftheBoard@cwbank.com
CorporateSecretary@cwbank.com

[1] Financial expert on the Audit Committee.

Thank you Robert



On behalf of the Board, I wish to express our gratitude to Robert Manning, who retired in April 2023 after 37 years of esteemed and dedicated service on CWB's Board. He was the longest standing member of the Board and made invaluable contributions to CWB over the years. His dedication, leadership, and experience will be missed.

- Sarah Morgan-Silvester

ROBERT A. MANNING, President, Cathon Investments Ltd.

MESSAGE FROM
CHAIR OF THE BOARD

Sarah Morgan-Silvester

DEAR FELLOW SHAREHOLDERS

Your Board continues to provide strong governance of CWB's business and our winning strategy to be the best full-service bank for business owners in Canada. Through the execution of our strategy, CWB demonstrated its ability to deliver strong, stable financial results in a challenging operating environment.

We provide oversight of CWB's risk appetite and risk management framework. Through a year of economic volatility, we placed our attention on funding, liquidity, capital and credit risk. We also focused on CWB's emerging risks, including our evolving approach to address climate risk and were pleased with how these risks were managed. Earlier this year, we disclosed operational greenhouse gas (GHG) emissions across our national footprint, and we support management's development of targets and a reduction plan. We are also providing oversight of management's phased approach to estimate our financed emissions. We believe that monitoring and prudent management of emerged and emerging risks to mitigate potential impacts will ensure that we deliver strong, sustainable returns for years to come.

We actively manage our Board to ensure we have the full benefit of our Board Member's varied experiences, perspectives and skill sets to effectively address the opportunities and challenges ahead. Mary Filipelli became the Chair of our Audit Committee earlier this year, and her financial expertise and extensive experience will be invaluable. Mary's appointment reflects our thoughtful and strategic approach to Board renewal.

On behalf of the Board, I would like to thank our leadership team and all CWB team members for their hard work and unwavering commitment to our success. The Board is confident in CWB's resilience, differentiated strategy and ability to deliver strong financial performance through the potential uncertainty in the economy. Our conviction reflects the strength of our risk culture and focused performance of our teams across the organization. Through their efforts we are delivering unrivaled experiences for our business owner clients and are well positioned to deliver long-term value for all our stakeholders.

Sarah Morgan-Silvester
Chair of the board

Building a Sustainable Future

Our approach to sustainability

Our values, culture and strategy guide our approach to sustainability, which addresses the Environmental, Social and Governance (ESG) factors that are most important to our clients, people, investors and communities. Our approach is focused to support the ongoing success of our clients and we remain committed to long-term value creation for all our stakeholders and sustainable growth for our business.

MAINTAIN A FOUNDATION OF TRUST

Ensure the highest standards of governance, ethics and integrity to maintain the trust of our stakeholders.

Priorities:

- Corporate governance
- Business ethics and integrity
- Human rights
- Data privacy and cybersecurity

OBSESSED WITH YOUR SUCCESS

Contribute to the success of our clients and their families, our people, and their communities in pursuit of a sustainable and inclusive future.

Priorities:

- Client experience
- Financial inclusion
- Team member experience
- Diversity and inclusion
- Community investment
- Sustainable finance and products

MANAGE OUR IMPACT RESPONSIBLY

Responsibly manage our social and environmental impact, and support Canada's transition to net-zero emissions.

Priorities:

- Climate change
- Environmental impact of our operations
- Social and environmental risk management
- Responsible procurement

For information on our commitment to sustainable value creation for all our stakeholders, see our 2022 Sustainability Report at: www.cwb.com/sustainability-reports

Protecting our clients

Our stakeholders depend on us to protect the data they entrust us with. As we continue to use innovative technologies to deliver better services and automate and digitize processes to attract clients and team members, strong data privacy, cybersecurity and fraud prevention and detection programs are key to our success.

Continued to prioritize data protection by investing in our people, processes, technology and governance programs to ensure our clients' information remains secure in an evolving threat landscape.

Maintained a focus to protect client information with enhanced data security safeguards as we continue to advance our digital banking and payments capabilities.

Continued to equip our teams with awareness and education on information security threats through mandatory monthly training with shifting areas of focus based on current and emerging threats.

CWB Global ERG hosts a Potluck for International Day of Cultural Diversity

Cultivating an inclusive and engaged culture

Having a diverse team that reflects the clients and communities we serve provides different perspectives and results in better decisions. We live our *Inclusion has Power* value by supporting a culture where all our team members feel a strong sense of belonging and have equitable opportunities to succeed.

Supported our 11 Employee Represented Groups (ERGs) to build community and culture in the workplace by providing members with resources and a variety of professional development opportunities.

Launched a series of initiatives focused on inclusive communication to continue to create an environment which fosters belonging and stronger connections in the workplace.

Proudly ranked 23 on the 2023 Best Workplaces™ in Canada list compiled by the Great Place to Work® Institute and recognized as one of Canada's Most Admired Corporate Cultures™ by Waterstone Human Capital.

A student from the Chapter One tutoring program reads a CWB funded story that is reflective of Indigenous community and culture.

Supporting our communities

We believe all Canadians should have the opportunity to grow, succeed and thrive. Supporting resilient and inclusive communities creates value for our clients and our people and contributes to the strength of the Canadian economy.

We take pride in contributing to the overall health and well-being of the communities in which we operate. In 2023, we provided over $1.7 million through donations, sponsorships, disaster relief funding, and employee volunteer, fundraising and matching grants.

Supported early literacy, with virtual CWB volunteer reading coaches providing tutoring sessions to students within classrooms located across Canada.

Continued to support Indigenous peoples and reconciliation in Canada, with new funding to organizations that promote social and economic inclusion of Indigenous peoples and entrepreneurs and the development of programming for Indigenous post-secondary students.

Supported wildfire relief efforts across Canada, contributing to organizations providing immediate relief and access to food for impacted communities, and accepting public donations at our banking centres in support of Canadian Red Cross fundraising efforts.

Provided funding to several women - focused entrepreneurial organizations that aim to equip women with the tools and skills required to start and grow their businesses.

Our developing approach to climate change

We recognize that we have a part to play in Canada's transition to net-zero emissions by managing our direct and indirect climate impact, supporting the ongoing success of our clients as they strive to achieve their climate goals and mitigating the risks associated with climate change.

Disclosed our Scope 1 and 2 greenhouse (GHG) emissions across our national operational footprint for the first time in 2023.

Progressed development of a reduction plan and related targets to support Canada's transition to net-zero emissions, with an initial focus on Scope 1 and 2 GHG emissions from our operations.

Initiated a phased approach to refine the estimation of our Scope 3 financed emissions within targeted areas of our lending portfolio to support future disclosures and emissions reduction planning.

Continued to integrate environmental and social risks into existing risk management processes and policies and progressed readiness activities to support compliance with upcoming climate regulations.

Developed an industry-level heatmap assessment to identify potential physical and transition impacts of climate change within our lending portfolios.

Management's Discussion and Analysis

TABLE OF CONTENTS

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A), dated December 7, 2023, should be read in conjunction with the audited consolidated financial statements of Canadian Western Bank (CWB) for the year ended October 31, 2023 and the audited consolidated financial statements and MD&A for the year ended October 31, 2022. Additional information relating to CWB, including the Annual Information Form, is available on SEDAR at www.sedarplus.ca and on our website at www.cwb.com.

The audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) 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 media releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about our objectives and strategies, targeted and expected financial results and the outlook for CWB's businesses or for the Canadian economy. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact", "goal", "focus", "potential", "proposed" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that 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 will 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 and commercial real estate market conditions and household and business indebtedness, 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 regulatory capital purposes, legislative and regulatory developments, changes in supervisory expectations or requirements for capital, interest rate and liquidity management, 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, the impact of bank failures or other adverse developments at other banks that drive negative investor and depositor sentiment regarding the stability and liquidity of banks, 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 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. Where relevant, material economic assumptions underlying forward-looking statements are disclosed within the *Fiscal 2024 Outlook* and *Allowance for Credit Losses* sections of our MD&A.

NON-GAAP MEASURES

We use a number of financial measures and ratios to assess our performance against strategic initiatives and operational benchmarks. Some of these financial measures and ratios do not have standardized meanings prescribed by Generally Accepted Accounting Principles (GAAP) and may not be comparable to similar measures presented by other financial institutions. Non-GAAP financial measures and ratios provide readers with an enhanced understanding of how we view our financial performance. These measures and ratios may also provide the ability to analyze trends related to profitability and the effectiveness of our operations and strategies and are disclosed in compliance with National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*.

To calculate non-GAAP financial measures, we exclude certain items from our financial results prepared in accordance with IFRS. Adjustments relate to items which we believe are not indicative of underlying operating performance. Our non-GAAP financial measures include:

- Adjusted non-interest expenses – total non-interest expenses, excluding pre-tax costs associated with a reorganization of our operations, amortization of acquisition-related intangible assets, acquisition and integration costs and accelerated amortization of previously capitalized AIRB assets. Non-recurring reorganization costs were incurred to execute reorganization initiatives to realize efficiencies in our banking centre footprint, operational support functions, and administrative processes. Acquisition and integration costs include direct and incremental costs incurred as part of the execution and integration of business acquisitions. Accelerated amortization of AIRB assets is a result of a reduction in estimated useful lives of certain previously capitalized AIRB assets.
- Adjusted common shareholders' net income – total common shareholders' net income, excluding the costs associated with organizational redesign initiatives, accelerated amortization of acquisition-related intangible assets, acquisition and integration costs and amortization of previously capitalized AIRB assets, net of tax.
- Pre-tax, pre-provision income – total revenue less adjusted non-interest expenses.

The following table provides a reconciliation of our non-GAAP financial measures to our reported financial results.

Table 1 - Non-GAAP Measures

($ thousands)

	For the three months ended		For the year ended	
	October 31 2023	October 31 2022	**October 31 2023**	October 31 2022
Non-interest expenses	**$ 167,600**	$ 166,783	**$ 611,283**	$ 581,777
Adjustments (before tax):				
Non-recurring reorganization costs	**(17,146)**	-	**(17,146)**	-
Amortization of acquisition-related intangible assets	**(1,728)**	(2,557)	**(8,490)**	(10,212)
Acquisition and integration costs	-	(361)	**(602)**	(626)
Accelerated amortization of previously capitalized AIRB assets	-	(16,555)	-	(16,555)
Adjusted Non-interest Expenses	**$ 148,726**	$ 147,310	**$ 585,045**	$ 554,384
Common shareholders' net income	**$ 76,845**	$ 67,687	**$ 324,316**	$ 310,302
Adjustments (after-tax):				
Non-recurring reorganization costs(1)	**12,726**	-	**12,726**	-
Amortization of acquisition-related intangible assets(2)	**1,267**	1,913	**6,495**	7,641
Acquisition and integration costs(3)	-	270	**451**	470
Accelerated amortization of previously capitalized AIRB assets(4)	-	12,549	**-**	12,549
Adjusted Common Shareholders' Net Income	**$ 90,838**	$ 82,419	**$ 343,988**	$ 330,962
Total revenue	**$ 291,763**	$ 279,838	**$ 1,112,574**	$ 1,076,287
Less:				
Adjusted non-interest expenses (see above)	**148,726**	147,310	**585,045**	554,384
Pre-tax, Pre-provision Income	**$ 143,037**	$ 132,528	**$ 527,529**	$ 521,903

(1) Net of income tax of $4,420 for the three months ended October 31, 2023 (Q4 2022 – $nil) and $4,420 for the year ended October 31, 2023 (2022 – $nil).
(2) Net of income tax of $461 for the three months ended October 31, 2023 (Q4 2022 – $644) and $1,995 for the year ended October 31, 2023 (2022 – $2,571).
(3) Net of income tax of $nil for the three months ended October 31, 2023 (Q4 2022 – $91) and $151 for the year ended October 31, 2023 (2022 – $156).
(4) Net of income tax of $nil for the three months ended October 31, 2023 (Q4 2022 – $4,006) and $nil for the year ended October 31, 2023 (2022– $4,006).

Non-GAAP ratios are calculated using the non-GAAP financial measures defined above. Our non-GAAP ratios include:

- Adjusted earnings per common share – diluted earnings per common share calculated with adjusted common shareholders' net income.
- Adjusted return on common shareholders' equity – annualized adjusted common shareholders' net income divided by average common shareholders' equity, which is total shareholders' equity excluding preferred shares and limited recourse capital notes.
- Efficiency ratio – adjusted non-interest expenses divided by total revenue.
- Operating leverage – growth rate of total revenue less growth rate of adjusted non-interest expenses.

Supplementary financial measures are measures that do not have definitions prescribed by GAAP, but do not meet the definition of a non-GAAP financial measure or ratio. Our supplementary financial measures include:

- Return on assets – annualized common shareholders' net income divided by average total assets.
- Net interest margin – annualized net interest income divided by average total assets.
- Return on common shareholders' equity – annualized common shareholders' net income divided by average common shareholders' equity.
- Write-offs as a percentage of average loans – annualized write-offs divided by average total loans.
- Book value per common share – total common shareholders' equity divided by total common shares outstanding.
- Branch-raised deposits – total deposits excluding broker term and capital market deposits.

- 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.
- Average balances – average daily balances.

WHO WE ARE

CWB is the only full-service bank in Canada with a strategic focus to meet the unique financial needs of businesses and their owners. We provide our nationwide clients with full-service business and personal banking, specialized financing, comprehensive wealth management offerings, and trust services. Clients choose CWB for a differentiated level of service through specialized expertise, customized solutions, and faster response times relative to the competition. Our people take the time to understand our clients and their business, and work as a united team to provide holistic solutions and advice. We are firmly committed to the responsible creation of value for all our stakeholders and our approach to sustainability will support our continued success.

GROWTH STRATEGY

Our highly engaged teams operate within a client-centric and collaborative culture, with a core focus as the best full-service bank for business owners in Canada. We continue to transform our capabilities to offer a superior full-service client experience through a range of in-person and evolving digital channels. These improving capabilities support growth of full-service client relationships in targeted segments that fit within our strategic growth objectives and prudent risk appetite. Ongoing strategic execution will create long-term value for shareholders as we deliver strong growth of full-service clients and capitalize on the opportunities available to us as we continue to expand our geographic footprint outside of Western Canada, including an increased presence in the Ontario market.

Our differentiated market position and strategy has set the stage for CWB to deliver profitable long-term growth and enhance shareholder returns for years to come.

CWB FINANCIAL GROUP PERFORMANCE

SELECT FINANCIAL HIGHLIGHTS

Table 2 - Select Annual Financial Information

($ thousands, except ratios and per share amounts)

	2023	2022	2021	Change from 2022	
Results from Operations					
Total revenue	**$ 1,112,574**	$ 1,076,287	$ 1,016,033	$ 36,287	3 %
Pre-tax, pre-provision income	**527,529**	521,903	517,149	5,626	1
Common shareholders' net income	**324,316**	310,302	327,471	14,014	5
Common Share Information					
Earnings per share					
Basic	**3.38**	3.39	3.74	(0.01)	-
Diluted	**3.38**	3.39	3.73	(0.01)	-
Adjusted	**3.58**	3.62	3.81	(0.04)	(1)
Cash dividends paid	**1.30**	1.22	1.16	0.08	7
Book value	**35.79**	33.48	33.10	2.31	7
Performance Measures					
Return on common shareholders' equity	**9.8 %**	10.1 %	11.6 %		(30) bp
Adjusted return on common shareholders' equity	**10.4**	10.8	11.8		(40)
Return on assets	**0.77**	0.79	0.92		(2)
Net interest margin	**2.34**	2.41	2.49		(7)
Efficiency ratio	**52.6**	51.5	49.1		110
Operating leverage	**(2.2)**	(5.2)	(3.3)		300
Credit Quality					
Provision for credit losses on total loans as a percentage of average loans(1)	**0.07**	0.14	0.09		(7)
Provision for credit losses on impaired loans as a percentage of average loans(1)	**0.04**	0.10	0.17		(6)
Balance Sheet					
Assets	**$ 42,320,103**	$ 41,427,552	$ 37,323,176	$ 892,551	2 %
Loans (before the allowance for credit losses)	**37,209,850**	35,905,622	32,900,951	1,304,228	4
Deposits	**33,328,449**	33,010,462	29,975,739	317,987	1

(1) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.

bp – basis point

Financial Highlights of 2023 (compared to 2022)

- Loan growth of 4%, including 10% in the general commercial loan portfolio as we executed on our strategic focus of expanding full-service client opportunities that met our risk-adjusted return expectations. Loan growth of 10% in Ontario was supported by our expanding physical presence and growing brand awareness.
- Total deposits increased 1% from last year. Branch-raised deposits declined 1%, primarily due to our intentional exit of select higher cost non-full-service client relationships in the year, which we replaced with insured, fixed term broker deposits.
- Total revenue increased 3% and reflected a 4% increase in net interest income, partially offset by a 4% decline in non-interest income, primarily due to elevated foreign exchange revenue in the prior year.
- Efficiency ratio increased to 52.6% compared to 51.5% in the prior year as expense growth outpaced revenue growth, primarily due to a decrease in net interest margin.
- Provision for credit losses on total loans as a percentage of average loans of seven basis points, compared to 14 basis points last year, was driven by a six basis point decline in the provision for credit losses on impaired loans, primarily due to an increase in recoveries of impaired loan write-offs upon final resolution.
- Common shareholders' net income of $324 million was up 5%, primarily driven by higher revenues and a seven basis point decline in the provision for credit losses as a percentage of average loans, partially offset by higher non-interest expenses. Pre-tax, pre-provision income of $528 million was up 1%.
- Diluted earnings per common share was relatively consistent with the prior year and adjusted earnings per common share declined 1%.
- Our common equity Tier 1 (CET1) ratio of 9.7% increased 90 basis points from the prior year.

SUMMARY OF OPERATIONS

Fiscal 2023 represented a year where we successfully adapted to changing economic conditions. Elevated inflation continued to persist, and the Bank of Canada responded by increasing policy interest rates an additional 125 basis points through the first half of 2023. Against this backdrop, we targeted our loan growth to optimize risk-adjusted returns, prudently managed our expenses and focused on the timely resolution of unsatisfactory loans as we continued to benefit from our secured lending model and prudent risk appetite. We delivered financial performance that grew stronger as the year progressed and are well positioned to capitalize on the opportunities in front of us as we manage through the continued economic volatility.

Loan growth of 4% was strategically focused on optimizing risk-adjusted return opportunities within our disciplined risk appetite. We strategically target general commercial clients as they provide the strongest potential to increase full-service client relationships across our national footprint, and our teams delivered 10% annual growth in this portfolio. We also continued to execute our geographic diversification strategy, with loan growth of 10% in Ontario supported by our Mississauga and Markham banking centres.

Relationship-based branch-raised deposits decreased 1% from last year as a 9% increase in fixed term deposits were more than offset by a 5% decrease in demand and notice deposits. Lower branch-raised demand and notice deposits primarily reflected our intentional exit of select higher cost non-full-service client relationships early in the year, which we replaced with insured, fixed term broker deposits. Our number of full-service clients, who have a core banking relationship with us, continued to increase this year despite the volatility in the global banking industry.

Annual revenue increased 3% from last year. Net interest income increased 4%, primarily driven by 4% annual loan growth, partially offset by a seven basis point decrease in net interest margin. The decline in net interest margin reflected the impact of lower loan related fees, including payout penalties and a proportional shift in our funding mix towards fixed term branch-raised and insured broker deposits. Non-interest income was down 4% from the prior year primarily due to lower foreign exchange revenue recorded in 'other' non-interest income, which was elevated in the prior year due to a rapid and significant strengthening of the U.S. dollar. Non-interest income was also supported by the launch of our new business credit cards in partnership with Brim Financial.

Our borrower delinquency and default rates returned to historically normal levels this year, as expected. Our total annual provision for credit losses represented seven basis points as a percentage of average loans, compared to 14 basis points last year, and remained well below our historical average. The provision for credit losses on impaired loans of four basis points was six basis points lower than last year, primarily due to an increase in recoveries of impaired loan write-offs upon final resolution. Our credit performance continues to be supported by our strong credit risk management framework, including well-established underwriting standards, the secured nature of our lending portfolio with conservative loan-to-value ratios, and proactive approach to working with clients through difficult and uncertain periods.

Total non-interest expenses of $611 million were up 5% ($30 million). The increase included $17 million of costs incurred to execute reorganization initiatives to realize efficiencies in our banking centre footprint, operational support functions, and administrative processes. We executed most of the planned organizational redesign activities in the fourth quarter of fiscal 2023 and expect limited further activity within fiscal 2024. Adjusted non-interest expenses increased 6%, due to a higher average staffing complement, the impact of annual salary increments, the investment in our digital capabilities and higher capital taxes. Higher non-interest expenses were partially offset by lower spending on strategic projects, our continued actions undertaken during the year to contain expense growth, and the beneficial impact associated with a larger scientific research and experimental development (SR&ED) investment tax credit realized this year. Our fiscal 2023 efficiency ratio of 52.6% increased from 51.5% in the prior year, as non-interest expense growth outpaced revenue growth primarily due to the decrease in net interest margin as discussed above.

The current year income tax expense increased 11% ($12 million) compared to 6% growth in net income before taxes due to an increase in the current year effective income tax rate. The current year effective income tax rate of 26.1% was 120 basis points higher than last year, primarily driven by the combined impact of the additional 1.5% of federal income tax associated with the enactment of Bill C-32 and non-recurring adjustments related to the completion of our prior year tax filings that increased tax expense in the current year compared to a reduction in tax expense recognized when our filings were completed in the prior year.

Diluted earnings per share of $3.38 was relatively consistent with the prior year and adjusted earnings per common share of $3.58 declined 1%. Our return on common shareholders' equity (ROE) of 9.8% and adjusted ROE of 10.4% decreased 30 and 40 basis points, respectively, as an increase in our common shareholders' income, was more than offset by higher common shareholders' equity. Higher common shareholders' net income was primarily driven by higher revenues and a lower provision for credit losses, partially offset by higher non-interest expenses, as discussed above.

Our CET1 capital ratio at October 31, 2023 of 9.7% increased 90 basis points compared to last year, reflecting the impact of retained earnings growth, a reduction in accumulated other comprehensive loss related to an increase in unrealized gains on debt securities measured at FVOCI, the adoption of the Capital Adequacy Requirements (CAR) 2023 guidelines and the impact of common shares issued under our at-the-market (ATM) program in the first quarter of the year, which more than offset targeted growth in risk-weighted assets. Our Tier 1 capital ratio of 11.5% and Total capital ratio of 13.5%, reflected increases of 90 basis points and 140 basis points, respectively, due to the proportional impact these same factors. Our Total capital ratio also reflected the issuance of $150 million Series H Non-Viability Contingent Capital (NVCC) subordinated debentures in the year.

FISCAL 2024 OUTLOOK

Economic Conditions

Despite persistent levels of inflation and an elevated interest rate environment, growth of the Canadian economy remained moderately positive in fiscal 2023. As the impact of elevated interest rates continues to work through the economy, economic growth in fiscal 2024 is expected to be weak in the first part of the year before expanding in the latter half of the year. We anticipate a relatively stable policy interest rate in fiscal 2024, with the potential for policy interest rate reductions in the latter part of the year on the assumption that core inflation continues to decline to reach the Bank of Canada's target level.

Outlook of expected financial performance

We have a demonstrated history of delivering strong, stable financial results against volatile economic backdrops. We target and win new full-service clients through economic cycles by delivering an unrivaled client experience with a consistent and prudent risk management approach. Looking ahead to fiscal 2024, we expect to deliver:

Annual Metric	Fiscal 2024 expectations
Operating leverage	Positive
Adjusted earnings per common share	Low to mid single-digit percentage growth

Against this expected economic backdrop, our teams remain focused on winning full-service clients within our risk-adjusted pricing criteria. We expect to deliver mid single-digit annual percentage loan growth, if prudent and within our disciplined risk appetite, with a strategic focus on portfolios that support further full-service client opportunities. We expect strong loan growth in Ontario will drive further geographic diversification of our loans as we continue to expand our physical presence with the opening of our Toronto financial district and Kitchener banking centres in fiscal 2024.

We expect to launch our new digital and cash management platform next year and will commence with a phased migration of existing commercial clients onto the new platform. We expect gradual momentum in branch-raised deposit growth as the year progresses, with mid single-digit percentage growth of branch-raised deposits on an annual basis.

Based on the assumption of a more stable interest rate environment, our net interest margin is expected to gradually increase over the next year and reflect the benefits of the growth in fixed term asset yields continuing to outpace growth in funding costs, and loan growth that is targeted to optimize risk-adjusted returns.

We will continue to carefully manage discretionary costs while prioritizing investments in key roles and capabilities to support our differentiated strategy to be the best bank for business owners in Canada. The reorganization initiatives undertaken in late fiscal 2023 provide us with additional operational efficiency to continue to advance our strategy, while ensuring we maintain an appropriate level of expenses relative to our expected revenues. We executed most of the planned organizational redesign activities in the fourth quarter of fiscal 2023 and expect limited further activity within fiscal 2024. We will carefully monitor and manage our expenditures and expect to deliver positive operating leverage next year.

We expect that the sustained impact of higher interest rates will result in increased borrower defaults and impaired loans as the year progresses. Consistent with our experience in prior periods of economic volatility, our prudent lending approach supports our expectation that our provision for credit losses will be within our historical normal range of 18 to 23 basis points next year.

Based on the assumptions described above and presuming no significant adverse shifts in the macroeconomic environment, we expect annual percentage growth of adjusted earnings per common share in the low to mid single-digit range.

NET INTEREST INCOME

Net interest income is the difference between interest earned on assets, and interest paid on deposits and other liabilities, including debt. Net interest margin is net interest income as a percentage of average total assets.

Table 3 – Net Interest Income
($ thousands)

	2023				2022			
	Average Balance	Mix	Interest	Interest Rate	Average Balance	Mix	Interest	Interest Rate
Assets								
Cash, securities and deposits with financial institutions	**$ 4,143,626**	**10 %**	**$ 72,465**	**1.75 %**	$ 4,106,837	11 %	$ 36,915	0.90 %
Securities purchased under resale agreements	**245,260**	**1**	**11,386**	**4.64**	143,701	-	1,964	1.37
Loans								
Personal	**7,142,258**	**17**	**298,011**	**4.17**	6,687,336	17	211,531	3.16
Business	**29,418,323**	**70**	**1,983,610**	**6.74**	27,153,241	70	1,311,495	4.83
	36,560,581	**87**	**2,281,621**	**6.24**	33,840,577	87	1,523,026	4.50
Total interest bearing assets	**40,949,467**	**98**	**2,365,472**	**5.78**	38,091,115	98	1,561,905	4.10
Other assets	**1,022,491**	**2**	**-**	**0.00**	948,188	2	-	0.00
Total Assets	**$ 41,971,958**	**100 %**	**$ 2,365,472**	**5.64 %**	$ 39,039,303	100 %	$ 1,561,905	4.00 %
Liabilities								
Deposits								
Personal	**$ 18,699,829**	**45 %**	**$ 759,464**	**4.06 %**	$ 16,023,732	41 %	$ 325,291	2.03 %
Business and government	**14,496,310**	**35**	**499,791**	**3.45**	15,334,691	39	220,166	1.44
	33,196,139	**80**	**1,259,255**	**3.79**	31,358,423	80	545,457	1.74
Securities sold under repurchase agreements	**38,403**	**-**	**1,782**	**4.46**	50,470	-	679	1.35
Other liabilities	**942,849**	**2**	**3,369**	**0.36**	711,081	2	3,159	0.44
Debt	**3,897,081**	**9**	**119,789**	**3.07**	3,282,776	9	72,634	2.21
Shareholders' equity	**3,897,486**	**9**	**-**	**0.00**	3,636,553	9	-	0.00
Total Liabilities and Equity	**$ 41,971,958**	**100 %**	**$ 1,384,195**	**3.30 %**	$ 39,039,303	100 %	$ 621,929	1.59 %
Total Assets/Net Interest Income	**$ 41,971,958**		**$ 981,277**	**2.34 %**	$ 39,039,303		$ 939,976	2.41 %

Net interest income of $981 million was up 4% ($41 million) from last year. Growth was primarily driven by an 8% increase in average interest bearing assets, partially offset by a seven basis point decrease in net interest margin. The decline in net interest margin reflected the impact of lower loan related fees, including payout penalties and a proportional shift in our funding mix towards fixed term branch-raised and insured broker deposits.

The yield on average cash, securities and deposits with financial institutions of 1.75% increased 85 basis points primarily due to increases in market interest rates following the Bank of Canada policy interest rate changes. The average balance of cash, securities and deposits, less securities sold under repurchase agreements, as a percentage of total assets remained relatively consistent with the prior year.

Average loan yields increased 174 basis points to 6.24% primarily due to a 325 basis point increase in the average prime rate, driven by the Bank of Canada policy interest rate increases during the current and prior year. The increase in prime rates immediately impacted our floating rate loan yields, which represent about one third of our loan portfolio, while our fixed rate loan portfolio will continue to trend upwards as loans originated prior to the policy interest rate increases mature and are renewed or replaced with new lending at a higher interest rate. The increases in average loan yields were partially offset by lower loan related fees, which primarily related to payout penalties in the higher interest rate environment.

Average deposit costs were up 205 basis points to 3.79% and the overall cost of average interest-bearing liabilities and equity increased 171 basis points to 3.30%, primarily due to market interest rate increases. The increase in market interest rates immediately impacted our floating rate deposits, which represent about one third of our deposit portfolio, and also resulted in deposit pricing changes to match competitive market rates on certain administered interest rate products. The proportional increase in deposits compared to loan yields is primarily due to the impact of our fixed term deposit portfolio repricing faster to reflect higher market interest rates than our fixed term loans, which have a longer average duration and the negative impact on our loan yields associated with lower loan related fees as discussed above.

NON-INTEREST INCOME

Table 4 – Non-interest Income

($ thousands)

	2023	2022	Change from 2022	
Wealth management services	**$ 61,202**	$ 61,928	$ (726)	(1) %
Credit related	**45,187**	40,449	4,738	12
Trust services	**10,723**	9,991	732	7
Retail services	**10,442**	10,264	178	2
Losses on securities, net	**(52)**	(67)	15	(22)
Other[(1)]	**3,795**	13,746	(9,951)	(72)
Total Non-interest Income	**$ 131,297**	$ 136,311	$ (5,014)	(4) %

(1) Primarily consists of foreign exchange gains/losses.

Non-interest income of $131 million was down 4% ($5 million) from the prior year primarily due to lower foreign exchange revenue recorded in ‘other’ non-interest income, which was elevated in the prior year due to a rapid and significant strengthening of the U.S. dollar. Higher credit related fees were driven by 4% annual loan growth and an increase in credit card administration fees, which were supported by the launch of our new business credit cards in partnership with Brim Financial. Higher trust services fees reflected an increase in transaction volumes in the current year, primarily driven by new CWB Trust Services client acquisitions and elevated activity from existing clients as they continue to re-balance their portfolios in the elevated interest rate environment. Fees from retail services were relatively consistent with the prior year, commensurate with relatively stable branch-raised deposit balances. Wealth management fees decreased 1% from the prior year, as higher investment management fees, associated with a growth in assets under management balances, were more than offset by lower wealth service fees, reflective of a reduction in transactional activity in the elevated interest rate environment. In line with our liquidity management strategies and risk appetite, we also recognized nominal losses on security sales in the current and prior years.

NON-INTEREST EXPENSES AND EFFICIENCY RATIO

Table 5 – Non-interest Expenses and Efficiency Ratio
($ thousands)

	2023	2022	Change from 2022	
Salaries and Employee Benefits				
Salaries	**$ 323,418**	$ 286,130	$ 37,288	13 %
Employee benefits	**66,746**	59,613	7,133	12
	390,164	345,743	44,421	13
Premises				
Depreciation	**18,456**	18,439	17	-
Rent	**11,915**	11,213	702	6
Other	**4,265**	4,622	(357)	(8)
	34,636	34,274	362	1
Equipment and Software				
Depreciation	**35,232**	52,197	(16,965)	(33)
Other	**51,859**	41,214	10,645	26
	87,091	93,411	(6,320)	(7)
General				
Professional fees and services	**23,401**	30,264	(6,863)	(23)
Regulatory costs	**14,698**	13,262	1,436	11
Banking charges	**10,476**	9,915	561	6
Marketing and business development	**9,099**	10,366	(1,267)	(12)
Amortization of acquisition-related intangible assets	**8,490**	10,212	(1,722)	(17)
Capital and business taxes	**4,858**	2,038	2,820	138
Loan-related credit reports	**4,271**	3,588	683	19
Employee recruitment and training	**2,880**	6,169	(3,289)	(53)
Travel	**2,868**	2,735	133	5
Communications	**2,149**	2,167	(18)	(1)
Staff relations	**1,903**	1,947	(44)	(2)
Acquisition and integration costs	**602**	626	(25)	(4)
Other	**13,697**	15,060	(1,363)	(9)
	99,392	108,349	(8,958)	(8)
Total Non-interest Expenses	**$ 611,283**	$ 581,777	$ 29,505	5 %
Efficiency Ratio	**52.6 %**	51.5 %		110 bp

bp – basis point

Total non-interest expenses of $611 million were up 5% (30 million). The increase included $17 million of costs recognized primarily in salaries and employee benefits that were incurred to execute reorganization initiatives to realize efficiencies in our banking centre footprint, operational support functions, and administrative processes.

Salaries and employee benefits increased 13% ($44 million) primarily due to costs incurred related to the reorganization of our operations in the fourth quarter this year. Excluding the impact of non-recurring reorganization activities, salaries and benefits increased 8% ($27 million) driven by a higher average staffing complement, the impact of annual salary increments and higher share-based compensation expense associated with a higher share price in the current year.

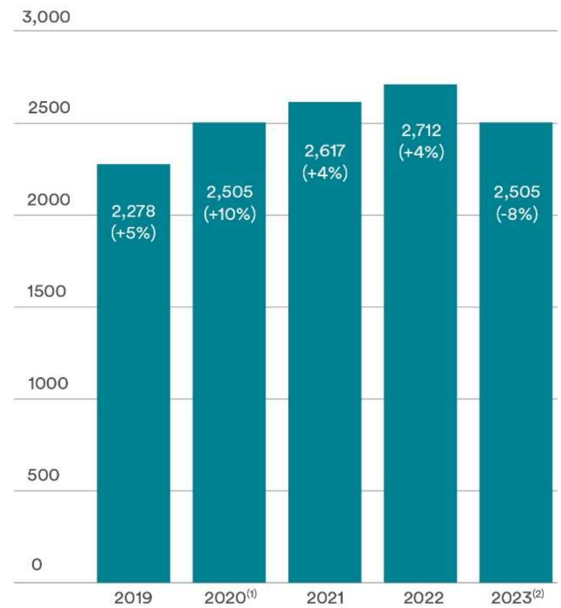
Premises expense remained relatively consistent with the prior year as higher rent expense associated with the full year impact of our Markham, Ontario, and downtown Vancouver banking centres, were offset by our efforts to temporarily reduce maintenance and repair costs.

Equipment and software costs were down 7% ($6 million) primarily due to the accelerated amortization of intangible assets of previously capitalized AIRB assets recognized in the prior year. Excluding the accelerated amortization of intangible assets, equipment and software costs were up 13%, primarily driven by our ongoing investments in technology infrastructure, including our continued transition to cloud based solutions, as we position ourselves for future growth and improve our client and employee experience.

General non-interest expenses were down 8% ($9 million) from the prior year. Lower professional fees and services reflected a reduced spend on strategic projects in the year. Lower amortization of acquisition-related intangible assets was primarily driven by the launch of our CWB Wealth brand and the concurrent retirement of legacy wealth management brands in the prior year. Lower employee recruitment and training, marketing and other general non-interest expenses reflected our prudent approach to managing our expenditures in the current economic environment, as well as the recognition of an SR&ED investment tax credit in the year. Lower general non-interest expenses were partially offset by higher capital taxes and regulatory costs.

The efficiency ratio was 52.6% compared to 51.5%, as non-interest expense growth outpaced revenue growth primarily due to the decrease in net interest margin as discussed in the *Net Interest Income* section.

Figure 1 – Number of Full-time Equivalent Employees



(1) Approximately half of the fiscal 2020 increase related to the wealth acquisition
(2) Decrease in fiscal 2023 primarily relates to the reorganization of our operations that occurred late in the fourth quarter of the year

INCOME TAXES

On November 4, 2022, the Canadian Government introduced Bill C-32 which included legislation to increase the federal income tax rate by 1.5% on taxable income above $100 million for banking and life insurance groups. Bill C-32 received Royal Assent on December 15, 2022. The new legislation increased our annual effective tax rate by approximately 80 basis points compared to the prior year, as the increase from the higher federal income tax rate was partially offset by a one-time deferred tax recovery associated with the re-measurement of our net deferred tax assets at the higher tax rate.

The current year effective income tax rate of 26.1% was 120 basis points higher than last year, primarily driven by the combined impact of the additional 1.5% of federal income tax associated with the enactment of Bill C-32 and non-recurring adjustments related to the completion of our prior year tax filings that increased tax expense in the current year compared to a reduction in tax expense recognized when our filings were completed in the prior year.

COMPREHENSIVE INCOME

Comprehensive income is comprised of net income and other comprehensive income (OCI), all net of taxes. Our OCI includes changes in unrealized gains and losses on debt securities measured at FVOCI, equity securities designated at FVOCI, and fair value changes for derivative instruments designated as cash flow hedges. Comprehensive income of $392 million was up $201 million due to a $187 million increase in OCI and a $14 million increase in net income. Higher OCI, net of tax, was driven by unrealized gains from changes in the fair value of our debt securities measured at FVOCI compared to losses in the prior year ($156 million) and the impact of reclassifications to net income ($49 million) related to our derivatives designated as cash flow hedges, partially offset by higher unrealized losses from the fair value of our derivatives designated as cash flow hedges ($16 million).

Our debt securities portfolio, which is classified at FVOCI, is primarily comprised of bonds issued or guaranteed by federal (Canada or United States), provincial or municipal governments used exclusively for liquidity management purposes and have an average remaining duration of approximately one year. Fluctuations in value are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve and are fully reflected in regulatory capital on an after-tax basis.

Table 6 – Comprehensive Income
($ thousands)

	2023	2022	Change from 2022
Net Income	**$ 350,649**	$ 336,896	$ 13,753
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	**65,694**	(89,817)	155,511
Reclassification to net income, of (gains) losses in the year	**(209)**	8	(217)
	65,485	(89,809)	155,294
Derivatives designated as cash flow hedges			
Losses from change in fair value	**(55,058)**	(38,852)	(16,206)
Reclassification to net income, of gains (losses) in the year	**32,303**	(16,508)	48,811
	(22,755)	(55,360)	32,605
Items that will not be subsequently reclassified to net income			
Unrealized losses on equity securities designated at fair value through other comprehensive income	**(986)**	(167)	(819)
	41,744	(145,336)	187,080
Comprehensive Income	**$ 392,393**	$ 191,560	$ 200,833

CASH AND SECURITIES

Cash, securities and securities purchased under resale agreements totaled $4.3 billion at October 31, 2023, compared to $4.6 billion last year. The cash and securities portfolio is primarily comprised of high-quality debt instruments that are used exclusively for liquidity management purposes, and have an average remaining duration of approximately one year. The balance and mix of cash and securities are managed as part of our overall liquidity management process. Refer to the *Liquidity Management* section of our MD&A for additional information.

Table 7 – Unrealized Gains and Losses on Debt Securities, Equity Securities, and Cash Resources Measured at FVOCI(1)
($ thousands)

	As at October 31, 2023			
	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Measured at FVOCI				
Interest bearing deposits with financial institutions(2)	**$ 149,292**	**$ 2**	**$ 9**	**$ 149,285**
Debt securities issued or guaranteed by				
Canada	**3,333,770**	**1,718**	**67,012**	**3,268,476**
A province or municipality	**444,545**	**71**	**4,303**	**440,313**
Other debt securities issued by United States Treasury	**134,434**	**-**	**4,706**	**129,728**
Other debt securities	**55,305**	**85**	**2**	**55,388**
Measured at fair value through profit or loss (FVTPL)				
Other debt securities	**12,494**	**2,569**	**162**	**14,901**
Total	**$ 4,129,840**	**$ 4,445**	**$ 76,194**	**$ 4,058,091**

	As at October 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Measured at FVOCI				
Interest bearing deposits with financial institutions(2)	$ 26,833	$ -	$ -	$ 26,833
Debt securities issued or guaranteed by				
Canada	4,047,037	414	136,630	3,910,821
A province or municipality	465,377	67	16,497	448,947
Other debt securities issued by United States Treasury	157,393	-	8,671	148,722
Designated at FVOCI				
Other equity securities	8,972	1,617	284	10,305
Total	$ 4,705,612	$ 2,098	$ 162,082	$ 4,545,628

(1) Excludes financial instruments measured at amortized cost, including cash, non-interest bearing deposits with financial institutions and cheques and other items in transit of $67 million (October 31, 2022 – $89 million) and securities purchased under resale agreements of $135 million (October 31, 2022 – nil).
(2) Included in cash resources on the consolidated balance sheets.

Fluctuations in the value of securities are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve. Net unrealized losses, before tax, recorded on the consolidated balance sheet at October 31, 2023 totaled $72 million, compared to net unrealized losses of $160 million last year. Elevated unrealized losses on cash and securities in prior year were primarily driven by the significant and rapid increase in market interest rates. The unrealized losses reduced in the current year with more stability in interest rates and through the maturity and replacement of debt securities with yields that reflect current market interest rates. We regularly review the level of unrealized losses on securities. Impairment charges on debt securities are reflected in net gains (losses) on securities only in the case of an issuer credit event. We have no direct investment in any sovereign debt or other securities issued outside of Canada or the United States. Refer to *Table 25 – Valuation of Financial Instruments* of our MD&A for additional information on significant financial assets and liabilities reported at fair value.

LOANS

Table 8 – Outstanding Loans by Portfolio

($ millions)

	2023	2022	Change from 2022	
General commercial loans	**$ 13,681**	$ 12,430	$ 1,251	10 %
Personal loans and mortgages	**7,118**	6,952	166	2
Commercial mortgages	**7,106**	7,446	(340)	(5)
Equipment financing and leasing	**5,722**	5,546	176	3
Real estate project loans	**3,098**	3,200	(102)	(3)
Oil and gas production loans	**485**	332	153	46
Total Outstanding Loans[1]	**$ 37,210**	$ 35,906	$ 1,304	4 %

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

Total loans, excluding the allowance for credit losses, increased 4% ($1.3 billion) compared to last year and reflected our continued focus on optimizing risk-adjusted returns in the current economic environment.

Very strong growth of 10% in our general commercial portfolio reflected our continued focus to increase full-service client relationships across our national footprint. General commercial loans increased by 17% in Ontario, supported by our Mississauga and Markham banking centres. General commercial lending also reflected activity across a broad range of industries, such as finance and insurance, hospitality, retail trade, construction, transportation and storage, professional services, healthcare, and manufacturing.

Personal loans and mortgages increased 2% ($166 million) primarily due to growth in uninsured mortgages, which benefited from strong new origination volumes with prudent loan-to-value ratios and strong average beacon scores.

Our commercial mortgage portfolio declined 5% ($340 million) with new origination volume more than offset by scheduled repayments, as fewer new lending opportunities met our risk-adjusted return expectations.

The equipment financing and leasing portfolio increased 3% ($176 million), primarily in Quebec, Alberta, and British Columbia (BC) and was dampened by continued market competition and elevated payouts in the year.

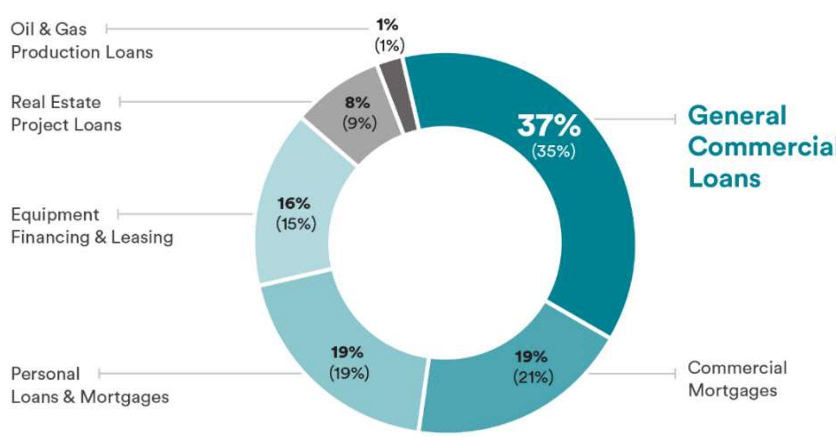
Real estate project loans declined 3% ($102 million) as a lower than usual volume of new project starts from top-tier borrowers were more than offset by payouts associated with the timing of project completions, primarily in Alberta.

Oil and gas production loans were up 46% ($153 million), primarily reflecting our participation in syndicated facilities that remain within our prudent risk appetite. As at October 31, 2023, our exposures to oil and gas service and production businesses each represented approximately 2% of total loans.

The shift in the mix of our portfolio (see Figure 2) reflected strong execution against our strategy to focus on full-service client opportunities and risk-adjusted return expectations across a broad range of industries. Very strong growth in our strategically targeted general commercial loans increased the proportion of loans to 37% at October 31, 2023, compared to 35% in the prior year. The proportion of loans in commercial mortgages and real estate project loans also decreased to 19% and 8%, respectively, compared to the prior year proportions of 21% and 9%, respectively. The proportional decline in these portfolios primarily reflects lower volume of new lending which met our risk-adjusted return expectations, compared to repayments and project completions during the year. Our remaining portfolios remained relatively consistent with the prior year.

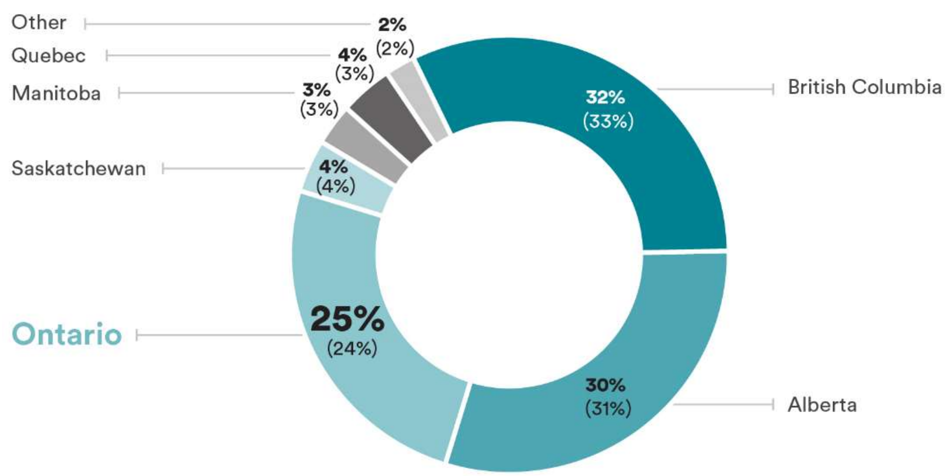
Figure 2 – Outstanding Loans by Portfolio

(October 31, 2022 in brackets)



The shift in our portfolio based on the location of security (see Figure 3) reflected our continued focus to increase full-service client relationships across our national footprint. Very strong growth in the Ontario market, supported by solid momentum from our Markham and Mississauga banking centres, increased the proportion of loans to 25% at October 31, 2023, compared to 24% last year. The shift in geographic portfolio composition in Alberta and BC was primarily driven by lower commercial mortgage balances as discussed above.

Figure 3 – Geographical Distribution of Outstanding Loans based on Location of Security
(October 31, 2022 in brackets)



The loan portfolio is focused on areas of demonstrated lending expertise, while concentrations measured by geographic area and industry sector are managed within specified tolerance levels. Our loan portfolio is well-diversified and continued to achieve greater diversification from a geographic and industry perspective this year.

Table 9 – Outstanding Loans by Industry Sector(1)
(% at October 31)

	2023		2022	
Real estate operations	**20**	**%**	21	%
Consumer loans and residential mortgages	**19**		19	
Construction	**17**		18	
Finance and insurance	**9**		9	
Transportation and storage	**7**		7	
Hotel/motel	**5**		5	
Retail trade	**4**		3	
Agriculture	**3**		2	
Health and social services	**2**		3	
Manufacturing	**2**		2	
Professional, scientific, and technical services	**2**		2	
Oil and gas service	**2**		2	
Oil and gas production	**2**		1	
Accommodation and food services	**1**		1	
Logging/forestry	**1**		1	
Wholesale trade	**1**		1	
Utilities	**1**		1	
All other	**2**		2	
Total	**100**	**%**	100	%

(1) Based on North American Industry Classification System (NAICS) codes.

CREDIT QUALITY

IMPAIRED LOANS

Loans are determined to be in default and classified as impaired when payments are contractually past due 90 days or more, when we have commenced realization proceedings, or when we are of the opinion that the loan should be regarded as impaired based on objective evidence. Objective evidence that a loan is impaired may include significant financial difficulty of a borrower, default or delinquency of a borrower, breach of loan covenants or conditions, or indications that a borrower will enter bankruptcy.

Table 10 – Change in Gross Impaired Loans

($ thousands)

		2023		2022		Change from 2022	
Gross impaired loans, beginning of year	**$**	**166,673**	$	202,324	$	(35,651)	(18) %
New formations		**341,495**		150,723		190,772	127
Reductions, impaired accounts paid down or returned to performing status		**(205,140)**		(155,759)		(49,381)	32
Write-offs		**(37,052)**		(30,615)		(6,437)	21
Total[(1)]	**$**	**265,976**	$	166,673	$	99,303	60 %
Balance of the ten largest impaired accounts	**$**	**139,162**	$	82,314	$	56,848	69 %
Total number of accounts classified as impaired[(2)]		**255**		280		(25)	(9)
Total number of accounts classified as impaired under $1 million[(2)]		**225**		256		(31)	(12)
Gross impaired loans as a percentage of gross loans		**0.71 %**		0.46 %			25 bp

(1) Gross impaired loans include foreclosed assets held for sale with a carrying value of $2,712 (October 31, 2022 – $2,010). We pursue timely realization of foreclosed assets and do not use the assets for our own operations.

(2) Total number of accounts excludes CWB National Leasing.

Bp – basis point

Gross impaired loans at October 31, 2023 totaled $266 million, up from $167 million last year, which represented 0.71% of gross loans compared to 0.46% last year. The level of gross impaired loans fluctuates as loans become impaired and are subsequently resolved and does not directly reflect the dollar value of expected write-offs given tangible security held in support of lending exposures.

The increase in gross impaired loans was driven by an increase in new formations of impaired loans to $341 million this year, as expected as a result of higher interest rates pressuring the cash flow of borrowers. New formations of gross impaired loans of $151 million last year was suppressed by the continued benefit of Government stimulus and support. We continue to efficiently deliver resolutions of impaired loans, which totaled $205 million this year as compared to $156 million last year. Strong resolution activity with net write-offs that remain well below our historical average reflects our ongoing proactive management of the loan portfolio by our Special Asset Management Unit, a team that specializes in resolving troubled loans and minimizing credit losses.

We regularly review the overall loan portfolio and undertake credit decisions on a case-by-case basis to provide early identification of possible adverse trends. Our strong credit risk management framework, including well-established underwriting standards, the secured nature of our lending portfolio with conservative loan-to-value ratios, and proactive approach to working with clients through difficult periods has continued to be an effective approach. This is demonstrated by our history of low write-offs as a percentage of average loans, including through past periods of economic volatility. Refer to the *Risk Management* section of this MD&A for additional information.

ALLOWANCE FOR CREDIT LOSSES

Allowances for credit losses are maintained for expected credit losses (ECL) in the performing loan portfolio and assessed on a loan-by-loan basis for impaired loans. The performing loan allowance (Stage 1 and 2) consists of expected credit losses for losses 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. We establish estimates through detailed analysis of both the overall quality and marketability of the security held against each impaired account.

At October 31, 2023, the total allowance for credit losses of $175 million consisted of $132 million for performing loans and $43 million related to impaired loans (Stage 3). One year ago, the total allowance for credit losses of $167 million consisted of $120 million for performing loans and $47 million related to impaired loans. The change in the allowance for credit losses compared to last year, with the allowance for impaired loans split by loan portfolio, is provided in the following table.

Table 11 – Allowance for Credit Losses

($ thousands)

	2023 Opening Balance	Provision for (Recovery of) Credit Losses	(Write-Offs) net of Recoveries[1]	**2023 Ending Balance**
Impaired loan allowance (Stage 3)				
General commercial loans	$ 32,469	$ (3,091)	$ (10,308)	**$ 19,070**
Equipment financing and leasing	6,788	6,280	(6,484)	**6,584**
Commercial mortgages	6,734	10,738	(14)	**17,458**
Personal loans and mortgages	140	546	(644)	**42**
Real estate project loans	560	885	(1,400)	**45**
Oil and gas production loans	-	(15)	15	**-**
	46,691	15,343	(18,835)	**43,199**
Performing loan allowance (Stage 1 and 2)	120,437	11,676	-	**132,113**
Total	$ 167,128	$ 27,019	$ (18,835)	**$ 175,312**
Represented by:				
Loans				**$ 172,563**
Committed but undrawn credit exposures and letters of credit[2]				**2,749**
Total				**$ 175,312**

(1) Recoveries in fiscal 2023 totaled $18,215 (2022 – $5,858).

(2) The performing allowance for credit losses related to committed but undrawn credit exposures and letters of credit is included in other liabilities on the consolidated balance sheets.

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 was 13%, compared to 20% last year. The decrease in Stage 2 loans compared to last year primarily reflects a more pessimistic macroeconomic forecast in the prior year relative to the periods those loans were originated.

The performing loan allowance of $132 million increased 10% from the prior year, primarily driven by a continued weakening in the economic outlook over the past year. The macroeconomic forecast in the current year, which is calibrated against an average of the large Canadian banks' macroeconomic forecasts, reflects continued weak economic growth into fiscal 2024, before expanding in the latter half of the year. For further details on the economic factors and scenarios incorporated into the estimation of the performing loan allowance, see Note 6 of the audited consolidated financial statements for the year ended October 31, 2023.

Key economic variables incorporated into our ECL models are inherently prone to volatility on a forward-looking basis. Continued increases in market interest rates, global geopolitical uncertainty, and a significant adverse shift in the macroeconomic outlook could result in negative revisions to expected economic assumptions. Hindsight cannot be used, so while these evolving assumptions may result in future forecasts that differ from those used in the ECL estimation at October 31, 2023, those changes will be reflected in future periods.

In estimating the performing loan allowance, where required we supplement our modeled ECL to reflect expert credit judgments. These expert credit judgments incorporate the estimated impact of factors that are not fully captured through our modeled ECL.

Impaired loan allowance

The allowance for impaired loans (Stage 3) was $43 million, compared to $47 million last year. 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 provision for credit losses as a percentage of average loans of seven basis points consisted of a four basis point provision related to impaired loans and a three basis point provision related to performing loans. This compared to a 14 point provision for credit losses last year, including a ten basis point charge related to impaired loans and a four basis point charge related to performing loans. In dollar terms, the provision for credit losses was $27 million compared to $46 million last year. The provision for credit losses on impaired loans was $15 million compared to $32 million last year. The lower provision for credit losses on impaired loans was primarily due to an increase in recoveries of impaired loan write-offs upon final resolution. The provision for credit losses on performing loans was a $12 million charge, compared to a charge of $14 million last year. For additional information on the estimation of the performing loan allowance, refer to the *Allowance for Credit Losses* section of our MD&A.

The timing of write-offs and recoveries of previous write-offs can fluctuate as loans become impaired and are subsequently resolved. Our approach to managing credit risk has proven to be very effective and write-offs as a percentage of average loans of ten basis points remained well below our five-year historical average.

Table 12 – Provision for Credit Losses

(as a percentage of average loans)

	2023	2022	2021	2020	2019
Provision for credit losses on total loans	**0.07 %**	0.14 %	0.09 %	0.32 %	0.21 %
Provision for credit losses on impaired loans	**0.04**	0.10	0.17	0.18	0.21
Write-offs	**0.10**	0.09	0.19	0.17	0.23

PAST DUE LOANS

Loans are considered past due when a customer has not made a payment by the contractual due date.

Table 13 – Past Due Loans

($ thousands)

As at October 31, 2023	**1 – 30 days**	**31 – 60 days**	**61 – 90 days**	**Total**
Personal	**$ 114,397**	**$ 57,326**	**$** 4,059	**$ 175,782**
Business	**116,991**	**58,998**	26,129	**202,118**
Total	**$ 231,388**	**$ 116,324**	**$** 30,188	**$ 377,900**
As at October 31, 2022	$ 174,127	$ 77,308	$ 46,997	$ 298,432

Past due performing loans of $378 million were 27% higher than prior year. Past due performing loans as a percentage of total gross loans are now moderately higher than our five-year historical average and are starting to reflect the impacts of the elevated interest rate environment on borrower credit performance.

DEPOSITS AND FUNDING

Table 14 – Deposits

($ thousands)

	Demand	Notice	Term	2023 Total	% of Total
Personal, branch-raised	**$ 30,380**	**$ 6,616,801**	**$ 4,780,322**	**$ 11,427,503**	**34 %**
Business and government, branch-raised	**980,924**	**6,139,026**	**2,197,789**	**9,317,739**	**28**
Deposit brokers	**-**	**-**	**9,186,914**	**9,186,914**	**28**
Capital markets	**-**	**-**	**3,396,293**	**3,396,293**	**10**
Total	**$ 1,011,304**	**$ 12,755,827**	**$ 19,561,318**	**$ 33,328,449**	**100 %**
% of Total	**3 %**	**38 %**	**59 %**	**100 %**	

	Demand	Notice	Term	2022 Total	% of Total
Personal	$ 35,688	$ 6,654,784	$ 3,957,977	$ 10,648,449	32 %
Business and government	1,314,615	6,456,577	2,457,809	10,229,001	31
Deposit brokers	-	-	7,639,305	7,639,305	23
Capital markets	-	-	4,493,707	4,493,707	14
Total	$ 1,350,303	$ 13,111,361	$ 18,548,798	$ 33,010,462	100 %
% of Total	4 %	40 %	56 %	100 %	

Total deposits increased 1% ($0.3 billion) from last year, as higher personal and broker deposit balances were partially offset by lower business and government and capital market deposits.

Table 15 – Deposits by Source

(as a percentage of total deposits at October 31)

	2023	2022
Branch-raised	**62 %**	63 %
Deposit brokers	**28**	23
Capital markets	**10**	14
Total	**100 %**	100 %

Branch-raised deposits of $20.7 billion comprised 62% of total deposits and decreased 1% ($0.1 billion) from last year as a 9% ($0.6 billion) increase in fixed term deposits were more than offset by a 5% ($0.7 billion) decrease in demand and notice deposits. Branch-raised demand and notice deposits declined from the prior year primarily due to our intentional exit of select higher cost non-full-service client relationships early in the year, which we replaced with insured, fixed term broker deposits. Lower branch-raised demand and notice deposits also reflected a reduction in account balances as clients continue to deploy excess savings rather than incur debt to manage cash flow in the elevated rate environment. For clients that retained excess savings, we noted a continued preference for term deposits in the current interest rate environment.

Other types of deposits are primarily sourced through a deposit broker network and debt capital markets. Capital market deposits decreased 24% ($1.1 billion) as senior deposit note maturities during the year were replaced with broker term deposits due to a lower relative cost compared to new senior deposit note issuances. Capital market deposits now represent 10% of total deposits, compared to 14% last year.

The broker deposit market remains an efficient and liquid source of funding. Although these funds are subject to commissions, this cost is countered by a reduced dependence on a more extensive branch network and the benefit of generating insured fixed-term retail deposits over a wide geographic base. At times broker-sourced deposits also reflect a lower relative cost compared to other funding options. We only raise fixed term deposits through this funding channel, with terms to maturity between one and five years, and do not offer a High Interest Savings Account (HISA) product. Broker-sourced deposits increased 20% ($1.5 billion) from last year and represent 28% of total deposits, up from 23% last year.

We continue to invest in our securitization capabilities and participate in lease securitization vehicles, the NHA MBS program and the *Canada Mortgage Bond* (CMB) program. The gross amount of securitized leases and loans was $2.2 billion, compared to $2.1 billion one year ago. The gross amount of mortgages securitized under the NHA MBS program was $1.3 billion, compared to $1.4 billion last year. Funding from the securitization of leases, loans and mortgages totaled $1.0 billion (2022 – $1.2 billion) during the year, including $0.9 billion (2022 – $1.0 billion) of equipment leases and loans, and $0.1 billion (2022 – $0.2 billion) from participation in the CMB program.

OTHER ASSETS AND OTHER LIABILITIES

Other assets at October 31, 2023 totaled $1.0 billion and were relatively consistent with last year. Higher intangible asset balances associated with our continued investment in our digital capabilities were offset by lower accounts receivable balances. Other liabilities totaled $1.1 billion at October 31, 2023 compared to $1.2 billion last year, with the decrease primarily related to lower securities sold under repurchase agreements, partially offset by higher accounts payable balances and an increase in the liability recognized for unfavourable derivative contracts used for interest rate risk management purposes.

LIQUIDITY MANAGEMENT

We maintain a conservative liquid asset profile. Our cash and securities portfolio is comprised of high-quality debt instruments, primarily issued or guaranteed by federal (Canada or United States), provincial or municipal governments, and short-term money market instruments. A schedule outlining our securities portfolio at October 31, 2023 is provided in Note 4 of the audited consolidated financial statements. For additional information on the governance and risk management related to liquidity and funding risk, refer to the *Liquidity and Funding Risk* section of our MD&A.

Table 16 – Liquid Assets
($ thousands)

	2023	2022	Change from 2022
Cash and non-interest bearing deposits with financial institutions	**$ 49,114**	$ 81,228	$ (32,114)
Interest bearing deposits with financial institutions	**149,285**	26,833	122,452
Cheques and other items in transit	**17,410**	7,918	9,492
	215,809	115,979	99,830
Government of Canada treasury bills	**392,013**	-	392,013
Government of Canada, provincial and municipal debt, term to maturity one year or less	**1,895,269**	2,051,914	(156,645)
Government of Canada, provincial and municipal debt, term to maturity more than one year	**1,421,507**	2,307,854	(886,347)
NHA mortgage-backed securities(1)	**42,066**	229,052	(186,986)
Other securities	**200,017**	159,027	40,990
Securities (sold) purchased under (repurchase) resale agreements	**134,662**	(247,354)	382,016
	4,085,534	4,500,493	(414,959)
Total Liquid Assets	**$ 4,301,343**	$ 4,616,472	$ (315,129)
Total Assets	**$ 42,320,103**	$ 41,427,552	$ 892,551
Liquid Assets as a Percentage of Total Assets	**10 %**	11 %	(1) %
Total Cash and Securities	**$ 4,259,277**	$ 4,387,420	$ (128,143)
Cash and Securities as a Percentage of Total Assets	**10 %**	11 %	(1) %
Total Deposit Liabilities	**$ 33,328,449**	$ 33,010,462	$ 317,987
Liquid Assets as a Percentage of Total Deposit Liabilities	**13 %**	14 %	(1)%

(1) Includes securitized mortgages that were not transferred to third parties. These are reported in loans at amortized cost on the consolidated balance sheets.

The composition of total liquid assets supports ongoing compliance with the OSFI *Liquidity Adequacy Requirements* (LAR) guideline. Liquid assets, as defined by OSFI, comprised of cash, deposits, securities (sold) purchased under (repurchase) resale agreements and marketable debt securities, totaled $4.3 billion at October 31, 2023 (October 31, 2022 – $4.6 billion). Liquid assets represented 10% of total assets, compared to 11% last year, and 13% of total deposit liabilities at year end, compared to 14% last year. The decline from last year was primarily driven by an increase in the proportion of insured term deposits of total deposits in the current year.

Our liquidity management is based on an internal stressed cash flow model, with the level of cash and securities driven primarily by the term structure of both assets and liabilities, and the liquidity structure of liabilities. We continue to apply *Guideline B-6: Liquidity Principles* (Guideline B-6), which complements the LAR guideline and sets out OSFI's expectations for how deposit-taking institutions should manage liquidity risk. In fiscal 2023, we continued to maintain very prudent levels of liquidity.

Other key elements of the composition of liquid assets at October 31, 2023 compared to the prior year include:

- Maturities within one year comprise 65% (October 31, 2022 – 42%), with the increase from the prior year in response to changes in market interest rates and continued economic uncertainty;
- Government of Canada, provincial and municipal debt securities and unencumbered NHA MBS comprise 87% (October 31, 2022 – 99%); and,
- Cash and deposits with financial institutions comprise 5% (October 31, 2022 – 3%).

A summary of all outstanding deposits by contractual maturity date is presented in the two following tables.

Table 17 – Deposit Maturities Within One Year

($ millions)

October 31, 2023	Within 1 Month	1 to 3 Months	3 Months to 1 Year	Cumulative Within 1 Year
Demand deposits	$ **1,011**	$ **-**	$ **-**	$ **1,011**
Notice deposits	**9,837**	**511**	**2,409**	**12,756**
Deposits payable on a fixed date	**825**	**1,763**	**6,869**	**9,458**
Total	$ **11,673**	$ **2,274**	$ **9,278**	$ **23,225**
October 31, 2022 Total	$ 13,019	$ 1,668	$ 8,153	$ 22,840

Table 18 – Total Deposit Maturities

($ millions)

October 31, 2023	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	More than 5 Years	Total
Demand deposits	$ **1,011**	$ **-**	$ **-**	$ **-**	$ **-**	$ **-**	$ **1,011**
Notice deposits	**12,756**	**-**	**-**	**-**	**-**	**-**	**12,756**
Deposits payable on a fixed date	**9,458**	**3,792**	**2,460**	**1,751**	**1,905**	**195**	**19,561**
Total	$ **23,225**	$ **3,792**	$ **2,460**	$ **1,751**	$ **1,905**	$ **195**	$ **33,328**
October 31, 2022 Total	$ 22,840	$ 5,006	$ 2,440	$ 853	$ 1,305	$ 566	$ 33,010

A breakdown of deposits by source is provided in Table 14 and Table 15. Target limits by source have been established as part of the overall liquidity policy and are monitored regularly to ensure an acceptable level of funding diversification is maintained. We continue to develop and implement strategies to compete for branch-raised deposits, and to strengthen this channel as the core source of funding. Additional sources of liquidity include deposits raised through broker channels, issuances of senior deposit notes, instruments that qualify as regulatory capital and securitization activity.

A summary of the subordinated debentures outstanding is presented in the following table.

Table 19 – Subordinated Debentures Outstanding

($ thousands)

	Interest Rate(1)	Maturity Date	Reset Spread(1)	Earliest Date Redeemable by CWB at Par	**Par Value(2)**
Series F NVCC subordinated debentures	3.668%	June 11, 2029	199 bp	June 11, 2024	$ **250,000**
Series G NVCC subordinated debentures	4.840%	June 29, 2030	410.2 bp	June 29, 2025	**125,000**
Series H NVCC subordinated debentures	5.937%	December 22, 2032	291 bp	December 22, 2027	**150,000**

(1) The interest rate will be paid until the earliest date redeemable, after which the interest rate will reset quarterly at the reset spread basis points over the then three-month Bankers' Acceptance rate for Series F and Series G and CORRA for Series H.

(2) The balance reported on the consolidated balance sheet as at October 31, 2023 includes unamortized financing costs related to the issuance of subordinated debentures of $1,562 (October 31, 2022 - $1,198).

Bp – basis point

On December 22, 2022, we issued $150 million of Series H NVCC subordinated debentures with a fixed annual interest rate of 5.937% until December 22, 2027.

In addition to deposit liabilities and subordinated debentures, we have notional debt securities related to the securitization of loans, leases, and mortgages to third parties. Further details can be found in Note 7 and 14 of the audited consolidated financial statements for the year ended October 31, 2023.

CAPITAL MANAGEMENT

We manage capital in accordance with policies and plans that are regularly reviewed and approved by the Board of Directors. Capital management includes forecast capital requirements with consideration of anticipated profitability, asset growth and composition, market and economic conditions, regulatory changes, and common and preferred share dividends. The goal is to maintain adequate regulatory capital to be considered well-capitalized and protect customer deposits, while providing a satisfactory return for shareholders. We have established target capital levels that are informed by our Internal Capital Adequacy Assessment Process (ICAAP) and stress tests, and are deemed prudent to effectively manage risks, including potential capital shocks from unexpected macroeconomic and/or CWB-specific events.

During the year, we complied with all external capital requirements.

ATM Program

All common shares issued under the ATM program in the year were issued in the first quarter of fiscal 2023, with no common shares issued thereafter.

On June 1, 2022, we re-established an ATM program to allow the periodic issuance up to a total of $150 million of common shares, at our discretion and if needed, at the prevailing market price, under a prospectus supplement to the CWB short-term base shelf prospectus, which expires on July 1, 2024. Under the existing ATM program, we have issued 4,501,766 common shares for gross proceeds of $111 million, or net proceeds of $109 million after commissions and other issuance costs. The ATM program was re-established following the termination of the previous ATM program established on May 31, 2021, due to the sale of most of the $150 million common shares approved under the previous program.

Table 20 – ATM Usage
($ thousands, except per share amounts)

	2023	2022
Common shares issued[(1)]	**1,835**	4,725
Average price per share	**$ 24.53**	$ 29.86
Gross proceeds	**44,998**	141,098
Net proceeds[(2)]	**44,253**	138,392

(1) During the year ended October 31, 2023, all shares issued were under the new ATM program. For the comparative 2022 periods, shares issued in Q1 and Q2 2022 were under the previous ATM program (2,058 shares issued, at average price of $36.46, for gross proceeds of $75,038 and net proceeds of $73,767) and shares issued in Q3 and Q4 2022 were under the current ATM program (2,667 shares issued, at average price of $24.77, for gross proceeds of $66,060, and net proceeds of $64,625).
(2) Gross proceeds less sales commissions and other issuance costs.

Share-based Payments

We provide a share-based incentive plan to officers and employees who are in a position to significantly impact the long-term financial success of the organization. Note 16 of the audited consolidated financial statements for the year ended October 31, 2023 provides details related to the number of options outstanding, the weighted average exercise price and the amounts exercisable at year end.

BASEL III CAPITAL ADEQUACY ACCORD

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% CET1, 8.5% Tier 1 and 10.5% Total capital.

REGULATORY UPDATES

Basel III Reforms and Pillar 3 Disclosures

On January 31, 2022, OSFI released the finalized CAR 2023 guidelines related to the implementation of Basel III reforms in Canada, which includes 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. On the same date, OSFI released the Small and Medium-Sized Deposit-taking Institutions (SMSBs) Capital and Liquidity Requirements, which considers proportionality and provides simplified capital and liquidity requirements for SMSBs of various sizes. OSFI also released the final Pillar 3 Disclosure Guideline, which lists the disclosures required for SMSBs and their respective implementation date. Based on our total assets, we qualify as a Category I SMSB.

The CAR 2023 guidelines and associated disclosure requirements became effective on February 1, 2023 which increased our CET1 capital ratio by approximately 15 basis points on adoption due to an overall reduction in risk-weighted asset density.

REGULATORY CAPITAL AND CAPITAL ADEQUACY RATIOS

Table 21 – Capital Structure and Regulatory Ratios at Year End

($ thousands)

	2023	2022	Change from 2022
Regulatory Capital, Net of Deductions			
Common equity Tier 1	**$ 3,157,495**	$ 2,861,456	$ 296,039
Tier 1	**3,732,495**	3,436,456	296,039
Total	**4,388,046**	3,925,118	462,928
Capital Ratios			
Common equity Tier 1	**9.7 %**	8.8 %	90 bp
Tier 1	**11.5**	10.6	90
Total	**13.5**	12.1	140
Leverage Ratio	**8.5**	8.1	40

bp – basis point

Our CET1 capital ratio of 9.7% increased 90 basis points compared to last year reflecting the impact of retained earnings growth, a reduction in accumulated other comprehensive loss related to an increase in unrealized gains on debt securities measured at FVOCI, the adoption of CAR 2023 guidelines and common shares issued under our ATM program in the first quarter of the year, partially offset by risk-weighted asset growth.

The Tier 1 capital ratio of 11.5% increased 90 basis points from last year, primarily due to the proportional impact of the same factors noted above.

The total capital ratio of 13.5% increased 140 basis points from last year due to the issuance of $150 million Series H NVCC subordinated debentures in the year and the proportional impact of the same factors noted above.

Our Basel III leverage ratio of 8.5% was very strong compared to the regulatory minimum of 3.0%, where a higher ratio indicates lower leverage.

BOOK VALUE PER COMMON SHARE

Book value per common share at October 31, 2023 of $35.79 was up 7% from $33.48 last year. Compared to last year, the increase primarily reflects retained earnings growth and lower accumulated other comprehensive losses related to improvement in the fair value of our debt securities, partially offset by an increase in common shares outstanding.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial assets include cash resources, securities, securities purchased under resale agreements, loans, derivatives, and certain other assets. Financial liabilities include deposits, securities sold under repurchase agreements, derivatives, debt, and certain other liabilities.

The use of financial instruments exposes CWB to credit, liquidity, and market risk. A discussion of how these are managed can be found in the *Risk Management* section of our MD&A.

Further information on how the fair value of financial instruments is determined is included in the Financial Instruments Measured at Fair Value discussion in the *Accounting Policies and Estimates* section of our MD&A.

Income and expenses are classified as to source, either securities or loans for income, and deposits or debt for expense. Gains (losses) on the sale of securities, unrealized gains (losses) on securities measured at FVTPL, and fair value changes in certain derivatives are classified to non-interest income.

DERIVATIVE FINANCIAL INSTRUMENTS

More detailed information on the nature of derivative financial instruments is shown in Note 10 of the audited consolidated financial statements for the year ended October 31, 2023. The notional amounts of derivative financial instruments are not reflected on the consolidated balance sheets.

Table 22 - Derivative Financial Instruments
($ thousands)

	2023	2022
Notional Amounts		
Interest rate swaps designated as cash flow hedges[1]	**$ 8,615,000**	$ 6,070,000
Interest rate swaps designated as fair value hedges[2]	**339,616**	355,020
Equity swaps designated as cash flow hedges[3]	**21,342**	19,756
Equity swaps not designated as accounting hedges[4]	**7,677**	8,066
Foreign exchange contracts not designated as accounting hedges[5]	**787,071**	144
Total	**$ 9,770,706**	$ 6,452,986

(1) Interest rate swaps designated as accounting cash flow hedges outstanding at October 31, 2023 mature between November 2023 and July 2033.
(2) Interest rate swaps designated as accounting fair value hedges outstanding at October 31, 2023 mature between October 2024 and September 2028.
(3) Equity swaps designated as accounting hedges outstanding at October 31, 2023 mature between June 2024 and June 2026.
(4) Equity swaps not designated as accounting hedges outstanding at October 31, 2023 mature in June 2024.
(5) Foreign exchange contracts outstanding at October 31, 2023 mature between November 2023 and September 2024.

The active use of interest rate swap contracts remains an integral component to manage the interest rate gap position. Derivative financial instruments are entered into only for CWB's own account. We do not act as an intermediary in derivatives markets. Transactions are entered into on the basis of industry standard contracts with approved counterparties subject to periodic and at least annual review, including an assessment of the credit worthiness of the counterparty. As part of our structural Market Risk Management Policy the use of derivative financial instruments is approved, reviewed, and monitored on a regular basis by the Group Asset Liability Committee (ALCo), and are reviewed and approved by the Board Risk Committee no less than annually.

OFF-BALANCE SHEET

Off-balance sheet items include assets under management, advisement, and administration.

Table 23 - Off-balance sheet items
($ thousands)

	2023	2022
Wealth Management		
Assets under management and administration	**$ 7,925,785**	$ 7,825,003
Assets under advisement[1]	**2,197,397**	1,824,961
Assets Under Administration - Other	**15,370,989**	13,943,199

(1) Primarily comprised of assets under advisement related to our Indigenous Services wealth management business.

Wealth management assets under management and administration were $7.9 billion at year end compared to $7.8 billion one year ago, primarily due an increase in the market value of underlying assets and new client acquisitions, partially offset by a decline in balances from our existing clients. Indigenous Services assets under advisement of $2.2 billion increased from $1.8 billion last year, primarily due to asset growth from new and existing clients.

Other assets under administration totaled $15.4 billion at October 31, 2023 (October 31, 2022 – $13.9 billion). The increase from last year reflected higher market value of underlying assets and asset growth from both new and existing clients in CWB Trust Services.

Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit) and contractual purchase obligations. We do not utilize, nor do we have exposure to, collateralized debt obligations or credit default swaps. For additional information regarding other off-balance sheet items refer to Note 17 of the audited consolidated financial statements for the year ended October 31, 2023.

SUMMARY OF QUARTERLY RESULTS AND FOURTH QUARTER

QUARTERLY RESULTS

The financial results for each of the last eight quarters are summarized in Table 24. Detailed MD&A along with unaudited interim consolidated financial statements for each quarter, except for the fourth quarters, are available for review on SEDAR at www.sedarplus.ca and on our website at www.cwb.com. Copies of the quarterly reports to shareholders can also be obtained, free of charge, by contacting InvestorRelations@cwbank.com.

Table 24 - Quarterly Financial Highlights
($ thousands, except per share amounts)

	2023				2022			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Results from Operations								
Net interest income	**$ 256,316**	**$ 252,158**	**$ 230,523**	**$ 242,280**	$ 240,202	$ 240,593	$ 226,109	$ 233,072
Non-interest income	**35,447**	**31,348**	**33,891**	**30,611**	39,636	31,119	32,652	32,904
Total revenue	**291,763**	**283,506**	**264,414**	**272,891**	279,838	271,712	258,761	265,976
Pre-tax, pre-provision income	**143,037**	**137,213**	**118,248**	**129,030**	132,528	132,346	119,919	137,110
Common shareholders' net income	**76,845**	**83,068**	**70,040**	**94,363**	67,687	80,809	74,164	87,642
Earnings per share								
Basic	**0.80**	**0.86**	**0.73**	**0.99**	0.72	0.88	0.82	0.98
Diluted	**0.80**	**0.86**	**0.73**	**0.99**	0.72	0.88	0.82	0.97
Adjusted	**0.94**	**0.88**	**0.74**	**1.02**	0.88	0.90	0.84	0.99
Return on common shareholders' equity	**9.0 %**	**9.8 %**	**8.7 %**	**11.6 %**	8.6 %	10.4 %	10.0 %	11.6 %
Adjusted return on common shareholders' equity	**10.6**	**10.0**	**8.9**	**12.0**	10.5	10.7	10.3	11.8
Return on assets	**0.72**	**0.78**	**0.69**	**0.90**	0.66	0.81	0.79	0.93
Net interest margin	**2.40**	**2.37**	**2.26**	**2.32**	2.33	2.43	2.42	2.47
Efficiency ratio	**51.0**	**51.6**	**55.3**	**52.7**	52.6	51.3	53.7	48.5
Provision for credit losses on total loans as a percentage of average loans(1)	**0.11**	**0.16**	**0.12**	**(0.09)**	0.14	0.16	0.14	0.11
Provision for credit losses on impaired loans as a percentage of average loans(1)	**0.08**	**0.10**	**0.12**	**(0.12)**	-	0.12	0.14	0.12

(1) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.

FOURTH QUARTER OF 2023

Q4 2023 VS. Q3 2023

Common shareholders' net income of $77 million and diluted earnings per common share of $0.80 both decreased 7% primarily due to non-interest expenses incurred related to a reorganization of our operations late in the quarter. Adjusted common shareholders' net income of $91 million and adjusted earnings per common share $0.94 increased 8% and 7%, respectively, as we benefited from higher revenues, lower provision for credit losses and prudent management of our expenses. Pre-tax, pre-provision income of $143 million was up 4%.

Total revenue of $292 million grew 3%, which reflected a 2% increase in net interest income and a 13% increase in non-interest income. Net interest income of $256 million was driven by a three basis point improvement in net interest margin. Higher net interest margin reflected the benefit of increased yields on fixed term assets from higher market interest rates, which had a larger impact than the increase in deposit costs this quarter. Non-interest income growth reflected higher foreign exchange revenue recorded within 'other' non-interest income, partially offset by lower wealth management fees due to market value declines that reduced average assets under management.

The provision for credit losses on total loans of 11 basis points was five basis points lower than last quarter. The performing loan provision for credit losses of three basis points declined by three basis points compared to last quarter and reflected continued uncertainty in the economic environment. The impaired loan provision of eight basis points declined two basis points from last quarter and remained below our historical five-year average.

Non-interest expenses of $168 million were up 13% and included $17 million of costs incurred to execute reorganization initiatives to realize efficiencies in our banking centre footprint, operational support functions, and administrative processes. Adjusted non-interest expenses increased 2% and reflected higher capital taxes, and the impact of customary seasonal increases in certain expenses, including advertising and community investment costs, partially offset by actions undertaken during the year to carefully manage our staffing levels and limit discretionary expenditures to deliver positive operating leverage. We also benefitted from an SR&ED investment tax credit realized in the quarter.

Q4 2023 VS. Q4 2022

Common shareholders’ net income and diluted earnings per common share increased 14% and 11%, respectively, primarily due to higher revenues and a lower provision for credit losses compared to the same quarter last year. Adjusted common shareholders’ net income and adjusted earnings per common share increased 10% and 7%, respectively. Pre-tax, pre-provision income increased 8%.

Total revenue increased 4%, primarily due to a 7% increase in net interest income, partially offset by an 11% decrease in non-interest income, as foreign exchange revenue was significantly elevated in the same quarter last year. Net interest income increased 7%, primarily due to 4% loan growth and a seven basis point improvement in net interest margin. The increase in net interest margin was driven by focusing loan growth in our strategically targeted general commercial loan portfolio, which produced strong risk-adjusted returns.

Our provision for credit losses on total loans as a percentage of average loans was three basis points lower compared to the same quarter last year due to a decrease in the performing loan provision, partially offset by a higher impaired loan provision. The performing loan provision was elevated in the same quarter last year due to a more significant deterioration in the forward-looking macroeconomic outlook at that time.

Adjusted non-interest expenses were up 1% from the same quarter last year as the impact of salary increments enacted in the prior year and higher capital taxes, were partially offset by lower spending on strategic projects and our continued actions undertaken during the year to carefully manage our staffing levels and limit discretionary expenditures. Non-interest expenses also benefited from an SR&ED investment tax credit realized in the current quarter.

ADJUSTED ROE AND ROA

The fourth quarter ROE of 9.0% declined 80 basis points on a sequential basis and reflected lower common shareholders’ net income, driven by higher non-interest expenses due to costs associated with the reorganization of our operations in the quarter and higher common shareholders’ equity. Compared to the same quarter last year, ROE increased 40 basis points and reflected higher common shareholders’ net income, partially offset by higher average common shareholders’ equity. Adjusted ROE of 10.6% was up 60 basis points from last quarter and 10 basis points from the same quarter last year, as higher adjusted common shareholders’ net income was partially offset by higher average common shareholders’ equity.

The fourth quarter return on assets (ROA) of 0.72% was six basis points lower on a sequential quarter basis and reflected lower common shareholders’ net income, driven by higher non-interest expenses due to costs associated with the reorganization of our operations in the quarter and higher average assets. Compared to the same quarter last year, ROA increased six basis points as higher common shareholders’ net income more than offset higher average assets.

EFFICIENCY RATIO

The fourth quarter efficiency ratio improved to 51.0% compared to 51.6% last quarter and 52.6% last year driven by the combination of an expanding net interest margin and prudent expense management.

ACCOUNTING POLICIES AND ESTIMATES

CRITICAL ACCOUNTING ESTIMATES

CWB’s significant accounting policies are outlined in Note 1 of the audited consolidated financial statements for the year ended October 31, 2023, with related financial note disclosures by major caption. The policies discussed below are considered particularly important, as they require management to make significant estimates or judgments, some of which may relate to matters that are inherently uncertain.

ALLOWANCE FOR CREDIT LOSSES

An allowance for credit losses is maintained to absorb ECL for both performing assets and impaired assets based on management’s estimate at the balance sheet date and forward-looking information. Under IFRS 9, the allowance for credit losses related to performing and impaired assets is estimated using an ECL approach that represents the discounted probability-weighted estimate of cash shortfalls expected to result from defaults over the relevant time horizon. To do this, the ECL approach incorporates a number of underlying assumptions which involve a high degree of management judgment and can have a significant impact on financial results. Significant key drivers impacting the estimation of ECL, which are interrelated, include:

- Internal risk ratings attributable to a borrower or instrument reflecting the borrower’s credit quality, including any changes since the inception of the loan;
- Estimated realizable amount of future cash flows on Stage 3 loans;
- Thresholds used to determine when a borrower has experienced a significant increase in credit risk; and,
- Forward-looking information, specifically related to variables to which the ECL models are calibrated, and our construction of the scenarios and their weights

Key economic variables incorporated into our ECL models are inherently prone to volatility on a forward-looking basis. Hindsight cannot be used, so while evolving macroeconomic assumptions may result in future forecasts that differ from those used in the ECL estimation as at October 31, 2023, those changes will be reflected in future periods. Additional information on the process and methodology for determining the allowance for credit losses can be found in the discussions of *Credit Quality* section of our MD&A and in Note 6 of the audited consolidated financial statements for the year ended October 31, 2023.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Cash resources, securities, and derivative financial instruments are reported on the consolidated balance sheets at fair value.

We categorize our fair value measurements of financial instruments 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 summarizes the significant financial assets and liabilities recorded on the consolidated balance sheets. Notes 2, 3, 4, 5, 6, 10, 12, 14, 22 and 24 of the audited consolidated financial statements for the year ended October 31, 2023 provide additional information regarding these financial instruments.

Table 25 - Valuation of Financial Instruments

($ thousands)

As at October 31, 2023	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash resources	**$ 215,809**	**$ 121,453**	**$ 94,356**	**$ -**
Securities	**3,908,806**	**545,888**	**3,362,918**	**-**
Securities purchased under resale agreements	**134,662**	**-**	**134,662**	**-**
Loans	**36,877,469**	**-**	**-**	**36,877,469**
Derivatives	**109,290**	**-**	**109,290**	**-**
Total Financial Assets	**$ 41,246,036**	**$ 667,341**	**$ 3,701,226**	**$ 36,877,469**
Financial Liabilities				
Deposits	**$ 32,963,151**	**$ -**	**$ 32,963,151**	**$ -**
Debt	**3,817,442**	**-**	**3,817,442**	**-**
Derivatives	**198,596**	**-**	**198,596**	**-**
Total Financial Liabilities	**$ 36,979,189**	**$ -**	**$ 36,979,189**	**$ -**

As at October 31, 2022	Fair Value	Level 1	Level 2	Level 3
Financial Assets				
Cash resources	$ 115,979	$ 115,979	$ -	$ -
Securities	4,518,795	1,003,840	3,514,955	-
Loans	35,478,626	-	-	35,478,626
Derivatives	110,521	-	110,521	-
Total Financial Assets	$ 40,223,921	$ 1,119,819	$ 3,625,476	$ 35,478,626
Financial Liabilities				
Deposits	$ 32,414,786	$ -	$ 32,414,786	$ -
Securities sold under repurchase agreements	247,354	-	247,354	-
Debt	3,417,350	-	3,417,350	-
Derivatives	156,081	-	156,081	-
Total Financial Liabilities	$ 36,235,571	$ -	$ 36,235,571	$ -

CHANGES IN ACCOUNTING POLICIES AND FINANCIAL STATEMENT PRESENTATION

IAS 12 INCOME TAXES

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes). The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, there is recognition of a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. CWB adopted the amendments effective for our fiscal year beginning November 1, 2022 and there was no significant impact upon adoption.

FUTURE CHANGES IN ACCOUNTING POLICIES

A number of standards and amendments have been issued by the IASB, and the following changes may have an impact on our future financial statements.

IFRS 17 INSURANCE CONTRACTS

In May 2017, the IASB issued IFRS 17 Insurance Contracts which will replace IFRS 4 Insurance Contracts. In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement the Standard and to defer the effective date. In December 2021, the IASB issued a narrow-scope amendment to the transition requirements in IFRS 17, providing insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17 by presenting comparative information about financial assets, using a classification overlay approach on a basis that is more consistent with how IFRS 9 will be applied in future reporting periods.

This Standard introduces consistent accounting for all insurance contracts. The Standard requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Additionally, IFRS 17 requires an entity to recognize profits as it delivers insurance services, rather than when it receives premiums.

CWB will adopt the new Standard and its amendments for our fiscal year beginning November 1, 2023. We have assessed the Standard and amendments and determined there will be no significant impact upon adoption.

RISK MANAGEMENT

The shaded areas of this section represent a discussion of risk management policies and procedures relating to credit, market and liquidity risks as required under IFRS, which permits these specific disclosures to be included in the MD&A. The shaded areas presented on pages 42 to 50 form an integral part of the audited consolidated financial statements for the year ended October 31, 2023.

TOP EMERGED AND EMERGING RISKS

Our top emerged and emerging risks are those that could have negative implications for our operations and financial results as underlying operating conditions and external factors continue to evolve. We monitor emerged and emerging risks that may affect our future results and take action to mitigate potential impacts, with further details on how we manage these factors with associated principal risks in the *Risk Universe – Report on Principal Risks* section of our MD&A. Particular attention has been given to the following:

CONTINUED ECONOMIC UNCERTAINTY

The ongoing economic uncertainty and elevated market interest rates have increased certain risk factors that have the potential to impact our financial results. A prolonged period of persistently high inflation could result in interest rates remaining elevated for longer than anticipated or could require additional policy interest rate increases beyond the current levels. Elevated market interest rates together with persistent inflation could also create the potential for stagflation, which would potentially limit the ability for policy interest rate decreases to respond to adverse or deteriorating economic conditions. Sustained elevated market interest rates have the potential to adversely impact our credit risk and could potentially result in higher credit losses, negatively impact our net interest margin, and reduce the market value of underlying collateral securing our loans. A significant adverse shift in the economic environment from higher interest rates or other factors could potentially put additional downward pressure on our financial results.

CYBERSECURITY RISK

Cybersecurity risks remain elevated due to the potential for heightened malicious activity combined with the increased use of remote access platforms. We continue to be subject to elevated risks from cyber attacks and data breaches due to our reliance on remote connectivity, public digital platforms to conduct day-to-day business activities and increased use of third-party service providers. The continued adoption of emerging technologies requires focus and investment to manage risks effectively. We remain vigilant to maintain the effectiveness of our internal controls to mitigate increased information and cybersecurity risks.

STRATEGIC EXECUTION RISK

We continue to undertake major projects in alignment with our strategic direction, including a digital and payments transformation, enhancements to our client offerings, strengthening our underlying technology and cybersecurity infrastructure, and enhancing our capital and risk management tools. Successful strategic execution is dependant on our ability to effectively manage change across CWB to achieve desired outcomes. Failure to successfully manage strategic execution could have a material adverse impact on our business, financial condition, and results of operations. Potential resource capacity constraints driven by the strategic reorganization of our operations and our continued focus on strategic execution may create operational challenges.

OUTSOURCING AND THIRD-PARTY RISK

We continue to strategically use third-party service providers to expedite our access to new technologies, increase efficiencies, and improve competitiveness and performance. Our continued reliance on highly specialized third parties exposes us to the risk of business disruption and financial loss stemming from the breakdown of third-party service provider processes and controls.

PEOPLE RISK

Our ability to execute on our strategic and growth objectives is dependent on our people. This risk is elevated due to the combined impacts of our recent strategic reorganization of our operations as well as continued competition for specialized talent in our key markets , both of which may impact our ability to attract and retain team members.

REGULATORY RISK

The increase in new or revised regulations along with related data and information requests continues to drive increased investment across CWB to meet additional requirements from our regulators. Financial and other reforms that have come into effect or are coming into effect, such as anti-money laundering, privacy, and consumer protection regulations, continue to require operational focus. We continue to monitor the impact and implications of OSFI regulatory guidance to be finalized in 2024 focused on risks and resilience related to operations, governance, and culture for all financial institutions.

CLIMATE RISK

The newly established regulations on how banks manage and report on these risks could result in a broad range of impacts on our business or the businesses of our clients. In addition to the potential for elevated credit, operational and strategic risks driven by climate factors, legal, regulatory or reputation risks could also arise from our and our clients' planned approaches to address climate risk as part of Canada's commitment to transition to a net-zero economy by 2050. We continue to progress our climate risk management capabilities to integrate climate-related risks into the risk management framework.

RISK MANAGEMENT OVERVIEW

We maintain an integrated and disciplined approach to risk management. Effective risk management supports the creation of long-term shareholder value by providing a framework to balance the prudent management of our risks with delivering sustainable risk-adjusted returns for our shareholders. Our Risk Management framework, which is developed and maintained by our Group Risk Management (GRM) function, encompasses risk culture, risk governance, risk appetite, and risk management policies, processes and tools. The framework also provides independent review and oversight across the organization.

Our Risk Management framework guides us in prudent and measured risk-taking aligned with our strategic objectives, which include an effective balance of risk and reward. This requires continuous consideration, understanding and responsible management of all key risks at both the strategic and operational levels. Each team member must make common-sense business decisions in line with our clearly defined and prudent risk appetites, along with regulatory and legal requirements.

We have demonstrated our ability to effectively manage risks, including through periods of financial uncertainty, underpinned by a strong risk culture and a disciplined risk management approach; however, not all risks are within our direct control. A description of key internal and external risk factors we consider are included in the *Top Emerged and Emerging Risks* and *Risk Universe – Report on Principal Risks* sections. We actively evaluate existing and potential risks to develop, implement and continually enhance appropriate risk mitigation strategies.

Managing risk is a shared responsibility across CWB. Our three lines of defence framework provides a consistent, transparent, and clearly documented allocation of accountability and segregation of functional responsibilities. This segregation of responsibilities helps to establish a robust control framework that demonstrates our risk culture, contributes to effective risk management, and encourages continuous improvement of risk management practices. Our three lines of defence framework is described in Table 26.

Table 26 - Three Lines of Defence Framework

First Line	Second Line	Third Line
Business and Support Areas	GRM and Other Corporate Oversight Functions	Internal Audit
• Own and manage all risks within their lines of business. • Pursue suitable business opportunities within their established risk appetite and limits. • Act within the delegated risk-taking authority as set out in established policies. • Establish appropriate operating guidelines and internal control structures in accordance with risk policies.	• Establish a Risk Management framework to provide a consistent and integrated view of risk exposures across CWB. • Set key risk metrics on which risk appetite and limits are based. • Establish policies, standards, processes and practices that address all significant risks across CWB. • Independently assess, quantify, monitor, control and report all significant risk exposures against the risk appetite and limits. • Provide independent oversight, effective challenge and independent assessment of risk.	• Provide independent assurance to the Audit Committee on the effectiveness and appropriateness of (and adherence to) the Risk Management framework. • Independently audit first and second lines and report on their effectiveness regarding respective functional responsibilities. • Independently review adherence to controls, policies, standards, guidelines and regulations. • Identify operational weaknesses; recommend and track remediation actions.

RISK MANAGEMENT PRINCIPLES

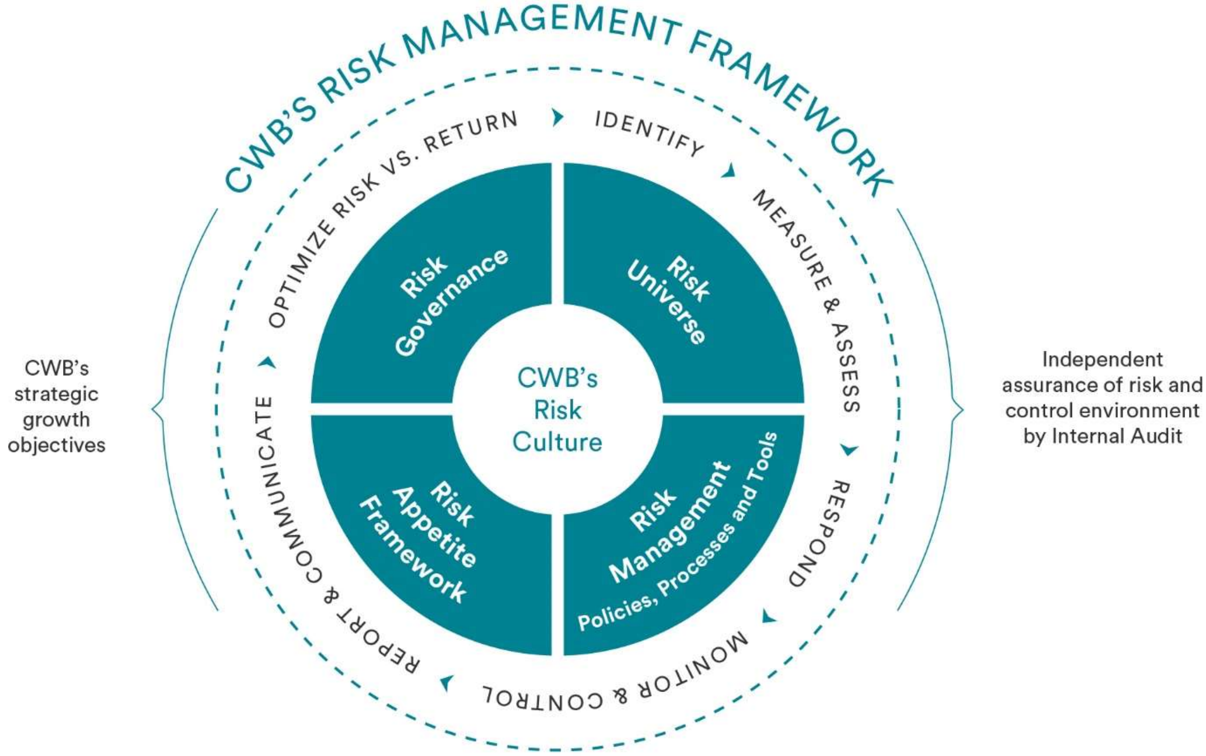
Our risk management principles are based on the premise that we accept appropriate risks for an appropriate return. In conducting our business activities, we will take financial risks that are aligned with our strategic objectives in a manner that supports the responsible and efficient delivery of products and services to valued clients and is expected to create sustainable, long-term value for shareholders and other stakeholders. Risk-taking and risk management activities across all our operations are guided by the following principles:

- **Three Lines of Defence -** Ongoing commitment to a three lines of defence framework, with independent oversight and effective challenge from the second line, and an independent and effective Internal Audit function comprising the third line of defence;
- **Balance Risk and Reward -** An effective balance of risk and reward through alignment of business strategy with risk appetite, diversifying risk, pricing appropriately for risk, and mitigating risk through sound preventative and detective controls;
- **Understand and Manage Risks -** Establish operational resilience through use of common sense, sound judgment and risk-based processes to ensure that risks are thoroughly understood, measured and managed within the confines of well-communicated risk tolerances;
- **Protect our Brand -** An enterprise-wide view of risk and the acceptance of risks required to build the business with continuous consideration for how those risks may affect our reputation;
- **Shared Accountability -** A risk culture in which every employee is accountable to understand and manage the risks inherent in their day-to-day activities, including identification of risk exposures, with communication and escalation of risk-based concerns; and,
- **Client Focus -** Recognition that strong client relationships reduce risks by ensuring that the risks we accept as part of doing business are well understood, and that the services provided are suitable for, and understood by, our clients.

RISK MANAGEMENT FRAMEWORK

The primary goal of risk management is to ensure that the outcomes of risk-taking are consistent with our overall risk appetite, our strategic growth objectives, and related business activities. The Risk Management framework provides the foundation for achieving this goal. Its key elements include risk culture, risk governance, risk appetite, and risk management policies, processes and tools. We utilize the ISO 31000 Standard for Risk Management as a comprehensive framework to help ensure risk is managed effectively and efficiently.

Figure 4 - Risk Management Framework



RISK CULTURE

Our strong risk culture emphasizes transparency and accountability. Our risk culture is the core of the Risk Management framework, including risk management principles and accountabilities as defined within a three lines of defence framework. Key elements that influence and support our risk culture include:

- **Leadership**: Leaders, at all levels, set a consistent 'tone from the top' and reinforce a strong risk culture through their words, actions and decisions.
- **Compensation, People Management & Incentives**: Performance and compensation structures align with our desired risk behaviours and reinforce our values.
- **Accountability & Ownership**: Promote clear accountabilities and responsibilities within the first, second and third lines of defence, have capacity and autonomy to fulfill those accountabilities, take ownership of decisions and actions, and individuals are held accountable for them.
- **Risk Mindsets & Behaviours:** The risk framework, including risk appetite and risk management, is embedded across our institution to ensure financial and non-financial risks are effectively managed.
- **Group Dynamics & Decision-Making:** The work environment enables individuals to feel safe to speak up, openly communicate and work together to make sound decisions and achieve financial and non-financial outcomes.
- **Resilience:** Individuals are vigilant towards known and unknown threats, identify and effectively respond to problems and opportunities, and continuously learn, improve, and adapt to changing conditions.

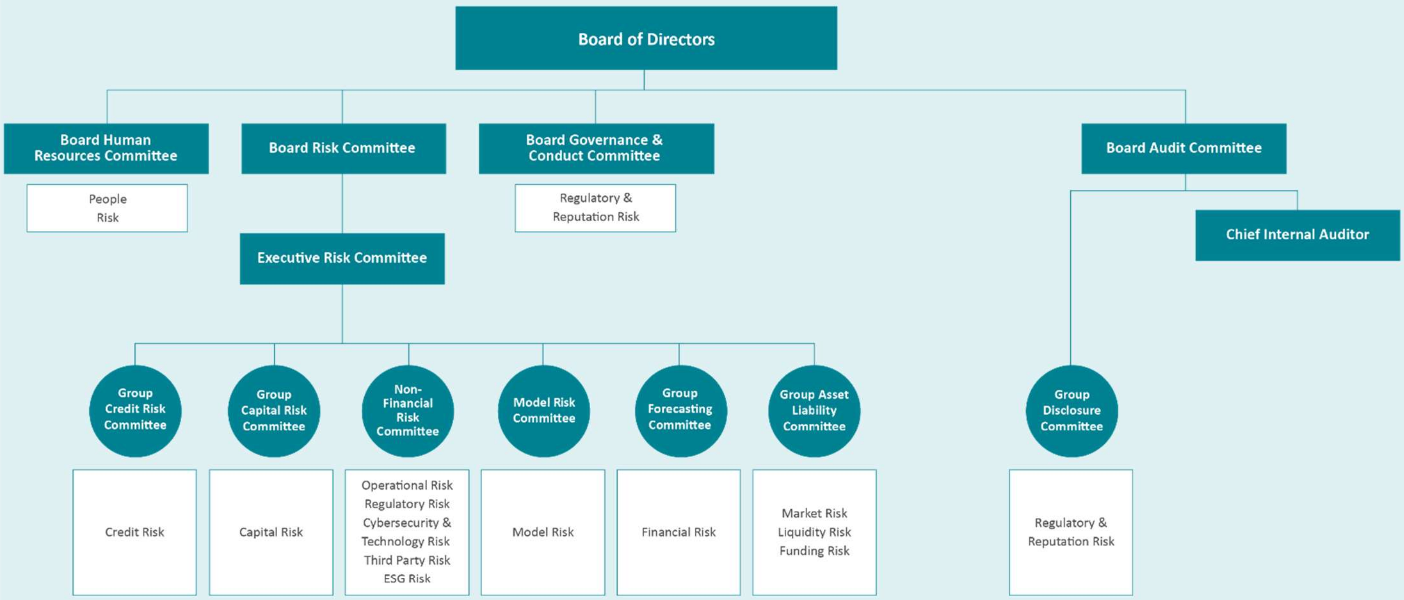
Our risk culture is supported by maintenance of effective risk management principles, policies, processes, and tools with oversight provided to guide business practices and risk-taking activities of all employees in support of CWB's reputation and adherence to all legal and regulatory requirements. On an annual basis, our employees are required to complete formal training on key risk topics, including regulatory compliance risk, cybersecurity, and various other operational risks. By taking this mandatory training, all employees build their knowledge of risk management in support of our risk culture. We have an established Code of Conduct that describes standards of conduct to which all directors, officers, and employees must adhere and attest to on an annual basis, an anonymous ethical concerns hotline, and we conduct a periodic, confidential enterprise-wide Risk Culture survey.

Our three lines of defence framework provides a consistent, transparent, and clearly documented allocation of accountability and segregation of functional responsibilities. This segregation of responsibilities helps to establish a robust control framework that demonstrates our risk culture, contributes to effective risk management, and encourages continuous improvement of risk management practices. Our three lines of defence framework is described in Table 26.

Governance Structure

The foundation of our Risk Management framework is a governance approach, consistent with OSFI's Corporate Governance Guideline, which includes a robust committee structure and a comprehensive set of corporate policies and risk limits approved by the Board of Directors, or its committees, as well as supporting corporate standards and operating guidelines. The Risk Management framework is governed through a hierarchy of committees and individual responsibilities as outlined in Figure 5.

Figure 5 - CWB's Risk Management Framework



Board of Directors - Responsible for setting the CWB Strategic Direction and overseeing management. The Board, either directly or through its committees, is responsible for oversight in the following areas: strategic planning, risk appetite, identification and management of risk, capital management, promotion of a culture of integrity, internal controls, evaluation of senior management and succession planning, public disclosure, corporate governance and environmental, social, and governance (ESG) factors.

Board Risk Committee - Assists the Board in fulfilling its oversight responsibilities in relation to CWB's risk appetite and delegation of limits, identification and management of risk (excluding regulatory compliance), adherence to corporate risk management policies and procedures, and compliance with risk-related regulatory requirements. The Board Risk Committee also includes a Loan Adjudication Panel.

Board Governance and Conduct Review Committee - Assists the Board in fulfilling its oversight responsibilities in relation to legal, regulatory compliance and reputation risk, including conduct review and consumer matters, as well as development of CWB's corporate governance policies and practices, and director nomination and succession planning.

Board Audit Committee - Assists the Board in fulfilling its oversight responsibilities for the integrity of CWB's financial reporting, effectiveness of internal controls over financial reporting, the performance of the Internal Audit function and external audit quality.

Board Human Resources Committee - Provides oversight of people-related risks, including employment practices and workplace health and safety, and ensures compensation programs appropriately align to, and support, CWB's risk appetite.

Group Disclosure Committee - Supports Chief Executive (CEO)/Chief Financial Officer (CFO) certification of external public financial disclosures. Responsible for reviewing CWB's internal control over financial reporting and disclosure controls and procedures to help ensure the accuracy, completeness and timeliness of public disclosures.

Executive Risk Committee (ERC) - Provides risk oversight and governance at the highest level of management. The ERC reviews and discusses significant risk issues and action plans that arise in executing CWB's strategy. ERC approves risk management standards, in support of Board or Board Committee approved policies and recommends policies to the Board and its committees. The Chief Risk Officer chairs the Committee, and membership includes all executive members.

Subcommittees of the Executive Risk Committee - The various subcommittees provide oversight of the processes whereby the risks assumed across CWB are identified, measured, monitored, held within delegated limits and reported in accordance with policy guidelines. They include:

> **Group Credit Risk Committee** - Approves loans within delegated limits and is responsible for ensuring that appropriate credit standards and guidelines are in place. An escalation subcommittee of the Group Credit Risk Committee considers risk-adjusted pricing exceptions and reputational issues that may be relevant to specific loans;
>
> **Group Capital Risk Committee** - Responsible for the oversight of capital adequacy, CWB's regulatory capital plan, ICAAP and stress testing;

Non-Financial Risk Committee - Reviews the operational risk management framework and, operational loss reporting and business continuity plans. Reviews action plans for mitigating and improving the management of non-financial risks including regulatory compliance, cybersecurity and third-party risks, as well as assessments of applicable regulatory developments;

Model Risk Committee - Develop and oversee CWB's model risk management framework to ensure compliance with regulatory requirements or established model risk policies. All models are required to be approved by the model risk committee prior to deployment;

Group Forecasting Committee - Develops an enterprise-wide view of the economic outlook to support expected credit losses and the development of ad hoc stress testing scenarios; and

Group Asset Liability Committee (ALCo) - Reviews and approves operational guidelines and programs for liquidity management, funding sources, investments, foreign exchange risk, interest rate risk and derivative risk.

The following oversight functions provide key support within the Risk Management framework:

- **Risk Management** - The Chief Risk Officer (CRO), who reports functionally to the Board Risk Committee, leads a diverse team of risk management professionals organized to provide independent oversight of risk management, risk governance and control. As the second line of defence, the mandate of the GRM function is to provide independent oversight of risk-taking decisions, independent assessment of risk and effective challenge to the business. This function establishes the Risk Management framework to identify, measure, aggregate and report on all material risks managed by the first line within our three lines of defence framework. This includes oversight of risk governance policies, establishment of risk appetites and key risk metrics, and development of risk infrastructure, including risk management processes and tools. The risk management function supports a disciplined approach to risk-taking in fulfilling its responsibilities for transactional approval and portfolio management, risk reporting, stress testing, modelling and risk education.
- **Finance** - The CFO, who reports functionally to the Audit Committee, leads a team responsible for the development of financial strategies that support our ability to maximize sustainable shareholder value, and the production of reliable and timely reporting of financial information to management, the Board of Directors, shareholders, regulators, and other stakeholders. The team provides independent oversight of processes to manage financial reporting, external credit ratings, certain regulatory reporting and tax.
- **Legal, Compliance and Investigations** - Provides second line oversight of legal, regulatory compliance, financial crime (including fraud, corruption and bribery, and anti-money laundering risks) and reputation risks with established and maintained policies, and standards used by the first and second lines of defence to identify, measure, mitigate and report on significant risks.
- **Internal Audit** - Reporting directly to the Audit Committee, internal audit is the third line of defence in the Risk Management framework, responsible to provide management and the Board of Directors with objective, independent assurance as well as advice on the effectiveness and efficiency of governance, risk management, and internal control processes and systems.
- **Human Resources** - Provides second line oversight of people risks across the organization by establishing and maintaining relevant policies, frameworks and standards related to workforce practices and safety.

RISK APPETITE

The purpose of the Risk Appetite framework is to define the type and amount of risk we are willing to assume through our business activities, while considering the priorities of all stakeholders. Risk appetites for key risk types are established based on both quantitative and qualitative factors by GRM and other corporate functions, as the second line, endorsed by senior management and approved by the Board of Directors.

Key components of our Risk Appetite framework include:

- **Risk Appetite Statement** - an outline of the aggregate levels and types of risk we are willing to accept to achieve our business objectives.
- **Risk Capacity** - The maximum level of risk we can assume before it breaches regulatory constraints determined by regulatory capital, liquidity needs, the operational environment and its obligations to customers and other stakeholders;
- **Risk Appetite** - The level and type of risk CWB is willing to accept, or seeks to avoid, to achieve our business objectives, while considering the priorities of all stakeholders. Risk appetite must be set at a level within the risk capacity limit; and,
- **Risk Limits -** Represents the allocation of CWB's Risk Appetite Statement to specific risk categories, to business units, to lines of business at the portfolio or product level, and to other levels, as appropriate.

Key attributes of our overall risk appetite include the following:

- An appropriately conservative risk culture that is prevalent throughout CWB;
- A philosophy to only take risks that are aligned with our Strategic direction and are expected to create sustainable, long-term value for stakeholders;
- A philosophy to only take risks that are transparent and understood, and that can be measured, monitored and managed;
- Careful and diligent management of risks at all levels led by a knowledgeable and experienced leadership team committed to sound management practices and the promotion of a highly ethical culture;
- Targeted financial and operational performance which supports maintenance of our credit ratings to allow for competitive access to funding;
- Maintenance of effective policies, standards, protocols, directives and procedures/controls, with training and oversight to guide the business practices and risk-taking activities of all employees in support of CWB's reputation and adherence to all legal and regulatory obligations; and,
- Risk Appetites for key risk types are established based on both quantitative and qualitative risk type metrics by Second Line functions, endorsed by senior management, and ultimately approved by the Board and its committees.

RISK MANAGEMENT POLICIES, PROCESSES AND TOOLS

Our Risk Management framework is supported by processes and tools that are used together to manage risk across CWB. We design risk management processes to support CWB's overall size, level of complexity and risk profile. Risk management processes and tools are regularly reviewed and updated to ensure consistency with risk-taking activities, and relevance to the business and our strategic execution.

Policies and Limits

To support effective communication, implementation, and governance of our Risk Management framework, GRM and other corporate teams, as the second line of defence, codify processes and operational requirements in comprehensive risk management policies, standards, frameworks, and protocols. The first line of defence implements these into directives and procedures. Such first and second line governance documentation promotes the application of a consistent approach to manage risk exposures across CWB. All risk policies are developed by the second line and approved by the Board of Directors, or one of its committees, on a defined regular basis. Underlying risk management standards and protocols are approved by executive management in accordance with our corporate policy framework.

Limits govern and control risk-taking activities within our risk appetite and tolerances established by senior management and approved by the Board of Directors. Limits establish accountability throughout the risk-taking process and the level or conditions under which transactions may be approved.

Risk Measurement

The measurement of risk is a key component of our Risk Management framework. We use a variety of techniques to support our quantitative risk measurement activities, including models, stress testing, and scenario and sensitivity analysis. The measurement methodologies may apply to a group of risks or a single risk type and are supported by an assessment of qualitative factors to ensure the level of risks are within our risk appetite.

We employ models for a number of risk measurement and management processes, including the determination of credit risk-ratings, pricing decisions, financial reporting, informed decision-making and stress testing. The use of models is subject to a strong governance framework that covers all stages of the model life cycle, including development, independent pre-implementation review, approval and ongoing vetting and validation to ensure models remain fit for use. The development, design, independent review and testing, and approval of models is subject to formal policies.

Stress Testing

Stress testing is a risk management method that assesses the potential effects on our financial results and financial position, including capital and liquidity positions, of a series of specified changes in risk factors, corresponding to severe but plausible events. We conduct stress testing of relevant risk metrics on a regular basis to enable the identification and monitoring of potential vulnerabilities. Stress testing occurs at both the enterprise-wide level and individual risk level to allow for the assessment of the potential impact on our earnings, capital and liquidity resulting from significant changes in market conditions, the credit environment, funding demands, or other risk factors. The results from stress testing help inform our risk appetite and related limits, contingency planning, and appropriate capital and liquidity levels. Periodic sensitivity testing also ensures that we continue to operate within risk limits.

Our enterprise-wide stress tests evaluate key balance sheet, profitability, capital, leverage, and liquidity impacts arising from risk exposures and changes in earnings. The results are used by senior management and the Board of Directors to understand our performance drivers under stress, and review stressed capital, leverage, and liquidity ratios against regulatory thresholds and internal limits. The results are also incorporated into our ICAAP and capital planning process. Input from across CWB is integrated to develop an enterprise-wide view of the impacts of stress scenarios, including both operating and oversight functions. Enterprise-wide stress testing during fiscal 2023 focused on the analysis of the impact to regulatory capital ratios under multiple stress scenarios with varying pessimistic forecast conditions. This testing supported our assessment of the adequacy of our capital and liquidity, and the resiliency of our earnings. Ongoing stress testing and scenario analyses within specific areas, such as liquidity risk, interest rate risk, and loan loss provisioning, supplement and support our enterprise-wide analyses.

Risk Monitoring and Reporting

Risk transparency, monitoring and reporting are critical components of our Risk Management framework that allow senior management, committees and the Board of Directors to manage risk and provide oversight. We continuously monitor our risk exposures to ensure business activities are operating within Board approved limits or guidelines as defined by our Risk Appetite framework. GRM monitors our risk profile to ensure the overall level of risk remains within specified risk limits. Early warning indicators are reported to the Executive Risk Committee and the Board Risk Committee, along with proposed actions to reduce the level of risk to ensure we remain within the approved risk appetite.

Risk reporting includes an overview of the key risks that we currently face, along with associated metrics, and highlights our most significant risks to provide senior management, committees and the Board of Directors with timely, actionable and forward-looking information. This reporting includes materials to facilitate assessment of these risks relative to our risk appetite and the relevant limits.

RISK UNIVERSE - REPORT ON PRINCIPAL RISKS

We pursue opportunities and the associated risks that are aligned with our strategic direction and are expected to create sustainable long-term value for shareholders and other stakeholders. While our operations are exposed to numerous types of risk, certain risks, identified as principal risks, have the greatest potential to materially impact our operations and financial performance. These risks materially comprise CWB's risk universe, as defined as part of our Risk Management framework. A Risk Register is maintained to facilitate the assessment of the level of inherent risk, control effectiveness and residual risk in support of the management of our principal risks within our risk appetite. Our principal risks include the following:

Credit Risk	**Market Risk**	**Liquidity and Funding Risk**	**Capital Risk**	**Operational Risk**	**Legal and Regulatory Risk**	**Business and Strategic Risk**	**Reputation Risk**

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to fulfil its contractual commitment or obligation to CWB. Credit risk is comprised of default risk and credit migration, or downgrade risk. Credit default risk is defined as the potential that a CWB borrower or counterparty will fail to meet its obligations in accordance with the agreed terms. Credit migration or downgrade risk refers to the risk of deterioration of credit quality of a borrower or counterparty.

Risk Overview

Our credit risk results from granting loans and leases to businesses and individuals. Our credit risk management culture reflects the combination of policies, standard practices, experience and management attitudes that support prudent growth within chosen industries and geographic markets. Underwriting standards are designed to ensure an appropriate balance of risk and return and are supported by established loan exposure limits in areas of demonstrated lending expertise. To minimize potential loss, we are a secured lender with most of our loans secured by tangible collateral. Our approach to managing credit risk has proven to be very effective, and we have a history of low write-offs as a percentage of average loans, including through past periods of financial uncertainty.

Our strategy is to maintain a quality, secured and diversified loan portfolio with experienced personnel who provide a hands-on approach in granting credit, account management and timely action when problems develop. We target lending to small- and medium-sized businesses, and to individuals. We continue to pursue further geographic and industry diversification through growth of full-service client relationships in targeted industries across our national geographic footprint. Relationship banking and ‘know your client’ are important tenets of effective account management. Earning an appropriate financial return for the level of risk is also fundamental.

For additional information, refer to the *Loans* and *Credit Quality* sections of our MD&A.

Risk Governance

Credit risk is managed under the three lines of defence framework and oversight is provided by the Board Risk Committee. Our lending business lines and support areas assess and manage credit risk associated with their activities as the first line of defence. The credit approval process is centrally controlled, with all credit requests that exceed predefined thresholds submitted to Credit Risk Management for adjudication, as the second line of defence. Credit Risk Management is independent of the originating business. Independent review of the adequacy and effectiveness of governance, risk management and control over credit risk is provided by Internal Audit as the third line of defence, with direct reporting provided to senior management and the Audit Committee.

Risk Management

We have comprehensive credit risk management policies, approved by the Board Risk Committee, that cover risk concentration limits, approval of credit applications by authority level, assignment of risk ratings based on a standard classification system, ongoing management and monitoring requirements, management of unsatisfactory loans and risk-based pricing decisions. Our lending business is supported by qualified and experienced teams. Credit policies, standards, guidelines, and delegated lending authorities and limits are well-communicated across our business lines to lenders and other teams engaged in the credit granting process.

The Board Risk Committee delegates discretionary lending limits via our Lending Limit Policy which outlines specific delegation to senior officers. Requests for credit approval beyond the lending limit of the CEO and CRO are referred to the Group Credit Risk Committee or the Board Risk Committee’s Loan Adjudication Panel.

Risk diversification is addressed by establishing portfolio limits by geographic area, industry sector and product. Our policy limit loans to connected corporate borrowers to not more than 10% of our shareholders’ equity. The single credit risk exposure lending limit is based on the Borrowers risk rating and Connection amount. Our credit risk appetite for certain quality connections with investment grade credit ratings of A- or better, is $200 million. CWB clients with larger borrowing requirements that would otherwise be within our credit risk appetite are accommodated through loan syndications with other financial institutions. On a quarterly basis, we complete a review of risk diversification by geographic area, industry sector and product measured against assigned portfolio limits.

We employ a variety of risk measurement methodologies to measure and quantify credit risk for our business and personal credit portfolios. 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. Our credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. The resulting ratings and scores are then used for both client- and transaction-level risk decision-making and as key inputs for risk measurement.

The secured nature of our lending portfolio with conservative loan-to-value ratios reduces our credit risk exposure. The extent of risk mitigation provided by borrower-provided security depends on the amount, type and quality of the collateral. Security can vary by type of loan and may include real property, working capital, guarantees, or other equipment. Specific requirements related to collateral valuation and management are set out within our credit risk management standards.

All credit risk exposures are subject to regular monitoring. At least annually, we perform a review of the credit risk-rating for our business and personal exposures, with the exception of personal loans and single-unit residential mortgages, to support early detection of credit migration or unsatisfactory loans. Management of higher-risk loans is delegated to the Special Asset Management Unit, a specialized loan workout team that performs regular monitoring and close management of these loans.

The CRO reports quarterly to the Executive Risk Committee and the Board Risk Committee to provide a summary of key information on credit risk, including material credit transactions, compliance with limits, portfolio trends and impaired loans. Reporting on significant unsatisfactory accounts is completed on a quarterly basis, which includes an overview of action plans for each unsatisfactory account, a watchlist report on accounts with evidence of weakness and an impaired loan report covering loans that show impairment to the point where a loss is possible.

Credit-related Environmental Risk

While our day-to-day operations do not have a material impact on the environment, we face certain environmental risks including the risk of loss if a borrower is unable to repay loans due to environmental clean-up costs, and the risk of damage to our reputation resulting from the same. To manage these risks, and help mitigate our overall impact on the environment, we evaluate potential environmental risks as part of the credit granting process. If potential environmental risks are identified that cannot be resolved to our satisfaction, the loan application will be denied. Where financing is provided, Internal Audit provides third line oversight of the adherence to related lending policies. Reports on environmental inspections and findings are provided quarterly to the Board Risk Committee. For details on our evolving approach to climate risk, refer to the *Business and Strategic Risk* section.

MARKET RISK

Market risk is the impact on earnings and on economic value of equity (EVE) resulting from changes in financial market variables such as interest rates and foreign exchange rates. Our market risk is primarily comprised of interest rate risk in the banking book (IRRBB) and foreign exchange risk.

Risk Overview

Our most significant market risks are those related to changes in interest rates. We do not have a trading book and do not undertake market activities such as market making, arbitrage or proprietary trading and, therefore, do not have direct risks related to those activities. We maintain a cash and securities portfolio that is primarily comprised of high-quality debt instruments issued or guaranteed by federal (Canada or United States), provincial or municipal governments which are used exclusively for liquidity management purposes and typically held to maturity. These instruments are subject to price fluctuations based on movements in interest rates and volatility in financial markets. We have limited direct exposure to foreign exchange risk.

Risk Governance

Market risk is managed in accordance with the approved Market Risk Management policy, second line standard and accompanying first line directive. The Market Risk Management policy is reviewed by ALCo and the Executive Risk Committee and approved by the Board Risk Committee every three years, at a minimum. As the first line of defence, our Treasury team manages our market risk on a daily basis. ALCo provides tactical and strategic direction and is responsible for ongoing oversight, review and endorsement of operational guidelines. The Market Risk, Liquidity and Profitability Oversight function provides independent second line monitoring and reporting of market risk exposure against our risk appetite to ALCo, the Executive Risk Committee and the Board Risk Committee.

Subcategories of Market Risk

INTEREST RATE RISK

Interest rate risk is the impact on earnings and economic value of equity resulting from changes in interest rates.

Risk Overview

IRRBB arises when changes in interest rates affect the cash flows, earnings and values of assets and liabilities. The objective of IRRBB management is to maintain an appropriate balance between earnings volatility and economic value volatility, while keeping both within their respective risk appetite limits.

IRRBB arises due to the duration mismatch between assets and liabilities. Adverse interest rate movements may cause a reduction in earnings, and/or a reduction in the economic value of our assets, and/or an increase in the economic value of our liabilities. IRRBB is primarily comprised of duration mismatch risk and option risk embedded within the structure of products. Duration mismatch risk arises when there are differences in the scheduled maturity, repricing dates or reference rates of assets, liabilities and derivatives. The net duration mismatch is managed to a target profile through interest rate swaps and our debt securities portfolio. Product-embedded option risk arises when product features allow customers to alter scheduled maturity or repricing dates. Such features include loan prepayment, deposit redemption privileges and interest rate commitments on un-advanced loans.

Variation in market interest rates can affect net interest income by altering cash flows and spreads. Variation in market interest rates can also affect the economic value of our assets, liabilities and off-balance sheet (OBS) positions. The sensitivity of our economic value to fluctuations in interest rates is an important consideration for management, regulators and shareholders. The economic value of an instrument represents an assessment of the present value of the expected net cash flows, discounted to reflect market rates. By extension, the economic value of our equity can be viewed as the present value of our expected net cash flows, defined as the expected cash flows on interest-sensitive assets minus the expected cash flows on interest-sensitive liabilities plus the expected net cash flows on OBS positions. Economic value provides a perspective on the sensitivity of our net worth to fluctuations in interest rates.

Risk Management

IRRBB is managed to ensure sustainable earnings over time, balancing the impact on current year earnings against changes in economic value at risk over the life of the asset and liability portfolios. Our Market Risk Management policy, which includes IRRBB, establishes risk tolerance limits, defines a management framework to ensure the ongoing identification, measurement, monitoring and control of IRRBB, and defines authority levels and responsibilities.

We manage the economic value of the balance sheet within a range around a target duration. Management of the benchmark duration is the responsibility of the first line of defence and is managed within Board approved limits, with the resulting risk exposure maintained within our risk appetite.

The duration limits consider an appropriate trade-off between:

- Earnings volatility and volatility in the value of our equity;
- Risk and return (e.g. increasing duration increases the exposure to rising interest rates, but also benefits net interest income when there is a positively sloping yield curve); and,
- Expected interest rate movements.

IRRBB is measured using standard parallel and non-parallel interest rate shocks and historical simulations to evaluate earnings and economic value sensitivity, stress testing and gap analysis, in addition to other traditional risk metrics, including:

- Earnings at Risk (EaR) - the potential reduction in net interest income due to adverse interest rate movements over a one-year horizon.
- Economic Value of Equity at Risk (EVaR) - the potential reduction in economic value of CWB's equity due to adverse interest rate movements.

Both EaR and EVaR are measured against simulated interest rate scenarios and standard parallel and non-parallel interest shocks (interest rate sensitivity).

IRRBB exposure is controlled by managing the size of the static gap positions between interest sensitive assets and interest sensitive liabilities for future periods. This is supplemented by simulated VaR for economic value of CWB's equity, estimated by applying simulated interest rate scenarios to interest sensitive assets and interest sensitive liabilities. These analyses are supported by stress testing of the asset liability portfolio structure, duration analysis and dollar estimates of net interest income sensitivity after hedging activity for periods of up to one year. The interest rate gap is measured at least monthly.

The Executive Risk Committee and ALCo regularly review internal reporting on the measurement outcomes of IRRBB and hedging strategies, which provide monitoring of EaR and EVaR, in addition to stress testing, gap analysis and other market risk metrics. A summary report is provided to the Board Risk Committee each quarter.

Interest Rate Sensitivity

The following table outlines the potential before-tax impact of an immediate and sustained 100 basis point increase or decrease in interest rates on our EVE and net interest income (NII).

Table 27 – Structural Interest Rate Sensitivity Measures
($ thousands)

	October 31, 2023		October 31, 2022	
Before-tax impact associated with:	**EVE Sensitivity**	**NII Sensitivity(1)**	EVE Sensitivity	NII Sensitivity(1)
100 basis point increase in rates	**$ (54,776)**	**$ 7,980**	$ (86,311)	$ 1,559
100 basis point decrease in rates	**$ 47,674**	**$ (9,503)**	$ 79,657	$ (3,429)

(1) Represents the 12-month NII exposure to an immediate and sustained shock in rates.

In addition, a one-percentage point increase in interest rates would decrease OCI $84,514 (October 31, 2022 – $87,691), net of tax and a one-percentage point decrease in interest rates would increase OCI by $87,823 (October 31, 2022 – $90,586), net of tax.

Both the year-over-year change in NII and EVE sensitivity reflect a shorter net duration of the structural balance sheet. Both economic value of equity sensitivity and earnings sensitivity remained within limits established by the Board of Directors.

The interest rate sensitivities 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; application of behavioural assumptions to indeterminate assets and liabilities; and no early redemptions.

The impact on earnings from changes in market interest rates will also depend 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.

Note 22 of the audited consolidated financial statements provides the static gap position at October 31, 2023 for select time intervals.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk to changes in earnings or economic value arising from changes in foreign exchange rates. This risk arises when various assets and liabilities are denominated in different currencies.

Risk Management

We have established policies that include limits on the maximum allowable differences between U.S. dollar assets and liabilities. We measure the difference daily and manage it through use of U.S. dollar forward contracts or other means. Our Market Risk Management policy includes monitoring of our U.S. dollar liquidity exposures. Deviations from compliance with policy, if any, are reported to ALCo and the Board Risk Committee.

In providing financial services to our customers, we have assets and liabilities denominated in U.S. dollars. At October 31, 2023, assets denominated in U.S. dollars were 2% (2022 – 3%) of total assets and U.S. dollar liabilities were 2% (2022 – 3%) of total liabilities. We do not buy or sell currencies other than U.S. dollars other than to meet specific client needs. We have no material exposure to currencies other than U.S. dollars.

LIQUIDITY AND FUNDING RISK

Liquidity risk is the risk that we cannot meet a demand for cash or fund our financial obligations in a cost-effective or timely manner as they become due. These financial obligations can arise from withdrawals of deposits, debt or deposit maturities or commitments to provide credit.

Risk Overview

We maintain a conservative approach to managing our exposure to liquidity and funding risk, including holding a portfolio of high-quality liquid assets to allow continued operation under stressed conditions that may be caused by CWB-specific or systemic events. This pool of high-quality liquid assets and related liquidity and funding management strategies comprise an integrated approach designed to ensure we manage liquidity risk within an appropriate threshold.

Our key risk mitigation strategies include:

- An appropriate balance between the level of risk we undertake and the corresponding cost of risk mitigation that considers the potential impact of extreme but plausible events;
- Broad funding access, including preserving and growing full-service client relationships to maintain a reliable base of core deposits and continual access to diversified sources of funding;
- A comprehensive group-wide contingency funding plan supported by a pool of unencumbered high-quality liquid assets and marketable securities that would provide assured access to liquidity in a crisis. Our contingency funding plan also considers access to programs put in place by the Bank of Canada to support liquidity in the financial system during times of market disruption and volatility; and,
- Maintenance of a liquidity position to manage current and future liquidity requirements while also contributing to the flexibility, safety and soundness of CWB under times of stress.

For additional information, refer to the *Liquidity Management* section of our MD&A.

Risk Governance

Liquidity risk is managed in accordance with our Liquidity Risk Management policy, second line standard and accompanying first line directive. The Liquidity Risk Management policy is reviewed by ALCo and the Executive Risk Committee and approved by the Board Risk Committee every three years, at a minimum. The Board Risk Committee delegates liquidity risk management authorities to senior management and our Treasury team, as the first line of defence, is responsible for managing liquidity and funding risk. ALCo provides tactical and strategic direction and is responsible for ongoing oversight, review and endorsement of operational guidelines. The Market Risk, Liquidity and Profitability Oversight function, as the second line of defence is responsible for independent oversight and reporting of liquidity risk exposure against our risk appetite to ALCo, the Executive Risk Committee and the Board Risk Committee.

Risk Management

Our Liquidity Risk Management policy establishes a target for minimum liquidity, sets the monitoring regime, and defines authority levels and responsibilities. Limit setting establishes acceptable thresholds for liquidity risk.

We actively pursue diversification of our deposit liabilities by source, type of depositor, instrument and term. Supplementary funding sources currently include securitization and capital market issuances. We maintain a pool of highly liquid, unencumbered assets that can be readily sold, or pledged to secure borrowings, under stressed market conditions or due to CWB-specific events.

Our liquidity model measures and forecasts cash inflows and outflows, including any cash flows related to applicable off-balance sheet activities over various risk scenarios. Trends and behaviours regarding how clients manage their deposits and loans are monitored to determine appropriate liquidity levels. Active monitoring of the external environment is performed using a wide range of sources and economic indicators. We perform liquidity stress testing on a regular basis to evaluate the potential effect of CWB-specific disruptions, systemic disruptions and combination thereof, on our liquidity position. Liquidity stress tests consider the effect of changes in funding assumptions, depositor behaviour and the market behaviour of liquid assets. We stress test liquidity as per the OSFI LAR guideline. Stress test results are reviewed by ALCo and considered in making liquidity management decisions. Liquidity stress testing has many purposes, including assisting the Board Risk Committee and senior management to understand the potential behaviour of various positions on CWB's balance sheet in circumstances of stress and facilitating the development of effective funding, risk mitigation and contingency plans.

A contingency funding plan is maintained that defines a liquidity event and specifies the desired approaches for analyzing and responding to actual and potential liquidity events. The plan outlines an appropriate governance structure for the management and monitoring of liquidity events, processes for effective internal and external communication, and identifies potential countermeasures to be considered at various stages of an event.

Treasury is responsible for liquidity risk analysis, measurement, stress testing, monitoring, and reporting to both ALCo and the Board Risk Committee. Market Risk, Liquidity and Profitability Oversight teams provide second line monitoring of these activities.

Contractual Obligations

We enter into contracts in the normal course of business that give rise to commitments of future minimum payments that may affect our liquidity position. In addition to the obligations related to deposits and subordinated debentures discussed in the *Deposits* and *Liquidity Management* sections of our MD&A, as well as Notes 12, 13, 14 and 17 of the audited consolidated financial statements, the following table summarizes purchase obligations outstanding at October 31, 2023 for operating and capital expenditures.

Table 28 - Contractual Obligations
($ thousands)

	Within 1 Year	1 to 3 Years	More than 4 Years	Total
October 31, 2023	**$ 57,834**	**$ 54,201**	**$ 5,492**	**$ 117,527**
October 31, 2022	$ 38,972	$ 14,842	$ 5,299	$ 59,113

Credit Ratings

Our ability to efficiently access capital markets funding on a cost-effective basis is partially dependent upon the maintenance of satisfactory credit ratings. Such credit ratings increase the breadth of clients and investors able to participate in various deposit and debt offerings, while also lowering our overall cost of capital. Credit ratings are largely determined by the quality of earnings, the adequacy of capital, the effectiveness of risk management programs and the opinions of rating agencies related to creditworthiness of the financial sector as a whole. There can be no assurance that our credit ratings and the corresponding outlook will not be changed, potentially resulting in adverse consequences for funding capacity or access to capital markets. Changes in credit ratings may also affect the ability and/or the cost of establishing normal course derivative or hedging transactions. 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.

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

Table 29 - DBRS Morningstar Credit Ratings

	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	Stable	Stable	Stable	Stable

CAPITAL RISK

Capital risk is the risk that we have insufficient capital resources, in either quantity or quality, to support economic risk taken, regulatory requirements, strategic initiatives and current or planned operations.

Risk Overview

Capital management involves an ongoing process to determine, allocate and maintain appropriate capital levels. The objective of capital management is to ensure:

- Capital is, and will continue to be, adequate to maintain confidence in the safety and stability of CWB while also complying with required regulatory standards;
- We have the capability to access appropriate sources of capital in a timely and cost-effective manner; and,
- Return on capital is sufficient to support projected business growth and satisfy the expectations of investors.

Risk Governance

The Board approves the annual regulatory capital plan, and the Board Risk Committee approves the periodic ICAAP and Capital Risk Management policy. The Group Capital Risk Committee is responsible for capital risk management. The CRO oversees the measurement of capital demand, including forecasted capital demand under base and severe but plausible stress scenarios. The CFO is responsible to ensure that adequate capital supply is available to meet the capital demand determined in accordance with our Capital Risk Management policy.

Risk Management

Our Capital Risk Management policy establishes a framework to manage our capital requirements, including the definition of roles and responsibilites as well as reporting and monitoring requirements. We have established target capital levels, which are informed by our ICAAP and stress tests, that are deemed prudent to effectively manage risks, and are well above regulatory minimums.

Regulatory ratios are calculated under the *Standardized* approach for credit risk and reported to senior management and the Board of Directors on a recurring basis, at least quarterly. On at least an annual basis, we complete a regulatory capital plan, which includes a three-year capital projection. To monitor capital risk, we utilize models to analyze the likely capital impact of projected operations, various balance sheet and income statement scenarios, approaches used to calculate regulatory capital, and/or significant transactions. A quarterly update on both capital demand and capital supply risk is provided to the Board Risk Committee.

The Risk Management and Finance teams comprise the core ICAAP team and are closely involved in capital management, and follow the process and principles outlined in the *Stress Testing* section of our MD&A. For additional information, refer to the *Capital Management* section of our MD&A.

Operational Risk is defined as the risk of loss resulting from people, inadequate or failed internal processes and systems or from external events. This includes legal risk but excludes strategic and reputational risk.

Risk Overview

Operational risk is inherent in all of our business activities, including our full-service business and personal banking, specialized financing, wealth management offerings, and trust services. We are exposed to operational risk from internal business activities, external threats and business activities performed or enhanced by third party service providers. Effective management of operational risk improves our operational resilience while limiting potential losses that may result from process and control failures, theft and fraud, unauthorized transactions by employees, regulatory non-compliance, business disruption, information security breaches, cybersecurity threats, exposure to risks related to third-party relationships, and damage to physical assets. Its impact can be financial loss, loss of reputation, loss of competitive position, regulatory scrutiny, or failure in the management of other risks. While operational risk cannot be eliminated completely, proactive operational risk management is a key strategy to mitigate this risk.

Risk Governance

The Non-Financial Risk Committee is responsible for providing risk governance oversight for operational risk management. We have an Operational Risk Management policy and related standards to ensure that all employees understand their responsibilities with respect to operational risk management. The Operational Risk Management policy encompasses a common language of risk coupled with programs and methodologies for identification, measurement, control and management of operational risk.

Our management of operational risk follows the three lines of defence governance model. Business and support areas are the first line of defense and are fully accountable to manage and mitigate the operational risks associated with their activities. The Non-Financial Risk Committee oversees the implementation and adoption of the Operational Risk Management policy and facilitates the involvement of relevant stakeholders in the first and second lines of defense across CWB. Group Risk Management, as the second line, is responsible for the continual enhancement of the Operational Risk Management framework and supporting standards. The Board Risk Committee has ultimate oversight and approves the Operational Risk Management policy.

Risk Management

We apply various risk management frameworks and standards to manage and mitigate operational risks. Management remains close to operations, which helps to facilitate effective internal communication and operational control. Our operational risk management processes are focused to continue to strengthen our risk culture by promoting greater awareness and understanding of operational risk across all three lines of defence and providing ongoing training and communication. We maintain a continued focus to enhance operational risk management processes as risks evolve.

Our Operational Risk Management standard describes how the principles of the Operational Risk Management policy are put into practice and defines accountabilities and required participation from various teams across the three lines of defence. The framework sets out the processes to identify, assess, monitor, measure, report and communicate on operational risks. Key elements of the framework include:

- **Common definitions** - We incorporate standard risk terms and key operational risk definitions in our Operational Risk Management standard and supporting policies. We have adopted a Risk Taxonomy that is the basis for all operational risk management reporting, with loss events and identified risks categorized consistently.
- **Risk control assessments** - We utilize Risk Control Assessments (RCA) to develop a forward-looking view of operational risk exposure based on proactive identification of key sources of operational risk exposures. The results of RCAs are aggregated across CWB to evaluate the key sources of operational risks and compare relative exposures from different business activities;
- **Risk reporting** - Loss data monitoring is important to maintain awareness of identified operational risks and to assist management to take constructive action to reduce exposure to future losses;
- **Root cause analysis** - For significant operational risk events we employ a standardized methodology to identify the underlying cause of the operational risk event and document the corrective actions taken to avoid similar events in the future, and opportunities for training and education;
- **New initiative risk assessments** - Integrated with our change management process, the assessment requires initiative owners to proactively identify key risks and conduct detailed RCAs for high-risk new initiatives;
- **Key risk indicators** - We utilize key risk indicators to monitor the main drivers of exposure associated with key operational risks, which can also provide insight into control weaknesses and help to determine residual risk. Risk and performance indicators are used to identify risk trends and prompt actions and mitigation plans to be undertaken; and,
- **Scenario analysis** - We utilize scenario analysis to identify potential operational risk events and assess their potential impact on CWB. Scenario analysis is an effective tool to consider potential sources of operational risk and the need for enhanced risk management controls or mitigation solutions.

In addition to the second line Operational Risk Management standard, we maintain several additional standards aligned with our Operational Risk Management policy to manage and mitigate specific types of differentiated operational risks.

The regulatory framework requires certain amounts of capital to be allocated to support operational risk. We use the *Simplified Standardized* approach to measure the notional risk-weighted asset that we hold against operational risk.

Key Operational Risks

PEOPLE RISK

People risk means the potential for loss or harm arising from ineffective practices related to people, culture and employment. Failure to effectively manage people risk can result in operational disruptions and uncertainty, failure to meet strategic objectives, injury or harm to individuals, or damage to CWB's brand. We intend to continually attract and retain qualified team members to successfully execute against our strategic priorities. We do this by proactively investing in our practices and programs to build a positive, rewarding and collaborative work environment, where teams are empowered to deliver exceptional client experiences. Human Resource guidelines and processes are in place to establish accountability in relation to people risk, to ensure team members are adequately trained to perform the tasks for which they are responsible, and to enable talent attraction, development, and retention. A people first approach is specifically referenced in our values as we focus on driving inclusion and diversity and execute on specific strategies to increase our brand awareness in the markets where we operate. We complement this with a specialized and knowledgeable approach to talent acquisition, a robust focus on employee engagement, effective communication and employee listening strategies, proactive organizational change management, a competitive total rewards offering with differentiated benefits, flexible work arrangements, comprehensive learning and development opportunities and a proactive focus on succession planning.

TECHNOLOGY AND CYBERSECURITY RISK

Technology Risk

Technology risk is the risk of loss or harm related to the operational performance, confidentiality, integrity and availability of our information, systems and infrastructure. We are dependent upon technology and supporting infrastructure, such as voice, data, systems and network access. In addition to internal resources, various third parties provide key infrastructure, and application services to support our operations. Disruptions in information technology and infrastructure, whether attributed to internal or external factors, and including potential disruptions in the services provided by various third parties, could adversely affect our ability to conduct regular business and/or deliver products and services to clients. We have several projects underway focused on increasing our digital capabilities which may potentially increase risk exposure related to information systems and technology.

Ongoing diligence is required to ensure systems are resilient and secure from threats. Our Technology and Cybersecurity Risk Management standard provides a consistent enterprise-wide approach to efficiently and effectively manage technology and cyber risk while supporting the ability to deliver on our strategic objectives. We continuously identify and assess key services (i.e. upgrades, enhancements, new products) to ensure potential failure points are highlighted and the related risk is mitigated in the best possible way (i.e. upgrades, enhancements, new products). We rely on technology that incorporates controls and programs such as asset management, configuration management, change management, capacity management, disaster recovery management, patch management and information security management programs. With our adoption of a hybrid work environment, our dependence on remote access to information technology and supporting infrastructure remains elevated. We regularly monitor, assess and revise our business continuity approach and response to ensure our ability to maintain critical operations through periods of business disruption. Our Information Services team has worked diligently to ensure our teams have uninterrupted remote access to required technology and infrastructure through our secure platforms. Our Information Services team also continues to partner with GRM to apply further rigour and enhanced governance of the identification and evaluation of potential risks in the technology environment.

Cybersecurity Risk

Cybersecurity risk is the risk of loss or harm due to compromise of our information assets (i.e. the unauthorized use, loss, damage, disclosure, or modification of company information and information systems) caused by a failure to protect our information assets. We manage information security risk by ensuring appropriate technologies, processes and tools are effectively designed and implemented to help prevent, detect, and respond to threats as they emerge and evolve.

Our Information Security Office continues to enhance our comprehensive suite of controls to protect CWB's operations, our customer and corporate data from attack and have partnered with leading third-party service providers to provide counsel and support should the need arise. We regularly test the completeness and effectiveness of our information and cybersecurity program through penetration testing and control evaluation exercises conducted by independent third parties and our Governance, Risk and Controls (GRC) function. We continuously monitor our environment for indications of control weakness, and conduct mandatory security awareness training sessions for all team members. As we continue to enhance our digital capabilities, a focus to advance our cybersecurity enables our growth trajectory. By implementing and benchmarking the effectiveness of our cybersecurity risk and control frameworks, we ensure our ability to safely deliver services to our clients through digital channels.

We continually enhance our Technology and Cyber Risk management processes to align with the changing regulatory environment such as OSFI's B-13 Technology and Cyber Risk Management and OSFI's draft Integrity and Security Guidelines both of which will become effective in January 2024.

OUTSOURCING AND THIRD-PARTY RISK

Outsourcing and third-party risk is the risk of loss or harm due to a third-party service provider failing to deliver functionality and performance required to effectively support underlying business objectives, caused by inadequate selection, retention, oversight and/or monitoring of the relationship, or by inadequate contractual terms and conditions. To manage this risk, we rely on our Third-party Risk Management framework, which reflects a risk-based approach to centrally identify, assess, manage and monitor third-party risk and leverages the three lines of defence model. We continued to mature our third-party risk management processes and tools this year, including the assessment of the internal control environment of potential service providers, and our monitoring programs. Third-party Risk Management will continue to be a focus to enhance our operational resilience, ensure continued delivery of critical operations during times of disruption and align with the enhanced requirements of the updated OSFI B-10 Guideline on Third Party Risk Management.

FRAUD RISK

Fraud risk is the risk of loss or harm due to any intentional act, misstatement or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain, and may include collusion involving two or more individuals. Our Fraud Risk Management framework outlines our enterprise-wide approach to proactively manage fraud risk within CWB's fraud risk appetite. CWB employs prevention, detection and response capabilities across the enterprise that are designed to help protect customers, shareholders and employees from fraud risk.

DATA RISK

Data risk is the risk, whether direct or indirect, that arises from reliance on data to support our ability to make informed decisions and develop accurate reporting and analytics for senior management, our Board of Directors, regulators, or customer facing and/or marketing purposes. Potential risks can relate to data management, data taxonomy, metadata, governance, access, or data that is incomplete, inaccurate, untimely and/or inaccessible, misuse and/or misinterpretation of data. Data is considered a key strategic asset.

As data is produced and consumed by different business lines and geographies across CWB, an effective, collaborative, and holistic approach to data risk management has been implemented to minimize reputation, regulatory and financial risk. Our Data Governance framework and supporting protocols reflect a risk-based approach to support oversight and management of critical data elements to enable greater coordination and consistency of our data. We continue to enhance and mature our data remediation processes and data quality monitoring tools. Our ongoing programs related to data protection and access management also ensure that data is only accessible when directly relevant to the team member's role.

MODEL RISK

Model risk is the risk of adverse financial and reputational consequences arising from the use of an inappropriate model or from using a model inappropriately. Model risk can originate from inappropriate specifications, incorrect parameter estimates, flawed hypotheses and/or assumptions, mathematical computation errors, inaccurate, inappropriate or incomplete data, inappropriate, improper or unintended usage and inadequate monitoring and/or controls. The Model Risk Committee provides oversight of model risk. Our Model Risk Management policy and standard describe the overarching principles and procedures that provide the framework for managing model risk. The policy and standard also define roles and responsibilities for key stakeholders involved in the Model Risk Management cycle. All models, whether developed internally or vendor-supplied, are covered by this framework.

LEGAL AND REGULATORY RISK

Legal and regulatory risk is the potential for loss or harm resulting from a failure to comply with laws, meet regulatory requirements, or satisfy contractual obligations. This includes the risk arising from any failure to meet applicable standards of care, implement practices to meet new or evolving legal or regulatory requirements, enforce or comply with contractual terms, or effectively manage litigation and other disputes. Legal and regulatory risk does not include risk arising from non-conformance with ethical standards.

The financial services industry is highly regulated and subject to strict enforcement of legal and regulatory requirements by various authorities, including federal and provincial governments and regulators. Failure to manage these risks or comply with applicable legal and regulatory requirements may result in legal proceedings including civil or criminal litigation, regulatory fines and other sanctions, enforcement actions, criminal convictions and penalties, administrative penalties, financial loss, restricted business activities, increased regulatory supervision or intervention or supervisory findings, the imprisonment or regulatory examination of officers and directors, an inability to execute our strategic direction, a decline in client and investor confidence, and damage to our reputation. Management of these risks and ensuring compliance with legal and regulatory requirements are key priorities for us, and we do so in accordance with our three lines of defence framework.

Changes to applicable legal and regulatory requirements, including changes in their interpretation or implementation, could adversely affect us, and we anticipate ongoing scrutiny from our regulators and strict enforcement of such requirements as reforms continue at the federal and provincial levels to strengthen the stability of the financial system and protect stakeholders. Over the past several years, the intensity of supervisory oversight of all federally regulated Canadian financial institutions has increased in both requirements and new standards. This includes amplified supervisory activities, an increase in the volume of regulation, more frequent data and information requests from regulators, and shorter implementation timeframes for new requirements. Further, new regulatory regimes have or are being introduced for areas including privacy and data management, consumer protection, third-party risk management, climate risk management, and cybersecurity and technology risk oversight which enhance the complexity of compliance. Certain requirements may also impact our ability to compete against both federally regulated and non-federally regulated entities. We actively monitor these developments and implement required changes to systems and processes. We have implemented a robust Regulatory Compliance Risk Management standard and developed supporting protocols to manage regulatory compliance risk across the enterprise.

Our Legal Services and Regulatory Compliance groups work together to maintain enterprise-wide protocols that set out the steps to be taken to identify, assess, manage, monitor and report on legal and regulatory issues. We identify applicable laws and regulations and potential risks, recommend mitigation measures and strategies, conduct internal investigations, and oversee legal proceedings and enforcement actions, including civil claims and litigation, criminal charges, and regulatory examinations and audits.

Failure to comply with applicable legal and regulatory requirements may result in legal proceedings, financial losses, regulatory fines and other sanctions, enforcement actions, criminal convictions and penalties, an inability to execute our strategy, a decline in investor and client confidence, and damage to our reputation.

We are subject to legal proceedings, including investigations by regulators, arising in the ordinary course of business. The unfavourable resolution of any such legal proceedings could have a material adverse effect on our business, reputation, financial condition, cash flows, capital position or credit ratings, or require material changes in our operations. The volume of legal proceedings and the amount of damages and penalties assessed in such legal proceedings could grow in the future. We are required to disclose material litigation to which we are party. In assessing the materiality of litigation, factors considered include a case-by-case assessment of specific facts and circumstances, our past experience and the opinions of legal experts.

Safeguarding our customers, employees, information and assets from exposure to criminal risk is an important priority for us. Financial crime risk is the potential for loss or harm resulting from a failure to comply with criminal laws and includes acts by employees or third parties against us and acts by external parties using CWB to engage in unlawful conduct, such as fraud, theft, money laundering, violence, cyber crime, bribery, and corruption. Our Regulatory Compliance team maintains a strong focus on key regulatory compliance areas such as privacy, anti-money laundering, anti-terrorist financing and consumer protection regulations. We govern, oversee and assess principles and procedures designed to help ensure compliance with legal and regulatory requirements and internal risk parameters related to anti-money laundering, anti-terrorist financing and sanctions measures, and our compliance with anti-corruption and anti-bribery laws and regulations.

BUSINESS AND STRATEGIC RISK

Strategic risk is the risk that CWB or particular business areas will make inappropriate business or strategic choices or will be unable to successfully execute processes to achieve our strategic priorities.

Strategic risk includes business risk, which arises from the specific business activities we undertake, and the effects they could have on our financial results. The Board of Directors is responsible for providing oversight of strategic risk and effective challenge and approval of our strategic plan on an annual basis. We develop a strategic plan based on an assessment of emerging market trends, the competitive environment, potential risks and other key issues.

Our strategy is focused on targeted growth of our business through a combination of organic growth and strategic acquisitions. The strength of our organic growth depends on the execution of enhancements to our client experience, products, and processes that continues to attract and retain clients. The ability to successfully grow through acquisition will depend on several factors, including identification of accretive new business or acquisition opportunities, negotiation of purchase agreements on satisfactory terms and prices, approval of acquisitions by regulatory authorities, securing satisfactory regulatory capital and financing arrangements, and effective integration of newly acquired operations into the existing business. All these activities may be more difficult to implement or may take longer to execute than we anticipate. To mitigate this risk, we rely on an effective project management process supported by a designated committee comprised of representatives of senior management.

SOCIAL AND ENVIRONMENTAL RISK

Social and environmental risk is the potential for loss or harm resulting from social or environmental impacts or concerns related to our business or our clients. This risk involves a broad spectrum of issues, including climate change, pollution and waste, energy and other resource usage, human rights, diversity, equity and inclusion, labour standards, and the strength of the communities we operate in.

We recognize the importance of social and environmental risk management practices and processes and continue to advance our understanding of the impact these risks may have on our business and the businesses of our clients. Our Board of Directors and its committees provide oversight of these risks and their impacts on our enterprise-wide strategy. We have a cross-functional sustainability team that is responsible to identify and prioritize social and environmental issues based on engagement with our clients, people, and investors, and to develop an implementation plan for our overarching approach to sustainability, which includes social and environmental factors, aligned with our strategic direction. The sustainability team provides regular updates and education on emerging trends related to social and environmental risks and market developments to our Board of Directors.

Industry practises related to the identification, assessment and management of social and environmental risk are evolving at a rapid pace, especially those related to climate-related risks, and we continue to monitor and respond to emerging regulatory and supervisory frameworks, guidance, and consultation. Our GRM function is responsible for the ongoing development of policies and processes to identify, assess, monitor, and report on social and environmental risks. Identified social and environmental risks are managed through our business policies and procedures across CWB. Environmental risks within our lending portfolio are managed through our credit granting process (see the *Credit Risk* section above). Further information on our approach to environmental risks specifically related to climate change are included in the *TCFD Disclosure* section below.

We are committed to providing transparent and timely disclosures related to social and environmental risks to facilitate consistent and comparable reporting across all industries. We publish an annual Sustainability Report, which includes disclosure on our approach and performance to address significant social and environmental risks and reflects our phased adoption of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, further discussed below. In March 2023, OSFI published Guideline B-15: *Climate Risk Management* (B-15), which sets out expectations for federally-regulated financial institutions related to the governance and management of climate-related risks. Mandatory climate-related financial disclosures introduced by B-15 are aligned with the TCFD recommendations and our phased adoption supports future compliance with the regulatory guideline. As a small and medium-sized deposit-taking institution (SMSB), as defined by OSFI, we are required to implement B-15 for our fiscal year ending October 31, 2025. As we move forward, we will continue to advance our disclosures as our approach to sustainability matures. Further information on our approach to sustainability is available in our 2022 Sustainability Report, located on our website at www.cwb.com/sustainability-reports.

TCFD Disclosure

Governance

Board Oversight

The Board of Directors and its committees provide oversight to social and environmental risks and opportunities, including the impact of climate change. The Board of Directors oversees our enterprise-wide approach to climate change and related disclosures included within our Sustainability Report, and monitors progress on the integration of climate factors into our ongoing strategy. As the topic of climate change requires a multidisciplinary approach, each board committee also provides oversight of climate-related factors that are specific to their respective responsibilities. The committee mandates include specific oversight responsibilities related to social and environmental factors.

The Board and its committees regularly receive reporting on and discuss a range of climate-related issues, which include our approach to climate change and progress towards measurement of our operational and financed greenhouse gas emissions, current and emerging trends related to climate-related risks, the evolving regulatory landscape, and increased stakeholder focus and engagement.

Management Oversight

Our ESG Steering Committee is focused on the design and execution of our approach to integrate climate factors into our strategy and operations, as part of the development of a comprehensive approach to sustainability. The ESG Steering Committee consists of each member of our executive team, and is supported by our sustainability team, who engages with internal stakeholders and works closely with the GRM function to establish appropriate working groups tasked with the development of various components of our approach to climate change.

Our Executive Risk Committee provides oversight of our developing approach to identify, assess, monitor and report on climate-related risks, with support and input from the GRM function.

Strategy

We recognize that we have a part to play in Canada's transition to net-zero emissions by managing our direct and indirect climate impact, exploring ways to support our clients in achieving their climate goals and mitigating the risks associated with climate change. As we progress the development of our sustainability approach, our strategy will incorporate short-, medium-, and long-term goals targeted to address specific climate-related issues that could have a significant financial impact on our operations, or the operations of our clients.

We are committed to measure and manage our greenhouse gas emissions, with an initial focus on our operational emissions across our national footprint, to support our ability to develop meaningful and supportable reduction targets in the future. In addition to continued efforts to measure and manage our own carbon footprint, we are focused to develop a deeper understanding of the risks and opportunities that climate change presents for our clients. To better understand these risks and opportunities, we are expanding our greenhouse gas emissions estimates to encompass the financed emissions within our lending portfolio, using a phased approach with consideration for data and measurement methodology limitations. Through this process, we will continue to assess the credibility, reliability, comparability and decision-making usefulness of greenhouse gas emissions estimation approaches and data sources and consider how they may be leveraged as we enhance our approach to climate risk management.

To remain well-informed on climate-related issues and emerging trends and support the development of our approach to climate change, our teams provide representation on industry groups and national and local climate-related programs. We participate in the Sustainable Finance Action Council, which advises on movement towards mandatory climate change disclosures, the development of a climate risk taxonomy within the context of Canada's capital markets and addressing the climate data needs and capacity within the financial sector.

Risk Management

Climate risk is a subset of environmental risk that encompasses the risk of financial loss or reputational damage that results from the physical and transition impacts of climate change, which may adversely impact our operations, or the operations of our clients.

- Transition to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputation risk to organizations over time.
- Physical risks related to climate change can be event-driven or due to longer-term shifts in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption.

We have limited direct physical risk exposure based on our modest physical footprint through banking centres and corporate office space across Canada. We regularly monitor, assess and revise our business continuity approach and response to ensure our ability to maintain critical operations through periods of business disruption. We have minimal indirect physical and transition risk exposure through our current lending activities, although we expect this risk will evolve and emerge over time. Our lending portfolio diversification by geography and industry has increased significantly over the past several years, which mitigates the risk of over-exposure to any one sector or region that might be exposed to climate-related risks.

We continue to advance our capabilities and approach to climate-related risk management. Our Risk Management framework incorporates social and environmental risk within our risk universe and climate-related risk is included in our Risk Register to facilitate the assessment of the level of inherent risk, control effectiveness and residual risk. In 2023, we expanded our social and environmental risk management function within GRM to lead continued advancement of our risk management practises to support identification, management, and reporting of climate-related risks and integration of climate-related risks into our policies and procedures.

Metrics and Targets

As we continue our adoption of the TCFD recommendations, we are committed to identify, measure, and disclose climate-related metrics and targets, beginning with a focus on greenhouse gas emissions across our operational footprint, followed by a phased disclosure approach related to financed emissions within our lending portfolio. We are also committed to manage our operational footprint through practices targeted to benchmark and reduce the amount of energy we consume, increase materials recovered and recycled, and manage ecological maintenance products. As we expand our banking centre footprint and upgrade existing locations, we maintain a focus on sustainability and opportunities to reduce our environmental impact.

Progress on our approach to climate change, including the development of related metrics and targets, is further discussed within our Sustainability Report located on our website at www.cwb.com/sustainability-reports.

REPUTATION RISK

Reputation risk is the risk of loss or harm to our brand or reputation. It may arise even if other operational risks are effectively managed and includes the risk arising from non-conformance with ethical standards.

Damage to our reputation and negative public perception could be an outcome of operational risk events that result from breakdowns in internal processes, deficient systems, actual or alleged misconduct of employees or external partners representing non-conformance with our ethical standards, or external events. Significant reputation risk events typically lead to questions about business ethics and integrity, competence, corporate governance practices, quality and accuracy of financial reporting disclosures, or quality of products and service. Negative public opinion could adversely affect our ability to attract and retain clients and/or employees and could expose us to litigation and/or regulatory action.

We manage risks to our reputation by considering the potential reputational impact of all business activities, strategic plans, transactions and initiatives, product and service offerings, as well as day-to-day decision-making and conduct. Responsibility for managing the potential impact of operational (and other) risks on our reputation extends to all of our teams, including senior management and the Board of Directors. All directors, officers and employees have a responsibility to conduct their activities in accordance with our personal code of conduct policies, in a manner that minimizes operational risks and aligns to our three lines of defence framework. We actively promote a culture that encourages employees to raise concerns and supports them in doing so.

OTHER RISK FACTORS

In addition to the risks described above, other risk factors may adversely affect our businesses and financial results.

LEVEL OF COMPETITION

Our performance is impacted by competition in the markets in which we operate. Client retention may be influenced by many factors, including relative client experience, the relative price and attributes of products and services, changes in products and services, and actions taken by competitors.

ACCURACY AND COMPLETENESS OF INFORMATION ON CLIENTS AND COUNTERPARTIES

We depend on the accuracy and completeness of information about clients and counterparties. In deciding whether to extend credit or enter into other transactions with clients and counterparties, we may rely on information furnished by them, including financial statements, appraisals, external credit ratings and other financial information.

We may also rely on the representations of clients and counterparties as to the accuracy and completeness of that information and, with respect to financial statements, on the reports of auditors. Our financial condition and earnings could be negatively impacted to the extent it relies on financial statements that do not comply with standard accounting practices, that are materially misleading, or that do not fairly present, in all material respects, the financial condition and results of operations of the customer or counterparties.

ADEQUACY OF CWB’S RISK MANAGEMENT FRAMEWORK

The Risk Management framework is comprised of various policies, processes and tools for managing risk exposure. There can be no assurance that the framework to manage risks, including the framework’s underlying assumptions, will be effective under all conditions and circumstances. If the Risk Management framework proves ineffective, we could be materially affected by unexpected financial losses and/or other harm.

CHANGES IN ACCOUNTING STANDARDS AND ACCOUNTING POLICIES AND ESTIMATES

The IASB continues to change the financial accounting and reporting standards that govern the preparation of our financial statements. These types of changes can be significant and may materially impact how we record and report our financial condition and results of operations. Where we are required to retroactively apply a new or revised standard, we will restate prior period financial statements.

OTHER FACTORS

We caution that the above discussion of risk factors is not exhaustive. Other factors beyond our control that may affect future results include changes in tax laws, technological changes, unexpected changes in consumer or business spending and saving habits, timely development and introduction of new products, and the anticipation of and success in managing the associated risks.

SHARE AND DISTRIBUTION INFORMATION

As at December 1, 2023, there were 96,434,034 common shares and 2,128,783 stock options outstanding.

We evaluate common share dividends considering the strength of our capital position and capital requirements under the *Standardized* approach to support ongoing strong risk-weighted asset growth. The following dividends on common and preferred shares were declared by the Board of Directors and paid during the year:

($ thousands, except per share amounts)		**2023**		2022
$1.30 per common share (2022 – $1.22)	**$**	**124,998**	$	111,245
$1.08 per preferred share - Series 5 (2022 – $1.08)		**5,376**		5,376
$1.50 per preferred share - Series 9 (2022 – $1.50)		**7,500**		7,500
Total	**$**	**137,874**	$	124,121

Subsequent to October 31, 2023, the Board of Directors of CWB declared a dividend of $0.34 per common share payable on January 4, 2024 to shareholders of record on December 21, 2023, and cash dividends of $0.2688125 per Series 5 and $0.375 per Series 9 preferred share all payable on January 31, 2024 to shareholders of record on January 24, 2024. With respect to these dividend declarations, no liability was recorded on the consolidated balance sheets at October 31, 2023.

On April 30, 2023 and October 31, 2023, Series 1 NVCC Limited Recourse Capital Notes (LRCN) note holders received semi-annual coupon payments of $30, per $1,000 principal amount of notes outstanding, reflecting total payments of $11 million, recorded in common shareholders' net income on an after-tax basis. On January 31, 2023 and July 31, 2023, Series 2 NVCC LRCN note holders received semi-annual coupon payments of $25 per $1,000 principal amount of notes outstanding, reflecting total payments of $8 million.

Further information is provided in Note 15 of the audited consolidated financial statements for the year ended October 31, 2023.

RELATED PARTY TRANSACTIONS

Transactions with and between subsidiary entities are made at normal market prices and eliminated on consolidation.

We provide banking services to our officers and employees, including key management personnel, and their immediate family at various preferred rates and terms. Key management personnel are those that have authority and responsibility for planning, directing and controlling our activities and include our independent directors.

Further information is provided in Note 21 of the audited consolidated financial statements for the year ended October 31, 2023.

CONTROLS AND PROCEDURES

As of October 31, 2023, an evaluation was carried out on the effectiveness of CWB's disclosure controls and procedures. Based on that evaluation, the CEO and CFO have certified that the design and operating effectiveness of CWB's disclosure controls and procedures were effective.

Also at October 31, 2023, an evaluation was carried out on the effectiveness of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Based on that evaluation, the CEO and CFO have certified that the design and operating effectiveness of internal controls over financial reporting were effective.

These evaluations were conducted using the framework and criteria established in accordance with Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A Disclosure Committee, comprised of members of senior management, assists the CEO and CFO in their responsibilities. Management's evaluation of controls can only provide reasonable, not absolute, assurance that all control issues that may result in material misstatement, if any, have been detected.

Prior to its release, this MD&A was reviewed by the Audit Committee and, on the Audit Committee's recommendation, approved by the Board of Directors of CWB.

Consolidated Financial Statements

TABLE OF CONTENTS

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Canadian Western Bank (CWB) and related financial information presented in this annual report have been prepared by management who are responsible for the integrity and fair presentation of the information presented, which includes the consolidated financial statements, management's discussion and analysis (MD&A) and other information. The consolidated financial statements were prepared in accordance with IFRS Accounting Standards, including the requirements of the Bank Act and related rules and regulations issued by the Office of the Superintendent of Financial Institutions Canada. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators (CSA).

The consolidated financial statements, MD&A and related financial information reflect amounts which must, of necessity, be based on informed estimates and judgments of management with appropriate consideration to materiality. The financial information represented elsewhere in this annual report is fairly presented and consistent with the consolidated financial statements.

Management has designed the accounting system and related internal controls, and supporting procedures are maintained to provide reasonable assurance that financial records are complete and accurate, assets are safeguarded and CWB is in compliance with all regulatory requirements. These supporting procedures include the careful selection and training of qualified staff, defined division of responsibilities and accountability for performance, and the written communication of policies and guidelines of business conduct and risk management throughout CWB.

We, as CWB's Chief Executive Officer and Chief Financial Officer, will certify CWB's annual filings with the CSA as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

The system of internal controls is also supported by our internal audit function, which carries out periodic internal audits of all aspects of CWB's operations. The Chief Internal Auditor has full and free access to the Audit Committee and to the external auditors.

The Audit Committee, appointed by the Board of Directors, is comprised entirely of independent directors who are not officers or employees of CWB. The Audit Committee is responsible for reviewing the consolidated financial statements and annual report, including the MD&A, and recommending them to the Board of Directors for approval. Other key responsibilities of the Audit Committee include meeting with management, the Chief Internal Auditor and the external auditors to discuss the effectiveness of certain internal controls over the financial reporting process and the planning and results of the external audit. The Audit Committee also meets regularly with the Chief Financial Officer, Chief Internal Auditor and the external auditors without management present.

The Governance and Conduct Review Committee, appointed by the Board of Directors, is comprised of directors who are not officers or employees of CWB. Their responsibilities include reviewing related party transactions and reporting to the Board of Directors any related party transactions which may have a material impact on CWB.

The Office of the Superintendent of Financial Institutions Canada, at least once a year, makes such examination and inquiry into the affairs of CWB and its federally regulated subsidiaries as is deemed necessary or expedient to satisfy themselves that the provisions of the relevant Acts, having reference to the safety of depositors, are being duly observed and that CWB is in a sound financial condition.

KPMG LLP, the independent auditors appointed by the shareholders of CWB, have performed an audit of the consolidated financial statements and their report follows. The external auditors have full and free access to, and meet periodically with, the Audit Committee to discuss their audit and any resulting matters.

Chris H. Fowler
President and Chief Executive Officer

R. Matthew Rudd
Chief Financial Officer

December 7, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Canadian Western Bank

OPINION

We have audited the consolidated financial statements of Canadian Western Bank (the Entity), which comprise:

- the consolidated balance sheets as at October 31, 2023 and October 31, 2022
- the consolidated statements of income for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at October 31, 2023 and October 31, 2022, and its consolidated financial performance, and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended October 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

ASSESSMENT OF THE ALLOWANCE FOR CREDIT LOSSES FOR PERFORMING LOANS

Description of the matter

We draw attention to Notes 2 and 6 to the financial statements. The Entity's allowance for credit losses for performing loans (ACL) is $129,364 thousand as at October 31, 2023. The Entity's ACL is determined using an expected credit loss (ECL) approach that represents the discounted probability-weighted estimate of cash shortfalls expected to result from defaults over the relevant time horizon. ECL estimations are a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

In establishing the ACL, the Entity's approach incorporates a number of underlying assumptions which involve a high degree of management judgment:

- Internal risk ratings attributable to a borrower reflecting the borrower's credit quality, including any changes since the inception of the loan
- Thresholds used to determine when a borrower has experienced a significant increase in credit risk
- Forward-looking information, specifically related to variables to which the ECL models are calibrated, and construction of the scenarios and their weights

Qualitative adjustments based on expert credit judgment are also incorporated to capture emerging market conditions.

Why the matter is a key audit matter

We identified the assessment of the ACL for performing loans as a key audit matter. Significant auditor judgment was required because of the significant management judgments described above in determining the ACL, which is subject to a high degree of measurement uncertainty. Significant auditor effort and specialized skills and knowledge were required to apply audit procedures and evaluate the results of those procedures.

How the matter was addressed in the audit

The following were the primary procedures we performed to address this key audit matter.

We evaluated the design and tested the operating effectiveness of certain controls over the Entity's ACL process with the involvement of credit risk and economics professionals with specialized skills and knowledge. This included controls related to:

- Monitoring and validation of models used to derive PD, LGD and EAD
- Monitoring and validation of the methodology for identifying whether there has been a significant increase in credit risk
- Assignment at origination and periodic assessment of internal risk ratings
- Monitoring and approval of forward-looking information including scenario weightings incorporated into ECL models

We involved credit risk and economics professionals with specialized skills and knowledge who assisted in:

- Assessing the models for the PD, EAD, and LGD inputs by evaluating the methodology for compliance with relevant accounting standards
- Assessing the methodology for identifying whether there has been a significant increase in credit risk for compliance with relevant accounting standards
- Checking the accuracy of a selection of model-generated results
- Assessing the Entity's qualitative adjustments based on expert credit judgment by applying our knowledge of the industry and credit judgment to assess management's judgments
- Assessing the Entity's forward-looking information including scenario weightings incorporated into ECL models by comparing to external macroeconomic data

For a selection of loans, we evaluated the Entity's assigned internal risk rating against the Entity's internal risk ratings scale.

For a selection of loans, we tested the Entity's assessment of whether there has been a significant increase in credit risk.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2023 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the "2023 Annual Report" as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP
Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor’s report is Arnold Singh

Edmonton, Canada
December 7, 2023

CONSOLIDATED BALANCE SHEETS

($ thousands)

		As at October 31 2023	As at October 31 2022
Assets			
Cash Resources	(Notes 3 and 4)		
Cash and non-interest bearing deposits with financial institutions		$ **49,114**	$ 81,228
Interest bearing deposits with financial institutions		**149,285**	26,833
Cheques and other items in transit		**17,410**	7,918
		215,809	115,979
Securities	(Note 4)		
Issued or guaranteed by Canada		**3,268,476**	3,910,821
Issued or guaranteed by a province or municipality		**440,313**	448,947
Other securities		**200,017**	159,027
		3,908,806	4,518,795
Securities Purchased Under Resale Agreements	(Note 5)	**134,662**	-
Loans	(Note 6)		
Personal		**7,117,829**	6,951,826
Business		**30,092,021**	28,953,796
		37,209,850	35,905,622
Allowance for credit losses		**(172,563)**	(161,818)
		37,037,287	35,743,804
Other			
Property and equipment	(Note 8)	**152,355**	153,026
Goodwill	(Note 9)	**138,701**	138,701
Intangible assets	(Note 9)	**241,195**	223,921
Derivatives	(Notes 10 and 25)	**109,290**	110,521
Other assets	(Note 11)	**381,998**	422,805
		1,023,539	1,048,974
Total Assets		$ **42,320,103**	$ 41,427,552
Liabilities and Equity			
Deposits	(Note 12)		
Personal		$ **19,773,898**	$ 17,181,571
Business and government		**13,554,551**	15,828,891
		33,328,449	33,010,462
Other			
Cheques and other items in transit		**37,831**	33,187
Securities sold under repurchase agreements	(Notes 5 and 7)	-	247,354
Derivatives	(Notes 10 and 25)	**198,596**	156,081
Other liabilities	(Note 13)	**889,401**	789,599
		1,125,828	1,226,221
Debt			
Debt related to securitization activities	(Notes 7 and 14)	**3,315,721**	3,084,091
Subordinated debentures	(Note 14)	**523,438**	373,802
		3,839,159	3,457,893
Equity			
Preferred shares	(Note 15)	**250,000**	250,000
Limited recourse capital notes	(Note 15)	**325,000**	325,000
Common shares	(Note 15)	**1,007,983**	956,061
Retained earnings		**2,515,719**	2,317,146
Share-based payment reserve	(Note 16)	**28,918**	27,466
Accumulated other comprehensive loss		**(100,953)**	(142,697)
Total Equity		**4,026,667**	3,732,976
Total Liabilities and Equity		$ **42,320,103**	$ 41,427,552

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

Sarah Morgan-Silvester
Chair of the Board

Chris H. Fowler
President and Chief Executive Officer

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended October 31

($ thousands, except per share amounts)

		2023	2022
Interest Income	(Note 23)		
Loans		**$ 2,281,621**	$ 1,523,026
Securities		**72,906**	37,043
Deposits with financial institutions		**10,945**	1,836
		2,365,472	1,561,905
Interest Expense			
Deposits		**1,261,037**	546,136
Debt		**123,158**	75,793
		1,384,195	621,929
Net Interest Income		**981,277**	939,976
Non-interest Income			
Wealth management services		**61,202**	61,928
Credit related		**45,187**	40,449
Trust services		**10,723**	9,991
Retail services		**10,442**	10,264
Losses on securities, net		**(52)**	(67)
Other	(Note 18)	**3,795**	13,746
		131,297	136,311
Total Revenue		**1,112,574**	1,076,287
Provision for Credit Losses	(Notes 4 and 6)	**26,641**	45,997
Non-interest Expenses			
Salaries and employee benefits	(Notes 16 and 18)	**390,164**	345,743
Premises and equipment		**121,727**	127,685
Other expenses	(Note 18)	**99,392**	108,349
		611,283	581,777
Net Income before Income Taxes		**474,650**	448,513
Income Taxes	(Note 19)	**124,001**	111,617
Net Income		**350,649**	336,896
Preferred share dividends and limited recourse capital note distributions	(Note 15)	**26,333**	26,594
Common Shareholders' Net Income		**$ 324,316**	$ 310,302
Average number of common shares (in thousands)	(Note 20)	**96,054**	91,431
Average number of diluted common shares (in thousands)		**96,061**	91,490
Earnings Per Common Share	(Note 20)		
Basic		**$ 3.38**	$ 3.39
Diluted		**3.38**	3.39

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended October 31

($ thousands)

		2023	2022
Net Income		**$ 350,649**	$ 336,896
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)		**65,694**	(89,817)
Reclassification to net income, of (gains) losses in the year(2)		**(209)**	8
		65,485	(89,809)
Derivatives designated as cash flow hedges	(Note 10)		
Losses from change in fair value(3)		**(55,058)**	(38,852)
Reclassification to net income, of (gains) losses in the year(4)		**32,303**	(16,508)
		(22,755)	(55,360)
Items that will not be subsequently reclassified to net income			
Unrealized losses on equity securities designated at fair value through other comprehensive income(5)		**(986)**	(167)
		41,744	(145,336)
Comprehensive Income		**$ 392,393**	$ 191,560

(1) Net of income tax of $21,458 (2022 – $27,855).
(2) Net of income tax of $116 (2022 – $6).
(3) Net of income tax of $18,412 (2022 – $11,969).
(4) Net of income tax of $10,510 (2022 – $5,045).
(5) Net of income tax of $365 (2022 – $39).

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended October 31

($ thousands)

		2023	2022
Preferred Shares	(Note 15)		
Balance at beginning and end of year		$ **250,000**	$ 250,000
Limited Recourse Capital Notes	(Note 15)		
Balance at beginning and end of year		**325,000**	325,000
Common Shares	(Note 15)		
Balance at beginning of year		**956,061**	809,435
Issued under at-the-market common equity distribution program		**44,998**	141,098
Issued under dividend reinvestment plan		**6,492**	5,005
Transferred from share-based payment reserve on the exercise or exchange of options		**432**	523
Balance at end of year		**1,007,983**	956,061
Retained Earnings			
Balance at beginning of year		**2,317,146**	2,120,795
Net income		**350,649**	336,896
Dividends and other distributions - Preferred shares and limited recourse capital notes	(Note 15)	**(26,333)**	(26,594)
- Common shares	(Note 15)	**(124,998)**	(111,245)
Issuance costs on at-the-market common equity distribution program	(Note 15)	**(745)**	(2,706)
Balance at end of year		**2,515,719**	2,317,146
Share-based Payment Reserve	(Note 16)		
Balance at beginning of year		**27,466**	26,016
Amortization of fair value of options		**1,884**	1,973
Transferred to common shares on the exercise or exchange of options		**(432)**	(523)
Balance at end of year		**28,918**	27,466
Accumulated Other Comprehensive Loss			
Debt securities measured at fair value through other comprehensive income			
Balance at beginning of year		**(121,949)**	(32,140)
Other comprehensive income (loss)		**65,485**	(89,809)
Balance at end of year		**(56,464)**	(121,949)
Derivatives designated as cash flow hedges			
Balance at beginning of year		**(21,672)**	33,688
Other comprehensive loss		**(22,755)**	(55,360)
Balance at end of year		**(44,427)**	(21,672)
Equity securities designated at fair value through other comprehensive income			
Balance at beginning of year		**924**	1,091
Other comprehensive loss		**(986)**	(167)
Balance at end of year		**(62)**	924
Total accumulated other comprehensive loss		**(100,953)**	(142,697)
Total Equity	$	**4,026,667**	$ 3,732,976

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended October 31

($ thousands)

			2023		2022
Cash Flows from Operating Activities					
Net income		**$**	**350,649**	$	336,896
Adjustments to determine net cash flows:					
Accrued interest receivable and payable, net			**116,970**		28,904
Depreciation and amortization	(Notes 8 and 9)		**62,178**		80,848
Current income taxes receivable and payable, net			**38,708**		16,967
Provision for credit losses	(Notes 4 and 6)		**26,641**		45,997
Deferred income taxes, net			**(550)**		6,493
Amortization of fair value of employee stock options	(Note 16)		**1,884**		1,973
Losses on securities, net			**52**		67
Change in operating assets and liabilities					
Debt related to securitization activities, net			**231,630**		442,248
Deposits, net			**317,987**		3,034,723
Loans, net			**(1,323,065)**		(3,029,428)
Securities purchased under resale agreements, net			**(134,662)**		30,048
Securities sold under repurchase agreements, net			**(247,354)**		247,354
Derivative collateral receivable and payable, net			**(56,200)**		(78,128)
Other items, net			**73,706**		27,105
Net Cash from (used in) Operating Activities			**(541,426)**		1,192,067
Cash Flows from Financing Activities					
Debentures issued			**149,160**		-
Common shares issued, net of issuance costs	(Note 15)		**44,253**		138,392
Dividends and limited recourse capital note distributions			**(144,839)**		(132,834)
Repayment of lease liabilities			**(15,841)**		(14,353)
Net Cash from (used in) Financing Activities			**32,733**		(8,795)
Cash Flows from Investing Activities					
Interest bearing deposits with financial institutions, net			**(122,452)**		(5,489)
Securities, purchased			**(2,615,355)**		(3,263,551)
Securities, sales proceeds			**284,891**		1,941,850
Securities, matured			**3,013,124**		242,124
Property, equipment and intangible assets			**(78,781)**		(99,252)
Net Cash from (used in) Investing Activities			**481,427**		(1,184,318)
Change in Cash and Cash Equivalents			**(27,266)**		(1,046)
Cash and Cash Equivalents at Beginning of Year			**55,959**		57,005
Cash and Cash Equivalents at End of Year *		**$**	**28,693**	$	55,959
*** Represented by:**					
Cash and non-interest bearing deposits with financial institutions		**$**	**49,114**	$	81,228
Cheques and other items in transit (included in Cash Resources)			**17,410**		7,918
Cheques and other items in transit (included in Other Liabilities)			**(37,831)**		(33,187)
Cash and Cash Equivalents at End of Year		**$**	**28,693**	$	55,959
Supplemental Disclosure of Cash Flow Information					
Interest and dividends received		**$**	**2,359,639**	$	1,567,080
Interest paid			**1,237,215**		551,698
Income taxes paid			**104,571**		86,860

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended October 31, 2023 and 2022

($ thousands, except per share amounts)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

A) REPORTING ENTITY

Canadian Western Bank (CWB) is a publicly traded, federally regulated Canadian bank headquartered at Suite 3000, 10303 Jasper Avenue, Edmonton, Alberta. We are a full-service financial institution in Canada with a strategic focus to meet the unique financial needs of businesses and their owners. We provide our clients with full-service business and personal banking, specialized financing, wealth management offerings, and trust services.

The consolidated financial statements were authorized for issue by the Board of Directors on December 7, 2023.

B) BASIS OF CONSOLIDATION

The consolidated financial statements include the assets, liabilities and results of operations of CWB and all of its subsidiaries, after the elimination of intercompany transactions and balances. Subsidiaries are defined as entities whose operations are controlled by CWB and are corporations in which we are the beneficial owner. Non-controlling interest in subsidiaries is presented on the consolidated balance sheets as a separate component of equity that is distinct from shareholders' equity. The net income attributable to non-controlling interest in subsidiaries is presented separately in the consolidated income statements. See Note 28 for details of CWB's significant subsidiaries.

The consolidated financial statements have been prepared on a historic cost basis, except the revaluation of financial instruments classified as fair value through profit or loss, or as fair value through other comprehensive income.

C) STATEMENT OF COMPLIANCE

These consolidated financial statements of CWB have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These consolidated financial statements also comply with subsection 308 (4) of the Bank Act and the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI).

The significant accounting policies used in the preparation of these financial statements, including the accounting requirements of OSFI, are summarized below and in the following notes.

D) USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements as well as the reported amount of revenues and expenses during the period. Key areas of estimation where we have made subjective judgments, often as a result of matters that are inherently uncertain, include those relating to the allowance for credit losses, fair value of financial instruments, impairment of goodwill and intangible assets, valuation of deferred tax assets and liabilities, impairment of financial instruments classified as fair value through other comprehensive income, and fair value of stock options. Therefore, actual results could differ from these estimates.

E) SIGNIFICANT JUDGMENTS

Information on critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the allowance for credit losses and are described in Note 6.

F) BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the acquisition date. Contingent consideration is remeasured each period thereafter with the adjustment recorded to acquisition-related fair value changes in the consolidated statements of income. Acquisition-related costs are recognized as an expense in the income statement in the period in which they are incurred. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the aggregate of the consideration transferred, including any amount of any non-controlling interest in the acquiree, over the net of the recognized amounts of the identifiable assets acquired and the liabilities assumed.

We elect on a transaction-by-transaction basis whether to measure a non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

G) FUNCTIONAL AND FOREIGN CURRENCIES

The consolidated financial statements are presented in Canadian dollars, which is our functional currency. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing at the balance sheet date. Revenue and expenses in foreign currencies are translated at the average exchange rates prevailing during the period. Realized and unrealized gains and losses on foreign currency positions are included in non-interest income.

H) PROVISIONS AND CONTINGENT LIABILITIES

Management exercises judgment in determining whether a past event or transaction may result in the recognition of a provision or the disclosure of a contingent liability. Provisions are recognized in the consolidated financial statements when management determines that it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated, considering all relevant risks and uncertainties. Management as well as internal and external experts may be involved in estimating any amounts required. The actual costs of resolving these obligations may be significantly higher or lower than the recognized provision.

I) ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as noted. To facilitate a better understanding of our consolidated financial statements, the significant accounting policies are disclosed in the notes, where applicable, with related financial disclosures by major caption:

Note	Topic	Note	Topic
2	Financial instruments	16	Share-based payments
3	Cash resources	17	Contingent liabilities and commitments
4	Securities	18	Other income and other expenses
5	Securities sold under repurchase agreements and purchased under resale agreements	19	Income taxes
		20	Earnings per common share
6	Loans, impaired loans and allowance for credit losses	21	Related party transactions
7	Financial assets transferred but not derecognized	22	Interest rate sensitivity
8	Property and equipment	23	Interest income
9	Goodwill and intangible assets	24	Fair value of financial instruments
10	Derivative financial instruments	25	Financial instruments - offsetting
11	Other assets	26	Risk management
12	Deposits	27	Capital management
13	Other liabilities	28	Subsidiaries
14	Debt	29	Comparative figures
15	Capital stock		

J) CHANGES IN ACCOUNTING POLICIES

IAS 12 Income Taxes

In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (*Amendments to IAS 12 *Income Taxes).* The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, there is recognition of a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. CWB adopted the amendments effective for our fiscal year beginning November 1, 2022 and there was no significant impact upon adoption.

K) FUTURE ACCOUNTING CHANGES

A number of standards and amendments have been issued by the IASB, and the following changes may have an impact on our future financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* which will replace IFRS 4 *Insurance Contracts.* In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement the Standard and to defer the effective date. In December 2021, the IASB issued a narrow-scope amendment to the transition requirements in IFRS 17, providing insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17 by presenting comparative information about financial assets, using a classification overlay approach on a basis that is more consistent with how IFRS 9 will be applied in future reporting periods.

This Standard introduces consistent accounting for all insurance contracts. The Standard requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Additionally, IFRS 17 requires an entity to recognize profits as it delivers insurance services, rather than when it receives premiums.

CWB will adopt the new Standard and its amendments for our fiscal year beginning November 1, 2023. We have assessed the Standard and amendments and determined there will be no significant impact upon adoption.

2. FINANCIAL INSTRUMENTS

Financial assets include cash resources, securities, securities purchased under resale agreements, loans, derivatives and certain other assets. Financial liabilities include deposits, cheques and other items in transit, securities sold under repurchase agreements, derivatives, debt and certain other liabilities.

The use of financial instruments exposes CWB to credit, liquidity and market risk. A discussion of how these are managed can be found in the *Risk Management* section of the MD&A.

CLASSIFICATION AND MEASURMENT OF FINANCIAL ASSETS

Initial Recognition and Measurement

Financial assets consist of both debt and equity instruments. Financial assets are initially recognized at fair value and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost.

Derivatives are measured at FVTPL, except to the extent that they are designated in a hedging relationship, in which case the IAS 39 hedge accounting requirements are applied as described in Note 10.

Debt Instruments

Debt instruments, including loans and debt securities, are initially measured at fair value and are subsequently classified and measured at FVTPL, FVOCI or amortized cost based on the contractual cash flow characteristics of the instrument and the business model under which the asset is held.

The intent of the assessment of the contractual cash flow characteristics of an instrument is to determine if contractual payments to be received represent solely principal and interest (SPPI), consistent with a basic lending arrangement. Principal, for the purposes of the test, is defined as the fair value of the instrument at initial recognition and is subject to change over its life due to transactions such as repayments and amortization of related premiums or discounts. Interest represents consideration for the time value of money, credit risk, other basic lending risks and costs, such as liquidity risk and administrative costs, as well as a profit margin. Contractual terms that introduce risks or volatility that are unrelated to a basic lending arrangement do not represent cash flows that are SPPI and as a result, the related financial asset is classified and measured at FVTPL.

For debt instruments that meet the requirements of the SPPI test, classification at initial recognition is determined based on the business model under which the assets are managed. Considerations include how performance of the debt instruments is evaluated, the risks that affect the performance of the business model, and how those risks are managed, and the manner in which management is compensated. Potential business models are as follows:

- Held to collect: Objective is to collect contractual cash flows.
- Held to collect and sell: Objective is to both collect contractual cash flows and sell the financial assets.
- Held for sale or other business models: Encompasses all other business models. CWB does not currently hold assets within this category.

The use of judgment is required in assessing both the contractual cash flow characteristics and the business model of debt instruments.

Measured at Amortized Cost

Debt instruments measured at amortized cost are managed under a 'held to collect' business model and have contractual cash flows that satisfy the requirements of the SPPI test. These financial assets are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method, net of allowance for credit losses estimated based on the expected credit loss (ECL) approach.

Measured at Fair Value through Other Comprehensive Income

Debt instruments measured at FVOCI, which are managed under a 'held to collect and sell' business model and have contractual cash flows that represent SPPI, are initially recorded at fair value, net of transaction costs. Subsequent to initial recognition, unrealized gains and losses related to the debt instruments are recorded in other comprehensive income (OCI), net of tax. Impairment losses and recoveries, estimated using an ECL approach, are recognized in the consolidated statements of income and correspondingly reduce the accumulated changes in fair value recorded in OCI. Gains and losses realized on disposal of debt instruments classified at FVOCI are included in the consolidated statements of income.

Equity Instruments

Equity instruments are classified and measured at FVTPL unless an irrevocable election is made to designate non-trading instruments at FVOCI at the time of initial recognition. If the election is applied, unrealized gains and losses are recorded in OCI, net of tax, and are not subsequently reclassified to the consolidated statements of income. When realized, gains and losses that arise upon derecognition are reclassified from accumulated other comprehensive income (AOCI) to retained earnings. Equity securities are not subject to an impairment assessment.

IMPAIRMENT

Expected Credit Loss Approach

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

Performing Assets

- Stage 1: From initial recognition until the date on which the financial asset experiences a significant increase in credit risk (SICR), the allowance for credit losses is measured based on ECL from defaults occurring in the 12 months following the reporting date.
- Stage 2: A financial asset migrates to Stage 2 when it experiences a SICR subsequent to initial recognition and the allowance for credit losses is measured based on ECL from defaults occurring over the remaining life of the asset.

Impaired Assets

- Stage 3: When a financial asset is identified as credit-impaired, it migrates to Stage 3 and an allowance for credit losses equal to full lifetime ECL is recognized. Interest income is recognized on the carrying amount of the asset, net of the allowance for credit losses.

ECL represents the discounted probability-weighted estimate of cash shortfalls expected to result from defaults over the relevant time horizon. ECL estimations are a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD). PD, which represents the estimate of the likelihood of default, considers past events, current market conditions and forward-looking information over the relevant time horizon. LGD represents an estimate of loss arising from default based on the difference between the contractual cash flows due and those that CWB expects to receive, including consideration for the amount and quality of collateral held. EAD represents an estimate of the exposure at a future default date, taking into account estimated future repayments of principal and draws on committed facilities.

For most financial assets, ECL is estimated on an individual basis. Financial assets for which an allowance for credit losses is estimated on a collective basis are grouped based on similar credit risk characteristics.

Forward-looking Information

The estimation of ECL and the assessment of SICR consider information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

With consideration of several external sources of information, we formulate a base case view of the future relevant macroeconomic variables, which is updated quarterly. The base case scenario represents the best estimate of forecast macroeconomic variables. Additionally, we construct an upside and a downside scenario, based on reasonably possible scenarios. We weight each scenario based on our view of the forward-looking conditions which will change over time.

Additional information regarding the incorporation of forward-looking information and the related judgment and estimation involved in the process is described in Note 6.

Assessment of Significant Increases in Credit Risk

At each reporting date, we assess whether a financial asset has experienced a SICR since initial recognition by comparing the risk of a default occurring over the asset's remaining expected life at the reporting date and the date of initial recognition.

The assessment of changes in credit risk is performed at least quarterly, generally at the instrument level. Significant judgment is also required in the application of SICR thresholds. The thresholds used to define SICR are not expected to change frequently, and will be reassessed as needed based on significant changes in credit risk management practices.

Refer to Note 6 for additional information regarding the assessment of SICR.

Expected Life

When measuring ECL, we consider the maximum contractual period over which an exposure to credit risk exists. For most instruments, the expected life is limited to the remaining contractual life, including prepayment and extension options. For certain revolving credit facilities, the expected life is estimated based on the period over which we are exposed to credit risk and how credit losses are mitigated by management actions.

Modified Financial Assets

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in an impact to contractual cash flows. In particular, in an effort to minimize our realized losses, modifications may be granted in situations where a borrower experiences financial difficulty. Modifications may include payment deferrals, extension of amortization periods, interest rate reductions, principal forgiveness, debt consolidation or forbearance. If it is determined that the modification results in expiry of cash flows, the original asset is derecognized and a new asset is recognized based on the new contractual terms.

Where a modification does not result in derecognition, the gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate, and a gain or loss is recognized immediately in the consolidated statements of income. The financial asset continues to be subject to the same assessment for SICR relative to initial recognition. Expected cash flows arising from the modified contractual terms are considered when estimating ECL for the modified asset. Financial assets that are modified while having an allowance for credit losses equal to lifetime ECL may revert to having to an allowance for credit losses equal to 12-month ECL after a period of performance and improvement in the borrower's financial condition.

Definition of Default

The definition of default used in the estimation of ECL is consistent with the definition of default used for internal credit risk management purposes. Loans are determined to be in default and classified as impaired when payments are contractually past due 90 days or more, when we have commenced realization proceedings, or when we are of the opinion that the loan should be regarded as impaired based on objective evidence. Objective evidence that a loan is impaired may include significant financial difficulty of a borrower, default or delinquency of a borrower, breach of loan covenants or conditions, or indications that a borrower will enter bankruptcy.

Financial assets are reviewed on an ongoing basis to assess whether any should be classified as impaired. Loans that have become impaired are monitored closely by a specialized team with regular reviews of each loan and its realization plan. Impaired loans are returned to performing status when the timely collection of both principal and interest is reasonably assured and all delinquent principal and interest payments are brought current.

Write-offs

Financial assets are written off, either partially or in full, against the related allowance for credit losses when we conclude that there is no realistic prospect of future recovery in respect of those amounts. When financial assets are secured, this is generally after all collateral has been realized or transferred to us, or in certain circumstances, when the net realizable value of any collateral and other available information suggests that there is no reasonable expectation of further recovery. In subsequent periods, any recoveries of amounts previously written off are recorded as a reduction to the provision for credit losses in the consolidated statements of income.

3. CASH RESOURCES

Cash resources include highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of change in value. Cheques and other items in transit included in cash resources are recorded at amortized cost.

Interest bearing deposits with financial institutions included in cash resources are classified and measured at FVOCI as the requirements of the SPPI test are satisfied and the deposits are managed under a 'hold to collect and sell' business model. Changes in fair value are reported in other comprehensive income, net of tax.

At October 31, 2023, $46,929 (October 31, 2022 – $27,378) of cash was restricted from use in relation to the securitization of equipment financing leases and loans.

4. SECURITIES

Debt securities measured at FVOCI have contractual cash flows that satisfy the requirements of the SPPI test and are purchased with the objective of collecting contractual cash flows and selling the assets in response to, or in anticipation of, changes in interest rate, credit or foreign currency risk, funding sources, terms or to meet liquidity requirements.

Debt securities measured at FVOCI are initially recorded at fair value, net of transaction costs. They are subsequently measured at fair value, with unrealized gains and losses recorded in OCI, net of tax, until the security is sold. Gains and losses realized upon sale of the securities are recorded in gains (losses) on securities, net in the consolidated statements of income. Interest income earned is recorded using the effective interest method.

Debt securities measured at FVTPL are purchased with the objective of collecting contractual cash flows, however, the cash flows for these securities do not satisfy the requirements of the SPPI test. Gains and losses realized upon sale of the securities are recorded in gains (losses) on securities, net in the consolidated statements of income. Interest income earned is recorded using the effective interest method.

Equity securities are equity instruments held for long-term investment purposes. We have made the election to measure equity securities at FVOCI. Unrealized gains and losses are recorded in OCI, net of tax, and are subsequently transferred directly to retained earnings.

The analysis of securities at carrying value, by type and maturity or reprice date, follows:

	Maturity/Reprice						
	Within 1 Year	**1 to 3 Years**	**3 to 5 Years**	**Greater than 5 Years**	**No Specific Maturity**	**As at October 31 2023**	As at October 31 2022
Measured at FVOCI							
Interest bearing deposits with financial institutions(1)	**$ 149,285**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 149,285**	$ 26,833
Debt securities issued or guaranteed by							
Canada	**1,844,492**	**1,054,200**	**217,125**	**152,659**	**-**	**3,268,476**	3,910,821
A province or municipality	**424,577**	**15,736**	**-**	**-**	**-**	**440,313**	448,947
Other debt securities issued by United States Treasury	**102,201**	**27,527**	**-**	**-**	**-**	**129,728**	148,722
Other debt securities	**55,388**	**-**	**-**	**-**	**-**	**55,388**	-
Measured at FVTPL							
Other debt securities(2)	**-**	**-**	**-**	**14,901**	**-**	**14,901**	**-**
Designated at FVOCI							
Other equity securities	**-**	**-**	**-**	**-**		**-**	10,305
Total	**$ 2,575,943**	**$ 1,097,463**	**$ 217,125**	**$ 167,560**	**$ -**	**$ 4,058,091**	$ 4,545,628

(1) Included in cash resources on the consolidated balance sheets.
(2) Gains (losses) are recorded in other non-interest income in the consolidated statements of consolidated income.

UNREALIZED GAINS AND LOSSES

Unrealized gains and losses related to debt securities and cash resources measured at FVOCI and FVTPL, and equity securities designated at FVOCI are as follows:

	As at October 31, 2023			
	Amortized Cost[(2)]	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Measured at FVOCI				
Interest bearing deposits with financial institutions[(1)]	**$ 149,292**	**$ 2**	**$ 9**	**$ 149,285**
Debt securities issued or guaranteed by				
Canada	**3,333,770**	**1,718**	**67,012**	**3,268,476**
A province or municipality	**444,545**	**71**	**4,303**	**440,313**
Other debt securities issued by United States Treasury	**134,434**	**-**	**4,706**	**129,728**
Other debt securities	**55,305**	**85**	**2**	**55,388**
Measured at FVTPL				
Other debt securities	**12,494**	**2,569**	**162**	**14,901**
Total	**$ 4,129,840**	**$ 4,445**	**$ 76,194**	**$ 4,058,091**

	As at October 31, 2022			
	Amortized Cost[(2)]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Measured at FVOCI				
Interest bearing deposits with financial institutions[(1)]	$ 26,833	$ -	$ -	$ 26,833
Debt securities issued or guaranteed by				
Canada	4,047,037	414	136,630	3,910,821
A province or municipality	465,377	67	16,497	448,947
Other debt securities issued by United States Treasury	157,393	-	8,671	148,722
Designated at FVOCI				
Other equity securities	8,972	1,617	284	10,305
Total	$ 4,705,612	$ 2,098	$ 162,082	$ 4,545,628

(1) Included in cash resources on the consolidated balance sheets.

(2) The amortized cost of debt securities and cash resources measured at FVOCI is net of an allowance for credit losses of $120 (October 31, 2022 – $498).

IMPAIRMENT

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

During the year ended October 31, 2023, reversals of the provision for credit losses of $378 (October 31, 2022 – reversals of $38) were recorded in the consolidated statements of income related to a change in the estimated allowance for credit losses on performing debt securities measured at FVOCI, all of which were in Stage 1 as at October 31, 2023 and 2022.

5. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS AND PURCHASED UNDER RESALE AGREEMENTS

Securities sold under repurchase agreements represent the sale of government issued securities by CWB effected with a simultaneous agreement to purchase them back at a specified price on a future date, which is generally short term. The difference between the proceeds of the sale and the predetermined cost to be paid on a resale agreement is recorded as deposit interest expense.

Securities purchased under resale agreements represent the purchase of government issued securities by CWB effected with a simultaneous agreement to sell them back at a specified price on a future date, which is generally short term. The difference between the cost of the purchase and the predetermined proceeds to be received on a resale agreement is recorded as securities interest income.

Securities sold under repurchase agreements and purchased under resale agreements are classified and measured at amortized cost in the consolidated balance sheets.

6. 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 allowance for credit losses, are originated or purchased with the objective of collecting contractual cash flows and generating cash flows that satisfy the requirements of the SPPI 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	QC	MB	Other	Total	Composition Percentage Oct. 31 2023	Composition Percentage Oct. 31 2022
Personal[1]	**$ 1,627**	**$ 1,943**	**$ 2,955**	**$ 276**	**$ -**	**$ 157**	**$ 160**	**$ 7,118**	**19 %**	19 %
Business										
General commercial loans	**4,024**	**4,029**	**4,007**	**514**	**429**	**419**	**259**	**13,681**	**37**	35
Commercial mortgages	**3,695**	**2,468**	**526**	**224**	**60**	**133**	**-**	**7,106**	**19**	21
Equipment financing and leasing[2]	**903**	**1,517**	**1,366**	**467**	**794**	**282**	**393**	**5,722**	**16**	15
Real estate project loans	**1,605**	**756**	**577**	**27**	**66**	**67**	**-**	**3,098**	**8**	9
Oil and gas production loans	**72**	**413**	**-**	**-**	**-**	**-**	**-**	**485**	**1**	1
	10,299	**9,183**	**6,476**	**1,232**	**1,349**	**901**	**652**	**30,092**	**81**	81
Total[3]	**$ 11,926**	**$ 11,126**	**$ 9,431**	**$ 1,508**	**$ 1,349**	**$ 1,058**	**$ 812**	**$ 37,210**	**100 %**	100 %
Composition Percentage										
October 31, 2023	**32 %**	**30 %**	**25 %**	**4 %**	**4 %**	**3 %**	**2 %**	**100 %**		
October 31, 2022	33 %	31 %	24 %	4 %	3 %	3 %	2 %	100 %		

(1) Includes mortgages securitized through the *National Housing Act Mortgage Backed Securities* program reported on-balance sheet of $1,350 (October 31, 2022 – $1,386) (see Note 6).

(2) Includes securitized leases and loans reported on-balance sheet of $2,219 (October 31, 2022 – $2,125) (see Note 7).

(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. 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 requiring or requesting changes to credit facilities. Each BRR has a PD 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, are as follows:

	As at October 31, 2023			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Loans – Personal				
Low risk	$ 3,936,718	$ 227,367	$ -	$ 4,164,085
Medium risk	2,481,695	205,827	-	2,687,522
Watchlist or high risk	-	245,456	-	245,456
Impaired	-	-	20,766	20,766
Total	6,418,413	678,650	20,766	7,117,829
Allowance for credit losses	(1,463)	(2,103)	(42)	(3,608)
Total, net of allowance for credit losses	6,416,950	676,547	20,724	7,114,221
Loans – Business				
Investment grade or low risk	9,654,222	674,160	-	10,328,382
Non-investment grade or medium risk	16,094,997	2,130,931	-	18,225,928
Watchlist or high risk	-	1,292,501	-	1,292,501
Impaired	-	-	245,210	245,210
Total	25,749,219	4,097,592	245,210	30,092,021
Allowance for credit losses	(64,502)	(61,296)	(43,157)	(168,955)
Total, net of allowance for credit losses	25,684,717	4,036,296	202,053	29,923,066
Total loans	32,167,632	4,776,242	265,976	37,209,850
Allowance for credit losses	(65,965)	(63,399)	(43,199)	(172,563)
Total Loans, Net of Allowance for Credit Losses	**$ 32,101,667**	**$ 4,712,843**	**$ 222,777**	**$ 37,037,287**
Committed but Undrawn Credit Exposures and Letters of Credit				
Investment grade or low risk	$ 4,595,928	$ 206,234	$ -	$ 4,802,162
Non-investment grade or medium risk	6,816,600	518,697	-	7,335,297
Watchlist or high risk	-	189,729	-	189,729
Total	11,412,528	914,660	-	12,327,188
Allowance for credit losses	(1,899)	(850)	-	(2,749)
Total, Net of Allowance for Credit Losses	**$ 11,410,629**	**$ 913,810**	**$ -**	**$ 12,324,439**

	As at October 31, 2022			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Loans – Personal				
Low risk	$ 4,100,671	$ 67,113	$ -	$ 4,167,784
Medium risk	2,154,159	392,303	-	2,546,462
Watchlist or high risk	-	225,098	-	225,098
Impaired	-	-	12,482	12,482
Total	6,254,830	684,514	12,482	6,951,826
Allowance for credit losses	(1,043)	(2,749)	(140)	(3,932)
Total, net of allowance for credit losses	6,253,787	681,765	12,342	6,947,894
Loans – Business				
Investment grade or low risk	2,976,113	525,305	-	3,501,418
Non-investment grade or medium risk	19,218,875	5,409,412	-	24,628,287
Watchlist or high risk	-	669,900	-	669,900
Impaired	-	-	154,191	154,191
Total	22,194,988	6,604,617	154,191	28,953,796
Allowance for credit losses	(48,736)	(62,599)	(46,551)	(157,886)
Total, net of allowance for credit losses	22,146,252	6,542,018	107,640	28,795,910
Total loans	28,449,818	7,289,131	166,673	35,905,622
Allowance for credit losses	(49,779)	(65,348)	(46,691)	(161,818)
Total Loans, Net of Allowance for Credit Losses	$ 28,400,039	$ 7,223,783	$ 119,982	$ 35,743,804
Committed but Undrawn Credit Exposures and Letters of Credit				
Investment grade or low risk	$ 2,065,808	$ 97,635	$ -	$ 2,163,443
Non-investment grade or medium risk	3,009,255	2,447,483	-	5,456,738
Watchlist or high risk	-	27,284	-	27,284
Total	5,075,063	2,572,402	-	7,647,465
Allowance for credit losses	(1,507)	(3,803)	-	(5,310)
Total, Net of Allowance for Credit Losses	$ 5,073,556	$ 2,568,599	$ -	$ 7,642,155

Impaired and Past Due Loans

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

	As at October 31, 2023				As at October 31, 2022			
	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	**$ 7,117,829**	**$ 20,766**	**$ 42**	**$ 20,724**	$ 6,951,826	$ 12,482	$ 140	$ 12,342
Business								
General commercial loans	**13,681,133**	**91,530**	**19,070**	**72,460**	12,430,457	82,879	32,469	50,410
Commercial mortgages[2]	**7,105,877**	**103,743**	**17,458**	**86,285**	7,446,273	36,435	6,734	29,701
Equipment financing and leasing	**5,722,326**	**39,976**	**6,584**	**33,392**	5,546,163	22,965	6,788	16,177
Real estate project loans	**3,098,229**	**9,961**	**45**	**9,916**	3,199,515	11,912	560	11,352
Oil and gas production loans	**484,456**	**-**	**-**	**-**	331,388	-	-	-
	30,092,021	**245,210**	**43,157**	**202,053**	28,953,796	154,191	46,551	107,640
Total	**$ 37,209,850**	**$ 265,976**	**$ 43,199**	**$ 222,777**	$ 35,905,622	$ 166,673	$ 46,691	$ 119,982

(1) Gross impaired loans include foreclosed assets with a carrying value of $2,712 (October 31, 2022 – $2,010). 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 commercial mortgages.

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

	As at October 31, 2023			As at October 31, 2022		
	Gross Impaired Amount	**Stage 3 Allowance**	**Net Impaired Loans**	Gross Impaired Amount	Stage 3 Allowance	Net Impaired Loans
Alberta	**$ 130,141**	**$ 22,680**	**$ 107,461**	$ 75,398	$ 20,980	$ 54,418
British Columbia	**59,099**	**8,665**	**50,434**	21,029	699	20,330
Ontario	**44,904**	**5,855**	**39,049**	51,369	22,192	29,177
Saskatchewan	**16,939**	**4,516**	**12,423**	4,757	1,165	3,592
Quebec	**2,277**	**229**	**2,048**	4,628	757	3,871
Manitoba	**6,684**	**655**	**6,029**	1,632	308	1,324
Other	**5,932**	**599**	**5,333**	7,860	590	7,270
Total	**$ 265,976**	**$ 43,199**	**$ 222,777**	$ 166,673	$ 46,691	$ 119,982

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 October 31, 2023	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**Total**
Personal	**$ 114,397**	**$ 57,326**	**$** 4,059	**$ 175,782**
Business	**116,991**	**58,998**	26,129	**202,118**
Total	**$ 231,388**	**$ 116,324**	**$** 30,188	**$ 377,900**
As at October 31, 2022	$ 174,127	$ 77,308	$ 46,997	$ 298,432

ALLOWANCE FOR CREDIT LOSSES

Allowance for credit losses related to performing loans is estimated using an ECL approach that incorporates a number of underlying assumptions which involve a high degree of management judgment and can have a significant impact on financial results. The allowance for credit losses is our most significant accounting estimate. Significant key drivers impacting the estimation of ECL, which are interrelated, include:

- Internal risk ratings attributable to a borrower reflecting the borrower's credit quality, including any changes since the inception of the loan;
- Estimated realizable amount of future cash flows on Stage 3 loans;
- Thresholds used to determine when a borrower has experienced a SICR; and,
- Forward-looking information, specifically related to variables to which the ECL models are calibrated, and our construction of the scenarios and their weights.

The inputs and models used for estimating ECL may not always capture all emerging market conditions at the reporting date and as such, qualitative adjustments based on expert credit judgment that consider reasonable and supportable information may be incorporated.

Assessment of Significant Increases in Credit Risk

The determination of whether a loan has experienced a SICR has a significant impact on the estimation of allowance for credit losses as 12-month ECL is recorded for loans in Stage 1 and lifetime ECL is recorded for loans that have migrated to Stage 2. Movement between Stages 1 and 2 is impacted by changes in borrower-specific risk characteristics, which take into account applicable forward-looking information. The main factors considered in assessing whether a loan has experienced a SICR are relative changes in internal risk ratings since initial recognition incorporating forward-looking information, and certain other criteria such as 30 days past due or migration to watchlist status.

Forecasting Forward-looking Information

Forward-looking information is incorporated into both the assessment of whether a loan has experienced a SICR since its initial recognition and the estimation of ECL. The models used to estimate ECL consider macroeconomic factors that are most closely correlated with credit risk in the relevant portfolios and are calibrated to consider our geographic diversification.

The three forward-looking macroeconomic scenarios described below reflect information and facts available to us as at October 31, 2023. The base scenario reflects our best estimate, and the upside and downside scenarios are reasonably possible scenarios that are more optimistic or pessimistic. The base scenario reflects relatively stable economic conditions with slow but positive GDP growth, a minor drop in house prices, and interest rates holding relatively steady. The downside scenario reflects the risk of a contraction to the economy with negative GDP growth and a more significant drop in new house prices. The upside scenario reflects a stronger economy with steady GDP growth, a small increase in new house prices.

The primary macroeconomic variables, for the next year and the remaining forecast period thereafter, used to estimate ECL are as follows:

	Downside		Upside		Base	
Macroeconomic Variable	**October 31 2024**	**Remaining Forecast Period**	**October 31 2024**	**Remaining Forecast Period**	**October 31 2024**	**Remaining Forecast Period**
GDP growth, year over year	(3) %	1 %	2 %	2 %	1 %	2 %
Unemployment rate	7	7	6	6	6	7
Three-month treasury bill rate	2.98	1.69	5.50	3.24	4.20	2.79
New Housing Price Index, year over year	(3)	2	2	2	-	2
5 Year fixed mortgage interest rate	5	5	7	6	6	5
Oil Exports, year over year	(7)	7	39	14	14	11

The primary macroeconomic variables impacting ECL for personal loan portfolios are GDP, New Housing Price Index, and residential mortgage interest rates. Business portfolios are impacted by all of the variables in the table above, to varying degrees. Increases in unemployment rates and interest rates will generally correlate with higher ECL while increases in annual gross domestic product (GDP) growth, oil exports, and New Housing Price Index will generally result in lower ECL.

We weight each scenario based on our view of the probability of each scenario, and the impact of weighting these scenarios increased our ECL on performing loans by $8 million relative to the base scenario, at October 31, 2023.

Stage 3 Allowance for Credit Losses

For impaired loans in Stage 3, the allowance for credit losses is measured for each loan as the difference between the carrying value of the loan at the time it is classified as impaired and the present value of the cash flows we expect to receive, using the original effective interest rate of the loan. When the amounts and timing of future cash flows cannot be reliably estimated, either the fair value of the security underlying the loan, net of any expected realization costs, or the current market price for the loan may be used to measure the estimated realizable amount. Security can vary by type of loan and may include real property, working capital, guarantees, or other equipment.

Reconciliation

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

	As at October 31, 2023			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of year	$ 1,047	$ 2,778	$ 140	$ 3,965
Transfers to (from) [1]				
Stage 1	290	(290)	-	-
Stage 2	(613)	613	-	-
Stage 3	(1)	(84)	85	-
Net remeasurement[2]	(838)	(337)	486	(689)
New originations	1,771	-	-	1,771
Derecognitions and maturities	(164)	(540)	(27)	(731)
Provision for (reversal of) credit losses[3]	445	(638)	544	351
Write-offs	-	-	(796)	(796)
Recoveries	-	-	154	154
Balance at end of year	1,492	2,140	42	3,674
Business				
Balance at beginning of year	$ 50,239	$ 66,373	$ 46,551	$ 163,163
Transfers to (from) [1]				
Stage 1	24,530	(24,530)	-	-
Stage 2	(17,883)	17,883	-	-
Stage 3	(150)	(4,467)	4,617	-
Net remeasurement[2]	(42,546)	20,927	15,848	(5,771)
New originations	73,978	-	-	73,978
Derecognitions and maturities	(21,796)	(14,077)	(5,666)	(41,539)
Provision for (reversal of) credit losses[3]	16,133	(4,264)	14,799	26,668
Write-offs	-	-	(36,254)	(36,254)
Recoveries	-	-	18,061	18,061
Balance at end of year	66,372	62,109	43,157	171,638
Total Allowance for Credit Losses[4]	$ 67,864	$ 64,249	$ 43,199	$ 175,312
Represented by:				
Loans	$ 65,965	$ 63,399	$ 43,199	$ 172,563
Committed but undrawn credit exposures and letters of credit[5]	1,899	850	-	2,749
Total Allowance for Credit Losses[4]	$ 67,864	$ 64,249	$ 43,199	$ 175,312

(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) Allowance for credit losses related to debt securities measured at FVOCI, cash resources and other financial assets classified at amortized cost were excluded from the table above. See Note 4 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.

	As at October 31, 2022			
	Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total
Personal				
Balance at beginning of year	$ 928	$ 2,299	$ 485	$ 3,712
Transfers to (from) [1]				
Stage 1	202	(202)	-	-
Stage 2	(393)	393	-	-
Stage 3	-	(1,860)	1,860	-
Net remeasurement[2]	(805)	2,864	(1,467)	592
New originations	1,292	-	-	1,292
Derecognitions and maturities	(177)	(716)	(91)	(984)
Provision for credit losses[3]	119	479	302	900
Write-offs	-	-	(697)	(697)
Recoveries	-	-	50	50
Balance at end of year	1,047	2,778	140	3,965
Business				
Balance at beginning of year	$ 64,624	$ 38,702	$ 38,812	$ 142,138
Transfers to (from) [1]				
Stage 1	5,661	(5,661)	-	-
Stage 2	(7,500)	7,500	-	-
Stage 3	(51)	(12,993)	13,044	-
Net remeasurement[2]	(46,815)	56,062	19,583	28,830
New originations	55,864	-	-	55,864
Derecognitions and maturities	(21,544)	(17,237)	(778)	(39,559)
Provision for (reversal of) credit losses[3]	(14,385)	27,671	31,849	45,135
Write-offs	-	-	(29,918)	(29,918)
Recoveries	-	-	5,808	5,808
Balance at end of year	50,239	66,373	46,551	163,163
Total Allowance for Credit Losses[4]	$ 51,286	$ 69,151	$ 46,691	$ 167,128
Represented by:				
Loans	$ 49,779	$ 65,348	$ 46,691	$ 161,818
Committed but undrawn credit exposures and letters of credit[5]	1,507	3,803	-	5,310
Total Allowance for Credit Losses[4]	$ 51,286	$ 69,151	$ 46,691	$ 167,128

EQUIPMENT FINANCING AND LEASING

Our equipment financing and leasing portfolio includes $3,408,700 of net investment in leases as at October 31, 2023 (October 31, 2022 - $3,417,339). The following table outlines the maturity analysis of undiscounted minimum finance lease payments by fiscal year, reconciled to the net investment in leases.

	2023	2022
Minimum Lease Payments		
2024	**$ 1,294,386**	$ 1,272,326
2025	**1,037,072**	1,011,235
2026	**733,097**	736,842
2027	**468,328**	453,464
2028	**236,740**	232,816
Thereafter	**59,832**	76,921
Total undiscounted financing payments receivable	**3,829,455**	3,783,603
Unearned Finance Income	**(420,755)**	(366,264)
Net Investment in Equipment Finance Leases	**$ 3,408,700**	$ 3,417,339

7. FINANCIAL ASSETS TRANSFERRED BUT NOT DERECOGNIZED

SECURITIZATION OF EQUIPMENT FINANCING 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 are not removed from the consolidated balance sheets and a securitization liability is recognized within debt related to securitization activities for the cash proceeds received (see Note 14).

During 2023, we securitized equipment financing leases and loans of $1,035,390 (2022 – $1,136,679), which were sold to third parties for cash proceeds of $919,828 (2022 – $1,019,557).

SECURITIZATION OF RESIDENTIAL MORTGAGES

We securitize fully insured residential mortgage loans through the creation of mortgage-backed securities under the *National Housing Act Mortgage Backed Securities* (NHA MBS) program sponsored by the 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 and are carried at amortized cost. Cash proceeds from the third-party sale of the mortgage pools, including those sold as part of the CMB program, are recognized within debt related to securitization activities (see Note 14).

During 2023, we securitized residential mortgages of $145,773 (2022 – $231,266) which were sold to the CHT for cash proceeds of $143,701 (2022 – $220,381).

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

We enter into repurchase agreements under which 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 (see Note 5). 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 are as follows:

	As at October 31, 2023		As at October 31, 2022	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Transferred Assets that do not Qualify for Derecognition				
Securitized leases and loans	**$ 2,218,720**	**$ 2,135,851**	$ 2,124,604	$ 2,114,958
Securitized residential mortgages	**1,307,446**	**1,299,117**	1,156,550	1,149,055
Securities sold under repurchase agreements	**-**	**-**	247,354	247,354
	3,526,166	**3,434,968**	3,528,508	3,511,367
Associated Liabilities(1)	**3,315,721**	**3,277,147**	3,331,445	3,284,419
Net Position	**$ 210,445**	**$ 157,821**	$ 197,063	$ 226,948

(1) Associated liabilities consist of $2,020,913 related to securitized lease and loans (2022 – $1,935,812), $1,294,808 related to residential mortgages securitized through the NHA MBS program (2022 – $1,148,279), and $nil related to securities sold under repurchase agreements (2022 – $247,354).

Additionally, we have securitized residential mortgages through the NHA MBS program totaling $42,066 with a fair value of $41,798 (2022 – $229,052 with a fair value of $227,568) that were not transferred to third parties.

8. PROPERTY AND EQUIPMENT

Land is carried at cost. Buildings, equipment and furniture, and leasehold improvements are carried at cost less accumulated depreciation and impairment. Right-of-use assets primarily reflect leases of branches and office premises, and are measured at an amount equal to the lease liability adjusted by any prepaid or accrued lease payments. Lease liabilities are measured at the present value of the remaining lease payments discounted at our weighted average incremental borrowing rate.

Depreciation is calculated primarily using the straight-line method over the estimated useful life of the asset, as follows:

- Buildings: 20 years
- Computer and office equipment and furniture: 3 to 10 years
- Leasehold improvements: over the shorter of the term of the lease and the remaining useful life
- Right-of-use assets: over the earlier of the lease term and the expected life. If ownership will transfer to us or we are reasonably certain to exercise a purchase option at the end of the lease term, the expected life of the right-of-use asset is used.

When components of an item of property and equipment have different useful lives, they are accounted for as separate items. Gains and losses on disposal are recorded in non-interest income in the period of disposal. Property and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

	Leasehold Improvements	Land and Buildings	Computer Equipment	Office Equipment	Right of Use Asset	Total
Cost						
Balance at November 1, 2022	**$ 101,704**	**$ 19,051**	**$ 53,300**	**$ 52,681**	**$ 113,606**	**$ 340,342**
Additions	**10,614**	**60**	**3,996**	**2,106**	**7,842**	**24,618**
Lease modifications	**-**	**-**	**-**	**-**	**1,277**	**1,277**
Disposals	**(2,001)**	**-**	**(7,778)**	**(3,069)**	**(2,309)**	**(15,157)**
Balance at October 31, 2023	**110,317**	**19,111**	**49,518**	**51,718**	**120,416**	**351,080**
Accumulated Depreciation and Impairment						
Balance at November 1, 2022	**62,873**	**8,102**	**41,124**	**38,864**	**36,353**	**187,316**
Depreciation	**5,823**	**561**	**3,823**	**3,017**	**11,633**	**24,857**
Lease modifications	**-**	**-**	**-**	**-**	**31**	**31**
Disposals	**(2,001)**	**-**	**(7,778)**	**(3,069)**	**(631)**	**(13,479)**
Balance at October 31, 2023	**66,695**	**8,663**	**37,169**	**38,812**	**47,386**	**198,725**
Net Carrying Amount at October 31, 2023	**$ 43,622**	**$ 10,448**	**$ 12,349**	**$ 12,906**	**$ 73,030**	**$ 152,355**
Cost						
Balance at November 1, 2021	$ 90,137	$ 19,016	$ 49,977	$ 51,274	$ 91,169	$ 301,573
Additions	15,953	35	3,356	4,883	17,153	41,380
Lease modifications	-	-	-	-	5,284	5,284
Disposals	(4,386)	-	(33)	(3,476)	-	(7,895)
Balance at October 31, 2022	101,704	19,051	53,300	52,681	113,606	340,342
Accumulated Depreciation and Impairment						
Balance at November 1, 2021	62,181	7,528	37,674	39,498	23,994	170,875
Depreciation	5,078	574	3,483	2,842	12,359	24,336
Lease modifications	-	-	-	-	-	-
Disposals	(4,386)	-	(33)	(3,476)	-	(7,895)
Balance at October 31, 2022	62,873	8,102	41,124	38,864	36,353	187,316
Net Carrying Amount at October 31, 2022	$ 38,831	$ 10,949	$ 12,176	$ 13,817	$ 77,253	$ 153,026

9. GOODWILL AND INTANGIBLE ASSETS

GOODWILL

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the purchase consideration, including any amount of any non-controlling interest in the acquiree, over the net recognized amounts of the identifiable assets, including identifiable intangible assets, and liabilities assumed. For the purposes of calculating goodwill, fair values of acquired assets and liabilities are determined by reference to market values or by discounting expected future cash flows to present value.

This discounting is performed using either market rates, or risk-free rates with risk-adjusted expected future cash flows.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units (CGU) for the purpose of impairment testing considering the business level at which goodwill is monitored for internal management purposes. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. On this basis, CWB's CGUs with goodwill allocated are:

- Wealth Management (WM);
- CWB Maxium Financial Inc. (MX); and,
- CWB National Leasing Inc. (NL).

	WM	MX	NL	Total
Balance at October 31, 2023	**$ 64,056**	**$ 38,869**	**$ 35,776**	**$ 138,701**

	WM	MX	NL	Total
Balance at October 31, 2022	$ 64,056	$ 38,869	$ 35,776	$ 138,701

INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance and are acquired either separately through a business combination, or generated internally. Intangible assets with a finite useful life are recorded at cost less any accumulated amortization and impairment losses. Certain intangible assets, such as trademarks and trade names, have an indefinite useful life. These indefinite life intangibles are not amortized but are tested for impairment at least annually. The assets' useful lives are assessed at least annually.

Amortization of acquisition-related intangible assets with finite useful lives is reported in other expenses and amortization of internally generated software is included in premises and equipment expenses on the consolidated statements of income and recorded on a straight-line basis from the date at which it is available for use as follows:

- Software and related assets: 3 to 15 years
- Customer relationships: 10 to 15 years
- Non-competition agreements: 4 to 5 years
- Other: 3 to 5 years

	Software and Related Assets	Customer Relationships	Trademarks and Tradenames	Non-competition Agreements	Other	Total
Cost						
Balance at November 1, 2022	**$ 325,855**	**$ 90,442**	**$ 8,785**	**$ 11,084**	**$ 5,150**	**$ 441,316**
Additions	**54,595**	**-**	**-**	**-**	**-**	**54,595**
Disposals	**(6,544)**	**-**	**(3,050)**	**(5,336)**	**-**	**(14,930)**
Balance at October 31, 2023	**373,906**	**90,442**	**5,735**	**5,748**	**5,150**	**480,981**
Accumulated Amortization						
Balance at November 1, 2022	**142,537**	**56,524**	**2,100**	**11,084**	**5,150**	**217,395**
Amortization	**28,831**	**7,540**	**950**	**-**	**-**	**37,321**
Disposals	**(6,544)**	**-**	**(3,050)**	**(5,336)**	**-**	**(14,930)**
Balance at October 31, 2023	**164,824**	**64,064**	**-**	**5,748**	**5,150**	**239,786**
Net Carrying Amount at October 31, 2023	**$ 209,082**	**$ 26,378**	**$ 5,735**	**$ -**	**$ -**	**$ 241,195**

	Software and Related Assets	Customer Relationships	Trademarks and Tradenames	Non-competition Agreements	Other	Total
Cost						
Balance at November 1, 2021	$ 295,778	$ 90,442	$ 8,785	$ 11,084	$ 5,150	$ 411,239
Additions	52,588	-	-	-	-	52,588
Disposals	(22,511)	-	-	-	-	(22,511)
Balance at October 31, 2022	325,855	90,442	8,785	11,084	5,150	441,316
Accumulated Amortization						
Balance at November 1, 2021	118,764	48,396	-	11,084	5,150	183,394
Amortization	46,284	8,128	2,100	-	-	56,512
Disposals	(22,511)	-	-	-	-	(22,511)
Balance at October 31, 2022	142,537	56,524	2,100	11,084	5,150	217,395
Net Carrying Amount at October 31, 2022	$ 183,318	$ 33,918	$ 6,685	$ -	$ -	$ 223,921

IMPAIRMENT

The carrying amounts of our intangible assets with finite useful lives are reviewed at each reporting date to determine whether there is any indication of impairment. If an indication exists, we test for impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate impairment.

Impairment testing is performed by comparing an asset's carrying amount with its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs will be determined and compared to the carrying amount of the CGU's net assets, including attributable goodwill. Goodwill is tested for impairment at the level of a CGU or a group of CGUs. If the recoverable amount is less than the carrying value, an impairment loss is charged to the consolidated statements of income.

The recoverable amounts for our CGUs are calculated based on the higher of their value in use and fair value less costs of disposal. Value in use is determined by discounting the future cash flows expected to be generated from the continuing use of the CGU. Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an orderly transaction between market participants, less disposal costs. The fair value of a CGU is estimated using valuation techniques such as a discounted cash flow method or market-based approaches where the fair value of a CGU is determined using comparable market transactions for similar businesses.

In the 2023 and 2022 annual impairment tests, the recoverable amounts of our CGUs are based on their value in use with the exception of the WM CGU, which is based on fair value less costs of disposal.

WM CGU

The recoverable amount of the WM CGU was based on fair value less cost to sell using a discounted cash flow method. Cash flows are projected based on forecast results of the business for a five-year period, adjusted to approximate the market considerations of a prospective buyer. Beyond five years, cash flows are assumed to increase at a terminal growth rate of 3.7% (3.8% in 2022) based on management's expectations of real GDP growth and inflation rates. Forecast cash flows are discounted at a rate of 12.0% (12.5% in 2022).

MX and NL CGUs

The recoverable amount of these CGUs was based on their value in use in the current and comparative period. We calculate value in use using a discounted cash flow method. Cash flows are projected based on forecast results of the business for a five-year period including the regulatory capital required to support future cash flows. Key drivers of cash flows include net interest margins and average interest-earning assets. Beyond five years, cash flows are assumed to increase at a terminal growth rate of 3.7% (3.8% in 2022) based on management's expectations of real GDP growth and inflation rates. Forecast cash flows are discounted at pre-tax rates ranging from 17.8% to 18.0% (19.3% to 19.6% in 2022).

The key assumptions described above may change as economic and market conditions change. We estimate that reasonable possible changes in these assumptions are not expected to cause the recoverable amounts of the cash-generating units to decline below the carrying amounts.

No impairment losses on goodwill or intangible assets were identified during 2023 or 2022.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are entered into for risk management purposes in accordance with our asset liability management policies. It is our policy not to utilize derivative financial instruments for trading or speculative purposes. Interest rate swaps and floors are primarily used to reduce the impact of fluctuating interest rates. Equity swaps are used to reduce earnings volatility related to restricted share units and deferred share units linked to our common share price. Bond forward contracts are used to manage interest rate risk related to our participation in the NHA MBS program. Foreign exchange contracts are used for the purposes of meeting the needs of clients, day-to-day business and liquidity management.

USE OF DERIVATIVES

We enter into derivative financial instruments for risk management purposes. Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity or commodity instrument or index.

Derivative financial instruments primarily used by us include:

- Interest rate swaps, which are agreements where two counterparties exchange a series of payments based on different interest rates applied to a notional amount;
- Bond forward contracts, which are a contractual obligation to purchase or sell a bond at a predetermined future date;
- Foreign exchange forwards and futures, which are contractual obligations to exchange one currency for another at a specified price for settlement at a predetermined future date; and,
- Equity swaps, which are agreements where CWB makes periodic interest payments to a counterparty and receives the capital gain or loss plus dividends of a notional CWB common share.

EMBEDDED DERIVATIVES

When derivatives are embedded in other financial instruments or host contracts, such combinations are known as hybrid instruments. If the host contract is a financial asset within the scope of IFRS 9, the classification and measurement criteria are applied to the entire hybrid instrument and there is no separation of the embedded derivative. If the host contract is a financial liability or an asset that is not within the scope of IFRS 9, embedded derivatives are treated as separate derivatives when their economic characteristics and risk are not closely related to those of the host contract, unless an election is made to measure the contract at fair value. Identified embedded derivatives that are separated from the host contract are recorded at fair value.

FAIR VALUE

Derivative financial instruments are recorded on the balance sheet at fair value. Changes in fair value related to the effective portion of cash flow interest rate hedges are recorded in other comprehensive income, net of tax, and changes in fair value interest rate hedges are recorded in net interest income. Changes in fair value related to the ineffective portion of a designated accounting hedge, a derivative not designated as an accounting hedge, and all other derivative financial instruments are reported in non-interest income on the consolidated statements of income.

DESIGNATED ACCOUNTING HEDGES

Under IAS 39, when designated as accounting hedges by us, certain derivative financial instruments are designated as either a hedge of the fair value of recognized assets, liabilities or firm commitments (fair value hedges), or a hedge of highly probable future cash flows attributable to a recognized asset or liability or a forecast transaction (cash flow hedges). On an ongoing basis, the derivatives used in hedging transactions are assessed to determine whether they are effective in offsetting changes in fair values or cash flows of the hedged items. If a hedging transaction becomes ineffective or if the derivative is not designated as a cash flow hedge, any subsequent change in the fair value of the hedging instrument is recognized in net income.

Potential sources of ineffectiveness can be attributed to the differences between hedging instruments and the hedged items:

- Mismatches in terms of hedged item and hedging instrument, such as the repricing dates and frequency of payments
- The effect of the counterparty and our own credit risk

Interest income received or interest expense paid on derivative financial instruments designated as cash flow hedges is accounted for on the accrual basis and recognized as interest expense over the term of the hedge contract. Premiums on purchased contracts are amortized to interest expense over the term of the contract. Accrued interest receivable and payable and deferred gains and losses for these contracts are recorded in other assets or liabilities as appropriate.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time is held separately in accumulated other comprehensive income until the forecast transaction is eventually recognized in the consolidated statements of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in accumulated other comprehensive income is immediately reclassified to the consolidated statements of income.

INTEREST RATE RISK

Interest rate risk arises when changes in interest rates affect the cash flows, earnings and values of assets and liabilities. Under our interest rate risk management policies, we maintain an appropriate balance between earnings volatility and economic value volatility while keeping both within their respective risk appetite limits. Exposure to interest rate risk is controlled by managing the size of the static gap positions between interest sensitive assets and interest sensitive liabilities for future periods. This is achieved partly by using interest rate swaps and bond forward contracts as a hedge to interest rate changes.

Only the changes in fair value and cash flows related to changes in benchmark interest rates are designated as hedges for accounting purposes. Other risk elements present in these relationships, such as credit risk, have a less significant impact on changes in fair value and cash flows, and are not designated as accounting hedges.

The hedging ratio is established by matching the notional amount of the hedging instrument with the notional amount of the hedged item. The existence of an economic relationship between the hedging instrument and hedged item is based on the reference interest rates, tenors, repricing dates and maturities, and the notional or par amounts.

EQUITY RISK

Equity risk arises when changes in our common share price affects the payout of share-based payment plans (see Note 16) that have not yet vested. We have a policy to hedge a portion of the earnings volatility related to restricted share unit (RSU) and deferred share unit (DSU) grants through the use of equity swaps, where we make periodic interest payments to a counterparty and receive the capital gain or loss plus dividends of a CWB common share.

The following table shows the derivative financial instruments split between those contracts that have a positive fair value (favourable contracts) and those that have a negative fair value (unfavourable contracts):

	As at October 31, 2023				As at October 31, 2022			
	Favourable Contracts		**Unfavourable Contracts**		Favourable Contracts		Unfavourable Contracts	
	Notional Amount	**Fair Value**	**Notional Amount**	**Fair Value**	Notional Amount	Fair Value	Notional Amount	Fair Value
Cash Flow Hedges								
Interest rate risk								
Interest rate swaps	**$ 1,445,000**	**$ 84,993**	**$ 7,170,000**	**$ (179,809)**	$ 1,135,000	$ 83,465	$ 4,935,000	$ (151,084)
Equity risk								
Equity swaps	**11,520**	**1,451**	**9,822**	**(552)**	3,522	100	16,234	(3,776)
Fair Value Hedges								
Interest rate risk								
Interest rate swaps	**339,616**	**21,758**	**-**	**-**	355,020	26,950	-	-
Not Designated as Accounting Hedges								
Foreign exchange contracts	**41,628**	**4**	**745,443**	**(18,235)**	144	6	-	-
Equity swaps	**7,677**	**1,084**	**-**	**-**	-	-	8,066	(1,221)
Total	**$ 1,845,441**	**$ 109,290**	**$ 7,925,265**	**$ (198,596)**	$ 1,493,686	$ 110,521	$ 4,959,300	$ (156,081)

The aggregate contractual or notional amount of the derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus, the aggregate fair values of these financial assets and liabilities can fluctuate significantly from time to time.

The average fair values of the derivative financial instruments on hand during the year are set out in the following table:

	2023	2022
Favourable derivative financial instruments (assets)	**$ 106,712**	$ 83,371
Unfavourable derivative financial instruments (liabilities)	**$ 165,262**	$ 89,040

The following table summarizes the maturities of derivative financial instruments and the weighted average interest rates paid and received on contracts:

	As at October 31, 2023				As at October 31, 2022			
	Maturity				Maturity			
	1 Year or Less		**More than 1 Year**		1 Year or Less		More than 1 Year	
	Notional Amount	**Contractual Interest Rate**	**Notional Amount**	**Contractual Interest Rate**	Notional Amount	Contractual Interest Rate	Notional Amount	Contractual Interest Rate
Cash Flow Hedges								
Interest rate risk								
Interest rate swaps[1]	**$ 4,055,000**	**3.92 %**	**$ 4,560,000**	**2.58 %**	$ 1,125,000	2.01 %	$ 4,945,000	2.32 %
Equity risk								
Equity swaps[2]	**10,251**	**-**	**11,091**	**-**	9,933	-	9,823	-
Fair Value Hedges								
Interest rate risk								
Interest rate swaps[3]	**56,601**	**0.67**	**283,015**	**1.51**	-	-	355,020	1.16
Not Designated as Accounting Hedges								
Foreign exchange contracts[4]	**787,071**	**-**	**-**	**-**	144	-	-	-
Equity swaps[5]	**7,677**	**-**	**-**	**-**	8,066	-	-	-
Total	**$ 4,916,600**		**$ 4,854,106**		$ 1,143,143		$ 5,309,843	

(1) Interest rate swaps designated as accounting cash flow hedges outstanding at October 31, 2023 mature between November 2023 and July 2033.
(2) Equity swaps designated as accounting hedges outstanding at October 31, 2023 mature between June 2024 and June 2026. The contractual interest rate is not meaningful for equity swaps.
(3) Interest rate swaps designated as accounting fair value hedges outstanding at October 31, 2023 mature between October 2024 and September 2028.
(4) Foreign exchange contracts outstanding at October 31, 2023 mature between November 2023 and September 2024. The contractual interest rate is not meaningful for foreign exchange contracts.
(5) Equity swaps not designated as accounting hedges outstanding at October 31, 2023 mature in June 2024. The contractual interest rate is not meaningful for equity swaps.

The following tables present the details of the hedged items categorized by their hedging relationships:

	As at October 31, 2023		
	Consolidated Balance Sheets Line Item	**Changes in Fair Value Used for Calculating Hedge Ineffectiveness**	**AOCI - Cash Flow Hedges**
Cash Flow Hedges			
Interest rate risk			
Variable rate assets and liabilities	**Loans, Deposits**	**$ (27,197)**	**$ (44,719)**
Forecasted NHA MBS issuances	**n/a**	**-**	**(413)**
Equity risk			
Restricted share units	**Other liabilities**	**4,575**	**705**

	As at October 31, 2022		
	Consolidated Balance Sheets Line Item	Changes in Fair Value Used for Calculating Hedge Ineffectiveness	AOCI - Cash Flow Hedges
Cash Flow Hedges			
Interest rate risk			
Variable rate assets	Loans, Deposits	$ (67,693)	$ (19,218)
Forecasted NHA MBS issuances	n/a	-	(859)
Equity risk			
Restricted share units	Other liabilities	(11,346)	(1,595)

n/a - not applicable

	As at October 31, 2023			
	Carrying Amount of Hedged Item	**Accumulated Amount of Fair Value Adjustments on the Hedged Item**	**Consolidated Balance Sheets Line Item**	**Changes in Fair Value Used for Calculating Hedge Ineffectiveness**
Fair Value Hedges				
Interest rate risk				
Fixed rate assets	**$ 320,013**	**$ (21,733)**	**Securities, Loans**	**$ (5,192)**

	As at October 31, 2022			
	Carrying Amount of Hedged Item	Accumulated Amount of Fair Value Adjustments on the Hedged Item	Consolidated Balance Sheets Line Item	Changes in Fair Value Used for Calculating Hedge Ineffectiveness
Fair Value Hedges				
Interest rate risk				
Fixed rate assets	$ 329,812	$ (26,930)	Securities, Loans	$ 19,191

The following table contains information regarding the effectiveness of the hedging relationships, as well as the impacts on the consolidated statements of income and consolidated statements of comprehensive income:

	2023			
	Change in Fair Value of Hedging Instrument	**Hedge Ineffectiveness Recognized in Income**	**Change in the Fair Value of the Hedging Instrument Recognized in OCI[3]**	**Amount Reclassified from AOCI, Cash Flow Hedges to Income[3]**
Cash Flow Hedges				
Interest rate risk				
Interest rate swaps[1]	**$ (27,197)**	**$ -**	**$ (57,959)**	**$ 32,459**
Bond forward contracts[1]	**-**	**-**	**-**	**445**
Equity risk				
Equity swaps[2]	**4,575**	**-**	**2,901**	**(601)**
Fair Value Hedges				
Interest rate risk				
Interest rate swaps	**(5,192)**	**-**	**-**	**-**

	2022			
	Change in Fair Value of Hedging Instrument	Hedge Ineffectiveness Recognized in Income	Change in the Fair Value of the Hedging Instrument Recognized in OCI[3]	Amount Reclassified from AOCI , Cash Flow Hedges to Income[3]
Cash Flow Hedges				
Interest rate risk				
Interest rate swaps[1]	$ (67,693)	$ -	$ (31,283)	$ (21,268)
Bond forward contracts[1]	-	-	326	524
Equity risk				
Equity swaps[2]	(11,346)	-	(7,895)	4,236
Fair Value Hedges				
Interest rate risk				
Interest rate swaps	19,191	-	-	-

(1) Amounts reclassified from OCI into net interest income.
(2) Amounts reclassified from OCI into non-interest expenses.
(3) Amounts are presented net of tax.

The following table shows a reconciliation of the accumulated other comprehensive income from derivatives designated as cash flow hedges and an analysis of other comprehensive income relating to hedge accounting:

Accumulated Other Comprehensive Income - Cash Flow Hedges	**2023**	2022
Balance at beginning of year	**$ (21,672)**	$ 33,688
Amounts recognized in other comprehensive income, net of tax:		
Interest rate risk - Interest rate swaps and bond forward contracts		
Effective portion of changes in fair value	**(57,959)**	(30,957)
Amounts reclassified to net income	**32,904**	(20,744)
Equity risk - Equity swaps		
Effective portion of changes in fair value	**2,901**	(7,895)
Amounts reclassified to net income	**(601)**	4,236
Balance at End of Year	**$ (44,427)**	$ (21,672)

11. OTHER ASSETS

		As at October 31 2023	As at October 31 2022
Accounts receivable		**$ 51,006**	$ 135,840
Accrued interest receivable		**146,290**	116,281
Derivative collateral receivable	(Note 25)	**115,380**	72,810
Deferred tax assets	(Note 19)	**41,492**	42,248
Income tax receivable	(Note 19)	**4,640**	31,669
Prepaid expenses		**19,289**	17,647
Financing costs		**119**	999
Other		**3,782**	5,311
Total		**$ 381,998**	$ 422,805

12. DEPOSITS

Deposits are accounted for on an amortized cost basis. Costs relating to the issuance of fixed term deposits are amortized over the expected life of the deposit using the effective interest method.

	As at October 31, 2023		
	Individuals	**Business and Government**	**Total**
Payable on demand	**$ 30,380**	**$ 980,924**	**$ 1,011,304**
Payable after notice	**6,616,801**	**6,139,026**	**12,755,827**
Payable on a fixed date	**13,126,717**	**6,434,601**	**19,561,318**
Total	**$ 19,773,898**	**$ 13,554,551**	**$ 33,328,449**

	As at October 31, 2022		
	Individuals	Business and Government	Total
Payable on demand	$ 35,688	$ 1,314,615	$ 1,350,303
Payable after notice	6,654,784	6,456,577	13,111,361
Payable on a fixed date	10,491,099	8,057,699	18,548,798
Total	$ 17,181,571	$ 15,828,891	$ 33,010,462

A summary of all outstanding deposits payable on a fixed date, by contractual maturity date, follows:

	As at October 31 2023	As at October 31 2022
Within 1 year	**$ 9,457,625**	$ 8,378,041
1 to 2 years	**3,792,308**	5,006,300
2 to 3 years	**2,460,089**	2,440,222
3 to 4 years	**1,750,918**	852,884
4 to 5 years	**1,905,103**	1,305,872
More than 5 years	**195,275**	565,479
Total	**$ 19,561,318**	$ 18,548,798

13. OTHER LIABILITIES

		As at October 31 2023	As at October 31 2022
Accounts payable and accrued liabilities		$ **393,246**	$ 438,180
Accrued interest payable		**344,465**	197,486
Lease liabilities(1)(2)		**93,456**	98,795
Derivative collateral payable	(Note 25)	**8,170**	21,800
Deferred tax liabilities	(Note 19)	**5,261**	6,567
Allowance for committed but undrawn credit exposures and letters of credit	(Note 6)	**2,749**	5,310
Income taxes payable	(Note 19)	**15,679**	4,000
Deferred revenue		**2,599**	3,467
Accrued swap payable		**20,912**	1,779
Other		**2,864**	12,215
Total		$ **889,401**	$ 789,599

(1) The discounted value of lease liabilities is presented above. Future minimum commitments related to our lease liabilities on an undiscounted basis are $14,979 for fiscal 2024, $16,355 for fiscal 2025, $11,929 for fiscal 2026, $10,120 for fiscal 2027, $9,457 for fiscal 2028, and $48,102 for fiscal 2029 and thereafter.

(2) Interest expense on lease liabilities totaled $3,369 for the year ended October 31, 2023 (2022 – $3,159).

14. DEBT

A) DEBT SECURITIES

A summary of outstanding debt related to the securitization of equipment financing leases and loans and residential mortgages by contractual maturity date follows:

	Within 1 Year	1 to 3 Years	3 to 6 Years	As at October 31 2023	As at October 31 2022
Securitized leases and loans	$ **635,838**	$ **1,013,416**	$ **371,658**	$ **2,020,912**	$ 1,935,812
Securitized residential mortgages	**315,427**	**746,263**	**233,119**	**1,294,809**	1,148,279
Total	$ **951,265**	$ **1,759,679**	$ **604,777**	$ **3,315,721**	$ 3,084,091

B) NON-VIABILITY CONTINGENT CAPITAL (NVCC) SUBORDINATED DEBENTURES

Financing costs relating to the issuance of subordinated debentures are amortized over the expected life of the related subordinated debenture using the effective interest method.

The following qualify as bank debentures under the Bank Act and are subordinate in right of payment to all deposit liabilities. All redemptions are subject to the approval of OSFI.

	Interest Rate(1)	Maturity Date	Reset Spread(1)	Earliest Date Redeemable by CWB at Par	**Par Value(2)**
Series F	3.668%	June 11, 2029	199 bp	June 11, 2024	$ **250,000**
Series G	4.840%	June 29, 2030	410.2 bp	June 29, 2025	**125,000**
Series H	5.937%	December 22, 2032	291 bp	December 22, 2027	**150,000**

(1) The interest rate will be paid until the earliest date redeemable, after which the interest rate will reset quarterly at the reset spread basis points over the then three-month Bankers' Acceptance rate for Series F and Series G and CORRA for Series H.

(2) The balance reported on the consolidated balance sheet as at October 31, 2023 includes unamortized financing costs related to the issuance of subordinated debentures of $1,562 (2022 - $1,198).

bp – basis points

On December 22, 2022, we issued $150,000 of NVCC subordinated debentures with a fixed annual interest rate of 5.937% until December 22, 2027. Thereafter, the rate will be set quarterly at the daily compounded CORRA plus 291 basis points until maturity on December 22, 2032. We can redeem the debentures on or after December 22, 2027 subject to the prior written consent of OSFI.

Upon the occurrence of a trigger event (as defined by OSFI), each subordinated debenture will be automatically converted, without the consent of the holders, into CWB common shares. Conversion to common shares will be determined by dividing the debenture conversion value (the principal amount of the debenture plus accrued but unpaid interest times a multiplier of 1.5) by the common share value (the greater of (i) the floor price of $5.00 and (ii) the current market price calculated as the volume weighted average trading price for the ten consecutive trading days ending on the day immediately prior to the date of conversion).

15. CAPITAL STOCK

AUTHORIZED

- An unlimited number of common shares without nominal or par value;
- 33,964,324 class A shares without nominal or par value; and,
- An unlimited number of first preferred shares, without nominal or par value, issuable in series, provided that the maximum aggregate consideration for all outstanding first preferred shares at any time does not exceed $1,000,000.

ISSUED AND FULLY PAID

	2023		2022	
	Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares - Series 5				
Outstanding at beginning and end of year	**5,000,000**	**$ 125,000**	5,000,000	$ 125,000
Preferred Shares - Series 9				
Outstanding at beginning and end of year	**5,000,000**	**125,000**	5,000,000	125,000
Outstanding at End of Year – Preferred Shares	**10,000,000**	**250,000**	10,000,000	250,000
Limited Recourse Capital Notes - Series 1(1)				
Outstanding at beginning and end of year	**175,000**	**175,000**	175,000	175,000
Limited Recourse Capital Notes - Series 2(2)				
Outstanding at beginning and end of year	**150,000**	**150,000**	150,000	150,000
Outstanding at End of Year – Limited Recourse Capital Notes	**325,000**	**325,000**	325,000	325,000
Common Shares				
Outstanding at beginning of year	**94,326,112**	**956,061**	89,390,335	809,435
Issued under at-the-market common equity distribution program	**1,834,595**	**44,998**	4,725,271	141,098
Issued under dividend reinvestment plan	**258,122**	**6,492**	164,251	5,005
Issued on exercise or exchange of options(3)	**15,205**	**432**	46,255	523
Outstanding at End of Year – Common Shares	**96,434,034**	**1,007,983**	94,326,112	956,061
Total		**$ 1,582,983**		$ 1,531,061

(1) In connection with the issuance of LRCN Series 1, on October 30, 2020, we issued $175,000 of First Preferred Shares Series 11 at a price of $1,000 per Series 11 Preferred Share. The Series 11 Preferred Shares were issued to a Limited Recourse Trust to be held as trust assets in connection with the LRCN structure. The Series 11 Preferred Shares and corresponding Trust investment are eliminated on consolidation.

(2) In connection with the issuance of LRCN Series 2, on March 25, 2021, we issued $150,000 of First Preferred Shares Series 12 at a price of $1,000 per Series 12 Preferred Share. The Series 12 Preferred Shares were issued to a Limited Recourse Trust to be held as trust assets in connection with the LRCN structure. The Series 12 Preferred Shares and corresponding Trust investment are eliminated on consolidation.

(3) Represents shares issued and amounts transferred from the share-based payment reserve to share capital upon non-cash settlement of options exercised.

We are prohibited by the Bank Act from declaring any dividends on common shares when we are or would be placed, as a result of the declaration, in contravention of the capital adequacy and liquidity regulations or any regulatory directives issued under the Bank Act. This limitation does not restrict the current level of dividends.

A) At-the-market (ATM) Common Equity Distribution Program

The current ATM program was established on June 1, 2022, under a prospectus supplement to the CWB short-form base shelf prospectus, and expires July 1, 2024. The ATM program allows us to incrementally issue up to $150 million worth of common shares, at our discretion, at the prevailing market price. The previous ATM program was effective May 31, 2021 and terminated with the establishment of the current ATM program.

	2023	2022
Common shares issued(1)	**1,834,595**	4,725,271
Average price per share	**$ 24.53**	$ 29.86
Gross proceeds	**44,998**	141,098
Net proceeds(2)	**44,253**	138,392

(1) During the year ended October 31, 2023, all shares issued were under the new ATM program. For the comparative 2022 periods, shares issued in Q1 and Q2 2022 were under the previous ATM program (2,058,100 shares issued, at average price of $36.46, for gross proceeds of $75,038 and net proceeds of $73,767) and shares issued in Q3 and Q4 2022 were under the current ATM program (2,667,171 shares issued, at average price of $24.77, for gross proceeds of $66,060, and net proceeds of $64,625).

(2) Gross proceeds less sales commissions and other issuance costs.

B) Preferred Shares

NVCC Preferred Share Rights and Privileges

		Redemption Amount		Quarterly Non-cumulative Dividend[1]	Reset Spread[2]	Annual Yield[3]	Date Redeemable/ Convertible[4]	Convertible to[2][5]
Series 5	$	25.00	$	0.2688125	276 bp	4.30%	April 30, 2024	Preferred Shares - Series 6
Series 9	$	25.00	$	0.375	404 bp	6.00%	April 30, 2024	Preferred Shares - Series 10

(1) Non-cumulative fixed dividends are payable quarterly as and when declared by the Board of Directors of CWB.
(2) The dividend 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.
(3) Based on the stated issue price per share of $25.00.
(4) Redeemable by CWB, subject to the approval of OSFI, on the date noted and every five years thereafter. Convertible by the shareholders, subject to certain conditions, on the date noted and every five years thereafter if not redeemed by CWB to an equal number of First Preferred Shares Series 6 and Series 10 which are non-cumulative, floating rate preferred shares.
(5) If converted, holders of the First Preferred Shares Series 6 and Series 10 will be entitled to receive quarterly floating rate dividends as and when declared by the Board of Directors of CWB, which reset quarterly at a rate equal to the 90-day Government of Canada Treasury Bill rate.
bp – basis points

Upon the occurrence of a non-viability trigger event (as defined by OSFI), each preferred share will be automatically converted, without the consent of the holders, into CWB common shares. Conversion to common shares will be determined by dividing the preferred share conversion value ($25.00 per preferred share plus any declared but unpaid dividends) by the common share value (the greater of (i) the floor price of $5.00 and (ii) the current market price calculated as the volume-weighted average trading price for the ten consecutive trading days ending on the day immediately prior to the date of the conversion). If a trigger event were to occur, based on a floor price of $5.00, the preferred shares would be converted into approximately 50 million CWB common shares, assuming no accrued interest and no declared and unpaid dividends.

C) Limited Recourse Capital Notes (LRCN)

		Redemption Amount	Interest Rate	Issue Date	Maturity Date	Reset Spread[1]	Earliest Date Redeemable
Series 1	$	1,000	6.00%	October 30, 2020	April 30, 2081	562.1 bp	April 30, 2026
Series 2	$	1,000	5.00%	March 25, 2021	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

Semi-annual interest payments on our Series 1 LRCNs, of $30 per $1,000 principal amount of Series 1 LRCNs were paid on April 30, 2023 and October 31, 2023, for an aggregate total of $7,865 (2022 – $7,988), after tax.

Semi-annual interest payments on our Series 2 LRCNs, of $25 per $1,000 principal amount of Series 2 LRCNs were paid on January 31, 2023 and July 31, 2023, for an aggregate total of $5,592 (2022 – $5,730), after tax.

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 an LRCN redemption, (iii) non-payment of principal at the maturity date, or (iv) an event of default on the notes, noteholders will have recourse limited to receipt of a proportionate amount of Series 11 Preferred Shares for the Series 1 LRCNs and Series 12 Preferred Shares for the Series 2 LRCNs. The delivery of the corresponding preferred shares will represent the full and complete extinguishment of our obligations under the LRCNs. The preferred shares are held by a third party trustee in a consolidated trust, CWB LRT (Limited Recourse Trust).

LRCNs are redeemable on or prior to maturity on each five-year anniversary, subject to OSFI approval. The corresponding preferred shares would be redeemed at the same time. The terms of the preferred shares and LRCNs include NVCC provisions necessary for them to qualify as Tier 1 regulatory capital under Basel III. Upon the occurrence of a trigger event (as defined by OSFI), LRCNs will be automatically redeemed by the delivery of common shares after an automatic conversion of the preferred shares. Conversion to common shares will be determined by dividing the share value of the preferred shares (including declared and unpaid dividends) by the common share value (the greater of: (i) a floor price of $5.00 and (ii) the current market price of our common shares based on the volume weighted average trading price for the ten consecutive trading days ending on the day immediately prior to the date of conversion). If a trigger event were to occur, based on a floor price of $5.00, the Series 1 LRCNs and Series 2 LRCNs would be converted into approximately 35 million and 30 million CWB common shares, respectively, assuming no accrued interest and no declared and unpaid dividends.

LRCN are compound instruments with both equity and liability features as payments of interest and principal in cash are made at our discretion. Semi-annual interest payments on the LRCNs are recorded when payable. Non-payment of interest and principal in cash does not constitute an event of default and will trigger a delivery of preferred shares. The liability component of the notes has a nominal value and, as a result, the full proceeds received are presented as equity.

D) Dividends

The following dividends on common and preferred shares were declared by the Board of Directors and paid during the year:

		2023		2022
$1.30 per common share (2022 – $1.22)	**$**	**124,998**	$	111,245
$1.08 per preferred share - Series 5 (2022 – $1.08)		**5,376**		5,376
$1.50 per preferred share - Series 9 (2022 – $1.50)		**7,500**		7,500
Total	**$**	**137,874**	$	124,121

Subsequent to October 31, 2023, the Board of Directors of CWB declared a dividend of $0.34 per common share payable on January 4, 2024 to shareholders of record on December 21, 2023, and cash dividends of $0.2688125 per Series 5 and $0.375 per Series 9 preferred share all payable on January 31, 2024 to shareholders of record on January 24, 2024. With respect to these dividend declarations, no liability was recorded on the consolidated balance sheets at October 31, 2023.

E) Dividend Reinvestment Plan

Under the Dividend Reinvestment Plan (the plan), we provide holders of our common shares and holders of any other class of shares deemed eligible by our Board of Directors with the opportunity to direct cash dividends paid on any class of their eligible shares towards the purchase of additional common shares. Currently, the Board of Directors has deemed that the holders of all common and preferred shares are eligible to participate in the plan. The plan is open to shareholders residing in Canada.

At our option, the common shares may be issued from our treasury at an average market price based on the closing prices of a board lot of common shares on the TSX for the five trading days immediately preceding the dividend payment date, with a discount of 0% to 5% or through the open market at market prices. During the year, 258,122 common shares were issued under the plan from our treasury, with no discount (2022 – 164,251).

16. SHARE-BASED PAYMENTS

A) STOCK OPTIONS

The estimated fair value of stock options measured at the grant date is recognized over the applicable vesting period as an increase to both salary expense and share-based payment reserve. When options are exercised, the proceeds received and the applicable amount in share-based payment reserve are credited to common shares.

We have authorized 6,109,401 common shares (2022 – 6,124,606) for issuance under the share incentive plan. Of the amount authorized, options exercisable into 2,214,627 shares (2022 – 1,871,717) are issued and outstanding. The outstanding options vest within three years and are exercisable at a fixed price equal to the average of the market price on the day of and the four days preceding the grant date. Outstanding options expire from March 2024 to December 2029, each with an expiry date that is within seven years of the grant date.

The details of, and changes in, the issued and outstanding options are as follows:

	2023			2022		
Options	**Number of Options**		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Balance at beginning of year	**1,871,717**	**$**	**31.63**	1,716,084	$	30.04
Granted	**570,049**		**24.23**	363,378		37.03
Exercised or exchanged	**(124,654)**		**23.70**	(134,739)		25.76
Forfeited	**(69,499)**		**29.13**	(65,501)		32.04
Expired	**(32,986)**		**31.49**	(7,505)		31.86
Balance at End of Year	**2,214,627**	**$**	**30.25**	1,871,717	$	31.63
Exercisable at End of Year	**1,026,462**	**$**	**31.62**	828,134	$	30.29

Further details relating to stock options outstanding and exercisable are as follows:

	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
$24.23	540,746	6.1	$	24.23	-	$	-
$29.07 to $31.93	1,152,338	2.7		30.33	833,753		30.81
$35.15 to $37.03	521,543	3.7		36.34	192,709		35.15
Total	**2,214,627**	**3.8**	**$**	**30.25**	**1,026,462**	**$**	**31.62**

All exercised options are settled via non-cash 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 fiscal 2023, option holders exchanged the rights to 124,654 (2022 – 134,739) options and received 15,205 (2022 – 46,255) shares in return by way of non-cash settlement.

Salary expense of $1,884 (2022 – $1,973) was recognized relating to the estimated fair value of options granted. The fair value of options granted during the year was estimated using a binomial option pricing model with the following variables and assumptions: (i) risk-free interest rate of 3.1% (2022 – 1.2%), (ii) expected option life of 5.0 (2022 – 5.0) years, (iii) expected annual volatility of 34% (2022 – 34%), and (iv) expected annual dividends of 5.4% (2022 – 3.3%). Expected volatility is estimated by evaluating historical volatility of the share price over multi-year periods. The weighted average fair value of options granted was estimated at $4.18 (2022 – $7.06) per share.

During the year, $432 (2022 – $523) was transferred from the share-based payment reserve to share capital, representing the estimated fair value recognized for options exercised during the year.

B) RESTRICTED SHARE UNITS

Under the RSU plan, certain employees are eligible to receive an award in the form of RSUs. Each RSU entitles the employee to receive the cash equivalent of the market value of our common shares at the vesting date. Throughout the vesting period, common share dividend equivalents accrue to the employee in the form of additional units. RSUs vest on each anniversary of the grant in equal one-third instalments over a period of three years. Salary expense is recognized over the vesting period except where the employee is eligible to retire prior to the vesting date, in which case the expense is recognized between the grant date and the date the employee is eligible to retire.

During the year, salary expense of $12,134 (2022 – $10,564) was recognized related to RSUs. As at October 31, 2023, the liability for the RSUs held under this plan was $10,382 (October 31, 2022 – $8,721). At the end of each period, the liability is adjusted to reflect changes in the fair value of the RSUs.

Number of RSUs	**2023**	2022
Balance at beginning of year	**779,169**	686,972
Granted	**542,711**	499,043
Vested and paid out	**(374,942)**	(354,182)
Forfeited	**(66,710)**	(52,664)
Balance at End of Year	**880,228**	779,169

C) PERFORMANCE SHARE UNITS

Under the Performance Share Unit (PSU) plan, certain employees are eligible to receive an award in the form of PSUs on an annual basis. At the time of a grant, each PSU represents a unit with an underlying value equivalent to the value of a common share. Throughout the vesting period, common share dividend equivalents accrue to the employee in the form of additional units. Under the PSU plan, each PSU vests at the end of a three-year period and is settled in cash.

At the end of each specified performance period, a multiplier based on performance targets set at grant date is applied to a portion of the PSUs originally granted and any accrued notional dividends such that the total value of the PSUs may vary from 50% to 150% of the value of an equal number of our common shares.

During the year, salary expense of $3,991 (2022 – $790) was recognized related to PSUs. As at October 31, 2023, the liability for the PSUs held under this plan was $7,241 (October 31, 2022 – $4,674). At the end of each period, the liability and salary expense are adjusted to reflect changes in the fair value of the PSUs.

Number of PSUs	**2023**	2022
Balance at beginning of year	**334,279**	285,416
Granted	**212,734**	131,448
Vested and paid out	**(212,128)**	(73,785)
Forfeited	**(31,392)**	(8,800)
Balance at End of Year	**303,493**	334,279

D) DEFERRED SHARE UNITS

Under the DSU plan, non-employee directors receive a portion of their retainer in DSUs. Each DSU represents a unit with an underlying value equivalent to the value of one common share. The DSUs are not redeemable until the individual is no longer a director and must be redeemed for cash. Common share dividend equivalents accrue to the directors in the form of additional units. The expense related to the DSUs is recorded in the period the award is earned by the director.

During the year, other non-interest expenses included $1,356 (2022 – $1,659) related to the DSUs. As at October 31, 2023, the liability for DSUs held under this plan was $8,043 (October 31, 2022 – $7,244). At the end of each period, the liability and expense are adjusted to reflect changes in the market value of the DSUs.

Number of DSUs	**2023**	2022
Balance at beginning of year	**305,669**	270,438
Granted	**68,166**	59,057
Paid out	**(81,161)**	(23,826)
Balance at End of Year	**292,674**	305,669

17. CONTINGENT LIABILITIES AND COMMITMENTS

A) CREDIT INSTRUMENTS

In the normal course of business, we enter into various commitments and have contingent liabilities, which are not reflected in the consolidated balance sheets. These items are reported below and are expressed in terms of the contractual amount of the related commitment.

		As at October 31 2023		As at October 31 2022
Commitments to extend credit	**$**	**11,853,106**	$	7,216,652
Guarantees and standby letters of credit		**474,082**		430,813
Total	**$**	**12,327,188**	$	7,647,465

Commitments to extend credit to customers also arise in the normal course of business and include undrawn availability under lines of credit and business operating loans of $3,865,416 (October 31, 2022 – $3,101,155) and authorized but unfunded loan commitments of $7,987,690 (October 31, 2022 – $4,115,497). In the majority of instances, availability of undrawn business commitments is subject to the borrower meeting specified financial tests or other covenants regarding completion or satisfaction of certain conditions precedent. It is also usual practice to include the right to review and withhold funding in the event of a material adverse change in the financial condition of the borrower. The allowance for credit losses related to committed but undrawn credit exposures and letters of credit is included in other liabilities on the consolidated balance sheets. From a liquidity perspective, undrawn credit authorizations will be funded over time, with draws in many cases extending over a period of months. In some instances, authorizations are never advanced or may be reduced because of changing requirements. Revolving credit authorizations are subject to repayment which, on a pooled basis, also decreases liquidity risk.

Guarantees and standby letters of credit represent our obligation to make payments to third parties when a customer is unable to make required payments or meet other contractual obligations. These instruments carry the same credit risk, recourse and collateral security requirements as loans extended to customers and generally have a term that does not exceed one year.

B) PURCHASE OBLIGATIONS

We have contractual obligations related to operating and capital expenditures which typically run one to five years.

Purchase obligations for each of the succeeding years are as follows:

2024	**$**	**57,834**
2025		**27,771**
2026		**26,430**
2027		**3,817**
2028		**1,675**
Total	**$**	**117,527**

C) LEASE COMMITMENTS

During the year ended October 31, 2023, we terminated our previous lease commitment and entered into a new twenty-year lease for a new corporate office in Edmonton, commencing January 1, 2026. Future minimum commitments related to the lease on an undiscounted basis are $3,936 for fiscal 2026, $4,812 for fiscal 2027, and a remaining total of $109,350 for fiscal 2028 and thereafter.

D) GUARANTEES

A guarantee is defined as a contract that contingently requires the guarantor to make payments to a third party based on (i) changes in an underlying economic characteristic that is related to an asset, liability or equity security of the guaranteed party, (ii) failure of another party to perform under an obligating agreement, or (iii) failure of another third party to pay indebtedness when due.

Significant guarantees provided to third parties include guarantees and standby letters of credit as discussed above.

In the ordinary course of business, we enter into contractual arrangements under which we may agree to indemnify the other party. Under these agreements, we may be required to compensate counterparties for costs incurred as a result of various contingencies, such as changes in laws and regulations and litigation claims. A maximum potential liability cannot be identified as the terms of these arrangements vary and generally no predetermined amounts or limits are identified. The likelihood of occurrence of contingent events that would trigger payment under these arrangements is either remote or difficult to predict and, in the past, payments under these arrangements have been insignificant.

No amounts are reflected in the consolidated financial statements related to these guarantees and indemnifications.

E) LEGAL AND REGULATORY PROCEEDINGS

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

18. OTHER INCOME AND OTHER EXPENSES

A) OTHER NON-INTEREST INCOME

Other non-interest income primarily consists of foreign exchange gains/losses.

B) OTHER EXPENSES

A summary of other non-interest expenses broken down by significant categories follows:

	2023	2022
Professional fees and services	$ **23,401**	$ 30,264
Regulatory costs	**14,698**	13,262
Banking charges	**10,476**	9,915
Marketing and business development	**9,099**	10,366
Amortization of acquisition-related intangible assets	**8,490**	10,212
Capital and business taxes	**4,858**	2,038
Loan-related credit reports	**4,271**	3,588
Employee recruitment and training	**2,880**	6,169
Travel	**2,868**	2,735
Communications	**2,149**	2,167
Staff relations	**1,903**	1,947
Acquisition and integration costs	**602**	626
Other	**13,697**	15,060
Total	$ **99,392**	$ 108,349

C) EMPLOYEE FUTURE BENEFITS

All employee future benefits related to our group retirement savings and employee share purchase plans are recognized in the periods during which services are rendered by employees and are included in salaries and employee benefits non-interest expenses. Our contributions to the group retirement savings plan and employee share purchase plan totaled $23,773 (2022 – $22,352).

19. INCOME TAXES

We follow the deferred method of accounting for income taxes whereby current income taxes are recognized for the estimated income taxes payable for the current period. Deferred tax assets and liabilities represent the cumulative amount of tax applicable to temporary differences between the carrying amount of the assets and liabilities, and their values for tax purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates anticipated to apply to taxable income in the years in which those temporary differences are anticipated to be recovered or settled. Changes in deferred taxes related to a change in tax rates are recognized in income in the period of the tax rate change. All deferred tax assets and liabilities are expected to be realized in the normal course of operations.

The provision for income taxes consists of the following:

	2023	2022
Consolidated statements of income		
Current	$ 125,171	$ 105,678
Deferred	(1,170)	5,939
	124,001	111,617
Other comprehensive income		
Tax expense (recovery) related to:		
Items that will be not subsequently reclassified to net income	(365)	(39)
Items that will be subsequently reclassified to net income		
Debt securities measured at fair value through other comprehensive income	21,342	(27,849)
Derivatives designated as cash flow hedges	(7,902)	(17,014)
	13,075	(44,902)
Total	$ 137,076	$ 66,715

A reconciliation of the statutory tax rates and income tax that would be payable at these rates to the effective income tax rates and provision for income taxes reported in the consolidated statements of income follows:

	2023		2022	
Combined Canadian federal and provincial income taxes and statutory tax rate	$ 121,563	25.6 %	$ 111,720	24.9 %
Increase (decrease) arising from:				
Change in tax rate	(357)	(0.1)	210	-
Tax-exempt income	-	-	(60)	-
Stock-based compensation	317	0.1	347	0.1
Adjustments arising from prior year tax filings	881	0.2	(2,486)	(0.6)
Other	1,597	0.3	1,886	0.5
Provision for Income Taxes and Effective Tax Rate	$ 124,001	26.1 %	$ 111,617	24.9 %

Deferred tax balances are comprised of the following:

	As at October 31 2023	As at October 31 2022
Deferred Tax Assets		
Allowance for credit losses	$ 20,855	$ 20,209
Lease liabilities	23,339	23,297
Leasing income	16,744	16,435
Deferred loan fees	16,539	14,301
Intangible assets	8,677	7,936
Employee benefits	6,433	5,154
Non-capital losses	4,283	3,834
Other temporary differences	11,630	8,699
	108,500	99,865
Deferred Tax Liabilities		
Property and equipment	38,904	30,769
Right of use asset	18,218	18,189
Intangible assets	5,144	6,466
Deferred deposit broker commission	7,795	4,832
Other temporary differences	2,208	3,928
	72,269	64,184
	$ 36,231	$ 35,681

Net deferred tax balances are reported in the Consolidated Balance Sheets as follows:

		2023		2022
Deferred tax assets	$	**41,492**	$	42,248
Deferred tax liabilities		**(5,261)**		(6,567)
	$	**36,231**	$	35,681

20. EARNINGS PER COMMON SHARE

Basic earnings per common share is calculated based on the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the treasury stock method, which assumes that any proceeds from in-the-money stock options are used to purchase our common shares at the average market price during the period.

The calculation of earnings per common share follows:

		2023		2022
Numerator				
Common shareholders' net income	$	**324,316**	$	310,302
Denominator				
Weighted average number of common shares outstanding - basic		**96,054,205**		91,430,832
Dilutive instruments:				
Stock options(1)		**7,184**		59,093
Weighted Average Number of Common Shares Outstanding - Diluted	$	**96,061,389**	$	91,489,925
Earnings Per Common Share				
Basic	$	**3.38**	$	3.39
Diluted		**3.38**		3.39

(1) At October 31, 2023, the denominator excludes 2,214,627 (2022 – 1,103,697) employee stock options with an average exercise price of $31.13 (2022 – $35.14), adjusted for unrecognized stock-based compensation, that is greater than the average market price.

21. RELATED PARTY TRANSACTIONS

Transactions with and between subsidiary entities are made at normal market prices and eliminated on consolidation.

PREFERRED RATES AND TERMS

We make loans, primarily residential mortgages, to our officers and employees at various preferred rates and terms. The total amount outstanding for these types of loans is $258,221 (October 31, 2022 – $219,074). We offer deposits, primarily fixed term deposits, to our officers and employees and their immediate family at preferred rates. The total amount outstanding for these deposits is $347,657 (October 31, 2022 – $342,376).

KEY MANAGEMENT PERSONNEL

Key management personnel are those that have authority and responsibility for planning, directing and controlling our activities and include our independent directors.

Compensation of key management personnel follows:

		2023		2022
Salaries, benefits and directors' compensation	$	**5,770**	$	6,222
Share-based payments (stock options, RSUs, PSUs and DSUs)(1)		**4,251**		4,585
Total	$	**10,021**	$	10,807

(1) Share-based payments are based on the estimated fair value on grant date.

Loans outstanding with key management personnel totaled $23 as at October 31, 2023 (October 31, 2022 – $444). No loans were outstanding with our independent directors as at October 31, 2023 and 2022.

22. INTEREST RATE SENSITIVITY

We are exposed to interest rate risk as a result of a difference, or gap, between the maturity or repricing behaviour of interest sensitive assets and liabilities. The interest rate gap is managed by adjusting the repricing behaviour of interest sensitive assets or liabilities to ensure the gap falls within our risk appetite. The repricing profile of these assets and liabilities has been incorporated in the following table, which contains the gap position at October 31 for select time intervals. Figures in brackets represent an excess of liabilities over assets or a negative gap position.

ASSET LIABILITY GAP POSITIONS

($millions)

October 31, 2023	Floating Rate and Within 1 Month	1 Month 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
Assets								
Cash resources and securities	$ 705	$ 974	$ 1,115	$ 2,794	$ 1,291	$ 152	$ 22	$ 4,259
Loans[1]	15,020	2,326	6,015	23,361	13,581	298	(203)	37,037
Other assets[2]	-	-	-	-	-	-	1,024	1,024
Derivatives[3]	1,620	1,530	2,753	5,903	2,976	105	787	9,771
Total	17,345	4,830	9,883	32,058	17,848	555	1,630	52,091
Liabilities and Equity								
Deposits[1]	14,314	1,692	6,132	22,138	10,995	234	(39)	33,328
Other liabilities[2]	-	-	-	-	-	-	1,126	1,126
Debt	71	163	1,047	1,281	2,562	-	(4)	3,839
Equity	-	-	250	250	325	-	3,452	4,027
Derivatives[3]	7,200	29	57	7,286	1,648	50	787	9,771
Total	21,585	1,884	7,486	30,955	15,530	284	5,322	52,091
Interest Rate Sensitive Gap	$ (4,240)	$ 2,946	$ 2,397	$ 1,103	$ 2,318	$ 271	$ (3,692)	$ -
Cumulative Gap	$ (4,240)	$ (1,294)	$ 1,103	$ 1,103	$ 3,421	$ 3,692	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	(8.1) %	(2.5) %	2.1 %	2.1 %	6.6 %	7.1 %	- %	- %
October 31, 2022								
Cumulative Gap	$ (1,793)	$ (2,041)	$ (452)	$ (452)	$ 3,082	$ 3,221	$ -	$ -
Cumulative Gap as Percentage of Total Assets	(3.7) %	(4.3) %	(0.9) %	(0.9) %	6.4 %	6.7 %	- %	- %

(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.

WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

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

October 31, 2023	Floating Rate and Within 1 Month	1 Month to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Total assets	7.2 %	4.7 %	4.6 %	6.1 %	4.7 %	5.7 %	5.6 %
Total liabilities	4.5	4.5	3.9	4.4	3.8	4.8	4.2
Interest Rate Sensitive Gap	2.7 %	0.2 %	0.7 %	1.7 %	0.9 %	0.9 %	1.4 %
October 31, 2022							
Total assets	6.0 %	3.3 %	3.5 %	5.2 %	3.5 %	2.9 %	4.5 %
Total liabilities	3.3	3.1	2.6	3.2	3.0	2.1	3.1
Interest Rate Sensitive Gap	2.7 %	0.2 %	0.9 %	2.0 %	0.5 %	0.8 %	1.4 %

23. INTEREST INCOME

The composition of our interest income follows:

		2023		2022
Loans measured at amortized cost[1][2]	$	**2,281,621**	$	1,523,026
Securities				
Debt securities measured at FVOCI[1]		**61,520**		35,079
Securities purchased under resale agreements measured at amortized cost[1]		**11,386**		1,964
Deposits with financial institutions measured at FVOCI[1]		**10,945**		1,836
Total	$	**2,365,472**	$	1,561,905

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

(2) Includes finance income earned, net of related fees, on leases of $200,793 for the year ended October 31, 2023 (2022 – $197,081).

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

A) FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

The fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the value of the consideration given or received). Subsequent to initial recognition, financial instruments measured at fair value that are quoted in active markets are based on bid prices for financial assets and offer prices for financial liabilities. For certain securities and derivative financial instruments where an active market does not exist, fair values are determined using valuation techniques that refer to observable market data, including discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, and non-market observable inputs.

Several of our significant financial instruments, such as loans and deposits, lack an available trading market as they are not typically exchanged. Therefore, these instruments have been valued assuming they will not be sold, using present value or other suitable techniques and are not necessarily representative of the amounts realizable in an immediate settlement of the instrument.

Changes in interest rates are the main cause of changes in the fair value of our financial instruments. The carrying value of loans, deposits, subordinated debentures and debt related to securitization activities are not adjusted to reflect increases or decreases in fair value due to interest rate changes as our intention is to realize their value over time by holding them to maturity.

The following table provides the carrying amount of financial instruments by category as defined in IFRS 9 and by balance sheet heading. The table sets out the fair values of financial instruments (including derivatives) using the valuation methods and assumptions referred to below the table. 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.

		October 31, 2023						
		Derivatives	**Amortized Cost**	**FVOCI**	**FVTPL**	**Total Carrying Amount**	**Fair Value**	**Fair Value Under Carrying Amount**
Financial Assets								
Cash resources	(Note 3)	$ -	$ 66,524	$ 149,285	$ -	$ 215,809	$ 215,809	$ -
Securities[2]	(Note 4)	-	-	3,893,905	14,901	3,908,806	3,908,806	-
Securities purchased under resale agreements			134,662			134,662	134,662	-
Loans[3]		-	37,252,238	-		37,252,238	36,877,469	(374,769)
Derivatives		109,290	-	-		109,290	109,290	-
Total Financial Assets		$ 109,290	$ 37,453,424	$ 4,043,190	$ 14,901	$ 41,620,805	$ 41,246,036	$ (374,769)
Financial Liabilities								
Deposits[3]		$ -	$ 33,355,538	$ -		$ 33,355,538	$ 32,963,151	$ (392,387)
Debt		-	3,839,159	-		3,839,159	3,817,442	(21,717)
Derivatives		198,596	-	-		198,596	198,596	-
Total Financial Liabilities		$ 198,596	$ 37,194,697	$ -		$ 37,393,293	$ 36,979,189	$ (414,104)

		October 31, 2022						
		Derivatives	Amortized Cost	FVOCI	FVTPL	Total Carrying Amount	Fair Value	Fair Value Under Carrying Amount
Financial Assets								
Cash resources	(Note 3)	$ -	$ 89,146	$ 26,833	$ -	$ 115,979	$ 115,979	$ -
Securities[2]	(Note 4)	-	-	4,518,795	-	4,518,795	4,518,795	-
Loans[3]		-	35,938,139	-	-	35,938,139	35,478,626	(459,513)
Derivatives		110,521	-	-	-	110,521	110,521	-
Total Financial Assets		$ 110,521	$ 36,027,285	$ 4,545,628	$ -	$ 40,683,434	$ 40,223,921	$ (459,513)
Financial Liabilities								
Deposits[3]		$ -	$ 33,034,978	$ -	$ -	$ 33,034,978	$ 32,414,786	$ (620,192)
Securities sold under repurchase agreements		-	247,354	-	-	247,354	247,354	-
Debt		-	3,461,899	-	-	3,461,899	3,417,350	(44,549)
Derivatives		156,081	-	-	-	156,081	156,081	-
Total Financial Liabilities		$ 156,081	$ 36,744,231	$ -	$ -	$ 36,900,312	$ 36,235,571	$ (664,741)

(1) For further information on interest rates associated with financial assets and liabilities, including derivative instruments, refer to Note 22.

(2) Securities are comprised of $3,893,905 (2022 - $4,508,490) measured at FVOCI and $nil (2022 - $10,305) designated at FVOCI.

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

The methods and assumptions used to estimate the fair values of financial instruments are as follows:

- Interest bearing deposits with financial institutions and securities are reported on the consolidated balance sheets at the fair value disclosed in Notes 3 and 4. Remaining cash resources and securities purchased under resale agreements are reported at amortized cost, which is equal to fair value, on the consolidated balance sheets. These values are based on quoted market prices, if available. Where a quoted market price is not readily available, other valuation techniques are based on observable market rates used to estimate fair value.
- Fair value of loans reflect changes in the general level of interest rates that have occurred since the loans were originated and exclude the allowance for credit losses. Fair value is estimated by discounting the expected future cash flows of these loans at current market rates for loans with similar terms and risks.
- With the exception of derivative financial instruments and contingent consideration, financial instruments included within other assets and other liabilities reported on the consolidated balance sheets have carrying values that closely approximate fair value.
- For derivative financial instruments where an active market does not exist, fair values are determined using valuation techniques that refer to observable market data, including discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.
- The estimated fair values of deposits are determined by discounting the contractual cash flows at current market rates for deposits of similar terms.
- The fair values of debt are determined by reference to current market prices for debt with similar terms and risks.

Fair values are based on our best estimates based on market conditions and pricing policies at a certain point in time. The estimates are subjective and involve particular assumptions and matters of judgment and, as such, may not be reflective of future fair values.

Fair Value Hierarchy

We categorize our fair value measurements of financial instruments 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.

As at October 31, 2023	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Cash resources	**$ 215,809**	**$ 121,453**	**$ 94,356**	**$ -**
Securities	**3,908,806**	**545,888**	**3,362,918**	**-**
Securities purchased under resale agreements	**134,662**		**134,662**	
Loans	**36,877,469**	**-**	**-**	**36,877,469**
Derivatives	**109,290**	**-**	**109,290**	**-**
Total Financial Assets	**$ 41,246,036**	**$ 667,341**	**$ 3,701,226**	**$ 36,877,469**
Financial Liabilities				
Deposits	**$ 32,963,151**	**$ -**	**$ 32,963,151**	**$ -**
Debt	**3,817,442**	**-**	**3,817,442**	**-**
Derivatives	**198,596**	**-**	**198,596**	**-**
Total Financial Liabilities	**$ 36,979,189**	**$ -**	**$ 36,979,189**	**$ -**

	Valuation Technique			
As at October 31, 2022	Fair Value	Level 1	Level 2	Level 3
Financial Assets				
Cash resources	$ 115,979	$ 115,979	$ -	$ -
Securities	4,518,795	1,003,840	3,514,955	-
Loans	35,478,626	-	-	35,478,626
Derivatives	110,521	-	110,521	-
Total Financial Assets	$ 40,223,921	$ 1,119,819	$ 3,625,476	$ 35,478,626
Financial Liabilities				
Deposits	$ 32,414,786	$ -	$ 32,414,786	$ -
Securities sold under repurchase agreements	247,354	-	247,354	-
Debt	3,417,350	-	3,417,350	-
Derivatives	156,081	-	156,081	-
Total Financial Liabilities	$ 36,235,571	$ -	$ 36,235,571	$ -

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

25. FINANCIAL INSTRUMENTS - OFFSETTING

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

	Gross Amounts Reported on the Consolidated Balance Sheet	Amounts not Offset on the Consolidated Balance Sheet			
As at October 31, 2023	**Gross Amounts Reported on the Consolidated Balance Sheet**	**Impact of Master Netting Agreements**	**Cash Collateral(1)**	**Securities Received as Collateral(1)(2)**	**Net Amount**
Financial Assets					
Derivatives	**$ 109,290**	**$ 98,179**	**$ 8,170**	**$ -**	**$ 2,941**
Financial Liabilities					
Derivatives	**$ 198,596**	**$ 98,179**	**$ 99,423**	**$ -**	**$ 994**

		Amounts not Offset on the Consolidated Balance Sheet			
As at October 31, 2022	Gross Amounts Reported on the Consolidated Balance Sheet	Impact of Master Netting Agreements	Cash Collateral(1)	Securities Received as Collateral(1)(2)	Net Amount
Financial Assets					
Derivatives	$ 110,521	$ 82,923	$ 21,309	$ 6,289	$ -
Financial Liabilities					
Derivatives	$ 156,081	$ 82,923	$ 71,822	$ -	$ 1,336

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

26. RISK MANAGEMENT

As part of our risk management practices, the risks that are significant to the business are identified, monitored and controlled. The nature of these risks and how they are managed is provided in the *Risk Management* section of the MD&A.

As permitted by the IASB, certain aspects of the risk management disclosure related to risks inherent with financial instruments is included in the MD&A. The relevant MD&A sections are identified by shading within boxes and the content forms an integral part of these audited consolidated financial statements.

Information on specific measures of risk, including the allowance for credit losses, derivative financial instruments, interest rate sensitivity, fair value of financial instruments and liability for unpaid claims are included elsewhere in these notes to the consolidated financial statements.

A) MANAGING INTEREST RATE BENCHMARK REFORM AND ASSOCIATED RISKS

Various interest rates and other indices that are deemed to be benchmarks, including the London Interbank Offered Rate (LIBOR) and the Canadian Dollar Offered Rate (CDOR), have been the subject of international regulatory guidance and proposals for reform (referred to as IBOR reform). Regulators in various jurisdictions have advocated for the transition from Interbank Offered Rates (IBORs) to alternative benchmark rates, based upon risk-free rates informed by actual market transactions. As previously announced by various regulators, on June 30, 2023, the publication of USD LIBOR was discontinued. The alternative reference rate for USD LIBOR is the Secured Overnight Financing Rate (SOFR).

In December 2021, the Canadian Alternative Reference Rate working group (CARR) recommended to CDOR's administrator, Refinitiv Benchmark Services (UK) Limited (Refinitiv), that Refinitiv should cease calculation and publication of CDOR. On May 16, 2022, the CDOR administrator announced the cessation of CDOR by June 28, 2024 with a two-stage plan for the adoption of Canadian Overnight Repo Rate Average (CORRA) as the replacement benchmark rate. In the first stage, all new derivative contracts and securities would transition to alternative rates by June 30, 2023, with no new CDOR exposure being booked after that date, with limited permitted exceptions. In the second stage, all other financial instruments must be transitioned to alternative benchmark rates by June 28, 2024. In July 2023, CARR announced that no new CDOR or bankers' acceptance (BA) loans are to be originated after November 1, 2023, and OSFI supported this 'no new CDOR or BA' milestone in October 2023. On September 5, 2023, one-month and two-month Term CORRA were launched.

In response to interest rate benchmark reform, the IASB issued two phases of amendments to accounting standards. 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), IFRS 7 *Financial Instruments: Disclosures* (IFRS 7) and IFRS 16 *Leases* (IFRS 16). These amendments apply until IBOR-based cash flows transition to new risk-free rates or when the applicable hedging relationships are discontinued. On November 1, 2021, we adopted Phase 2 amendments to the same standards noted above, which focus on accounting and disclosure matters that will arise once an existing benchmark is replaced with an alternative benchmark rate. Phase 2 amendments provide practical expedients if contract modifications result directly from IBOR reform and occur on an economic equivalent basis. In these cases, changes to the interest rate of the financial assets or liabilities that are required by IBOR reform may be accounted for by updating the effective interest rate prospectively, to reflect the change in the interest rate benchmark rather than being recognized as an immediate gain or loss. Any other changes to the basis for determining contractual cash flows are determined in accordance with our existing accounting policies for loan modifications as described in Note 2 of these audited consolidated financial statements. Phase 2 amendments also allow for a temporary relief from hedge accounting requirements under IAS 39. Changes in existing hedge relationships that are a direct result of IBOR reform may be reflected in the hedge documentation without the need to discontinue the hedging relationship. For aspects of hedge accounting not covered by the amendments and hedges that are not directly impacted by IBOR reform, the accounting policies as described in Note 10 of these audited consolidated financial statements continue to apply.

As IBORs are widely referenced, the transition presents a number of risks to us and the industry as a whole. These risks, such as increased volatility, lack of liquidity and uneven fallback practices, may impact market participants. In addition to these inherent risks, we are exposed to operational risk arising from the renegotiation of contracts and readiness to issue and trade products referencing alternative reference rates.

Our cross functional IBOR Reform working group continues to coordinate an orderly transition to alternative reference rates. Prior to June 30, 2023, we completed the transition of our USD LIBOR referenced contracts by incorporating appropriate fallback language or by replacing the referenced rates with the Secured Overnight Financing Rate (SOFR), with appropriate spread adjustments. At October 31, 2022, prior to our transition away from USD LIBOR, there were $295,527 of loans with maturity dates after June 30, 2023 which referenced USD LIBOR, and less than $1 million of undrawn loan commitments that could potentially have been drawn in USD LIBOR.

In 2023, our IBOR Reform working group has been preparing for CDOR cessation by transitioning legacy CDOR-based contracts to CORRA or alternative rates, incorporating appropriate contract fallback language, and introducing products referencing CORRA or other alternative rates. We have ceased the issuance of new loans referencing CDOR or BA rates to meet the November 1, 2023 ‘no new CDOR or BA’ milestone. The working group has also been preparing systems, processes and communications to ensure overall operational readiness. The working group monitors recommendations from industry groups and regulatory bodies, and engages with industry associations and counterparties regarding transition of CDOR to CORRA as we update our transition plans. The working group provides periodic updates to senior management and the Asset and Liability Committee and quarterly to the Audit Committee of the Board of Directors regarding the status of transition plans for migrating our CDOR products and upgrading systems and processes.

The following table presents the gross outstanding balances of our non-derivative financial assets and liabilities, and notional amounts of our derivatives that are indexed to CDOR as at October 31, 2023 and 2022, which were due to mature after the announced cessation date. In the normal course of business, our exposures may continue to fluctuate until full transition away from CDOR.

	Notional/gross outstanding amounts referencing CDOR (1) Maturing after June 28, 2024			
		October 31, 2023		October 31, 2022
Non-derivative Financial Assets				
Securities	$	-	$	-
Loans (2)		**2,405,557**		1,254,038
	$	**2,405,557**	$	1,254,038
Non-derivative Financial Liabilities				
Deposits - business and government	$	-	$	-
Debt - subordinated debentures		**125,000**		125,000
	$	**125,000**	$	125,000
Derivative Financial Instruments(3)	**$**	**2,030,097**	**$**	2,127,716

(1) While the six-month and 12-month tenors of CDOR were discontinued on May 17, 2021, we did not hold significant positions referencing these tenors at October 31, 2023 and October 31, 2022.
(2) Excludes undrawn loan commitments. As at October 31, 2023, the total outstanding undrawn loan commitments that can potentially be drawn in CDOR beyond the announced cessation date of June 28, 2024 is $66 million (October 31, 2022 – $49 million).
(3) Derivative financial instruments are comprised of interest rate swaps referencing CDOR that we use to manage interest rate risk. As at October 31, 2023 and October 31, 2022, all of these instruments were designated in hedge relationships.

27. CAPITAL MANAGEMENT

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 forecast capital needs with consideration of anticipated profitability, asset growth, market and economic conditions, regulatory changes, and common and preferred share dividends. The goal is to maintain adequate regulatory capital to be considered well-capitalized and protect customer deposits, while providing a satisfactory return for shareholders.

We have a share incentive plan that is provided to officers and employees who are in a position to impact our longer-term financial success as measured by share price appreciation and dividend yield. Note 16 to the consolidated financial statements details the number of shares under options outstanding, the weighted average exercise price and the amounts exercisable at year end.

Regulatory capital and capital ratios are calculated in accordance with the requirements of OSFI. Capital is managed and reported in accordance with the requirements of the Basel III Capital Adequacy Accord (Basel III) using the *Standardized* approach. OSFI requires banks to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the deemed credit risk of each type of asset, a standardized weighting of 0% to 150% is assigned. As an example, a loan that is fully insured by CMHC is applied a risk weighting of 0% as our risk of loss is nil, while uninsured business loans are assigned a risk weighting of 100% to reflect the higher level of risk associated with this type of asset. The ratio of regulatory capital to risk-weighted assets is calculated and compared to OSFI’s standards for Canadian financial institutions. Off-balance sheet assets, such as the notional amount of derivatives and some credit commitments, are included in the calculation of risk-weighted assets and both the credit risk equivalent and the risk-weighted calculations are prescribed by OSFI. The results for the year ended October 31, 2023 reflect our adoption of the revised Capital Adequacy Requirements that came into effect on February 1, 2023 as part of OSFI’s implementation of the Basel III reforms.

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. In addition, OSFI requires banks to maintain a minimum leverage ratio of 3.0%. The leverage ratio provides the ratio of Tier 1 capital to on-balance sheet and off-balance sheet exposures.

During the year, we complied with all external capital requirements.

CAPITAL STRUCTURE AND REGULATORY CAPITAL RATIOS

		2023		2022
Regulatory Capital, Net of Deductions				
Common equity Tier 1[(1)]	**$**	**3,157,495**	$	2,861,456
Tier 1[(1)]		**3,732,495**		3,436,456
Total		**4,388,046**		3,925,118
Capital Ratios				
Common equity Tier 1		**9.7** %		8.8 %
Tier 1		**11.5**		10.6
Total		**13.5**		12.1
Leverage Ratio		**8.5**		8.1

(1) In Q2 2020, OSFI introduced transitional arrangements related to the capital treatment of performing loan allowances, resulting in a portion of allowances that would otherwise be included in Tier 2 capital to be included. The transitional arrangement concluded at the end of fiscal 2022 and did not impact CET1 and Tier 1 capital (October 31, 2022 – $5,576) and CET1 and Tier 1 ratios after fiscal 2022 (October 31, 2022 – negligible impact). The transitional arrangement had no impact on the Total capital ratio.

28. SUBSIDIARIES

As at October 31, 2023, we, either directly or indirectly through our subsidiaries, control the following significant subsidiaries:

Canadian Western Bank Subsidiaries[(1)]
(Annexed in accordance with subsection 308 (3) of the Bank Act)

	Address of Head Office		Carrying Value of Voting Shares Owned by CWB[(2)]
CWB National Leasing Inc.	1525 Buffalo Place Winnipeg, Manitoba	$	134,458
CWB Wealth Management Ltd.	Suite 3000, 10303 Jasper Avenue Edmonton, Alberta		118,660
CWB Wealth Partners Ltd.	801 10th Ave SW Calgary, Alberta		
Canadian Western Financial Ltd.	Suite 3000, 10303 Jasper Avenue Edmonton, Alberta		
CWB Maxium Financial Inc.	Suite 1, 30 Vogell Road Richmond Hill, Ontario		30,812
Canadian Western Trust Company	Suite 3000, 10303 Jasper Avenue Edmonton, Alberta		19,136
Valiant Trust Company	Suite 3000, 10303 Jasper Avenue Edmonton, Alberta		12,000

(1) We, either directly or through our subsidiaries, own 100% of the voting shares of each entity.
(2) The carrying value of voting shares is stated at the cost of our equity in the subsidiaries in thousands of dollars.

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Shareholder Information

CWB Financial Group Corporate Headquarters

Suite 3000, 10303 Jasper Avenue NW
Canadian Western Bank Place
Edmonton, AB T5J 3X6
Telephone: (780) 423-8888
Fax: (780) 423-8897
cwb.com

2024 Annual Meeting

The annual meeting of the common shareholders of Canadian Western Bank will be held on April 4, 2024, at 1:00 p.m. MT (3:00 p.m. ET).

Transfer Agent and Registrar

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, ON M5J 2Y1
Telephone: (416) 263-9200
Toll-free: 1-800-564-6253
Fax: (888) 453-0330
computershare.com

Stock Exchange Listings

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

Eligible Dividend 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.

Shareholdings and Dividends Contact

Information regarding your shareholdings and dividends, including changes to share registrations or addresses, lost share certificates, tax forms or estate transfers, and may be obtained by contacting the transfer agent.

Direct Deposit Services
Shareholders may choose to have cash dividends paid on CWB common and preferred shares deposited directly into accounts held at their financial institution. To arrange direct deposit service, please contact the Transfer Agent and Registrar.

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.

Duplicated Communications
If you receive, but do not require, more than one mailing for the same ownership, please contact the Transfer Agent and Registrar to combine the accounts.

Investor Relations Contact

For financial information inquiries, please contact:

Investor Relations
CWB Financial Group
Suite 3000, 10303 Jasper Avenue NW
Canadian Western Bank Place
Edmonton, AB T5J 3X6
Telephone: (800) 836-1886
investorrelations@cwbank.com

This 2023 Annual Report, along with our Annual Information Form, Notice of Annual Meeting of Shareholders and Management Proxy Circular, is available on our website, or will be available in due course. For additional printed copies of these reports, please contact the Investor Relations Department.

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

Further information regarding the Bank's listed securities is available on our website **www.cwb.com/investor-relations**

Resolving concerns

We are proud of our reputation and encourage you to tell us if you think we have been unsuccessful in dealing with you properly and fairly in any aspect of our business. Please see our website for steps to resolve your complaint.
www.cwb.com/about-us/resolving-your-concerns

Complaints or Concerns regarding Accounting, Internal Accounting Controls or Auditing Matters

Please contact either:

Chief Financial Officer
Canadian Western Bank
CFO@cwbank.com

or

Chair of the Audit Committee
Canadian Western Bank
Audit.Committee@cwb.com

Corporate Secretary

Monique Petrin Nicholson
Senior Vice President,
General Counsel and
Corporate Secretary
corporatesecretary@cwbank.com

Five Year Financial Summary[1]

($ thousands, except per share amounts)

	2023	2022	2021	2020	2019[6]
Results of Operations					
Net interest income	**$ 981,277**	$ 939,976	$ 892,363	$ 799,411	$ 785,584
Non-interest income	**131,297**	136,311	123,670	97,984	76,020
Total revenue	**1,112,574**	1,076,287	1,016,033	897,395	861,604
Pre-tax, pre-provision income[1]	**527,529**	521,903	517,149	469,318	461,130
Common shareholders' net income	**324,316**	310,302	327,471	248,956	266,940
Common Share Information					
Earnings per share					
Basic	**3.38**	3.39	3.74	2.86	3.05
Diluted	**3.38**	3.39	3.73	2.86	3.04
Adjusted[1]	**3.58**	3.62	3.81	2.93	3.15
Cash dividends	**1.30**	1.22	1.16	1.15	1.08
Book value[1]	**35.79**	33.48	33.10	31.76	29.29
Market price					
High	**29.39**	41.56	40.21	36.61	33.89
Low	**22.72**	21.21	24.37	15.70	24.33
Close	**27.48**	23.70	39.59	24.50	33.35
Common shares outstanding (thousands)	**96,434**	94,326	89,390	87,100	87,250
Performance Measures[1]					
Return on common shareholders' equity	**9.8 %**	10.1 %	11.6 %	9.3 %	10.9 %
Adjusted return on common shareholders' equity	**10.4**	10.8	11.8	9.5	11.3
Return on assets	**0.77**	0.79	0.92	0.76	0.88
Net interest margin	**2.34**	2.41	2.49	2.45	2.60
Efficiency ratio	**52.6**	51.5	49.1	47.7	46.5
Credit Quality[1]					
Provision for credit losses on total loans as a percentage of average loans[2]	**0.07**	0.14	0.09	0.32	0.21
Provision for credit losses on impaired loans as a percentage of average loans[2]	**0.04**	0.10	0.17	0.18	0.21
Balance Sheet					
Assets	**$ 42,320,103**	$ 41,427,552	$ 37,323,176	$ 33,937,865	$ 31,424,235
Loans[3]	**37,209,850**	35,905,622	32,759,522	30,008,393	28,365,893
Deposits	**33,328,449**	33,010,462	29,975,739	27,310,354	25,351,361
Debt	**3,839,159**	3,457,893	3,015,065	2,424,323	2,412,293
Shareholders' equity	**4,026,667**	3,732,976	3,533,885	3,331,538	2,945,810
Off-Balance Sheet					
Wealth Management					
Assets under management and administration	**7,925,785**	7,825,003	8,687,136	6,577,513	2,461,469
Assets under advisement[4]	**2,197,397**	1,824,961	2,067,069	1,877,000	-
Assets under administration - other	**15,370,989**	13,943,199	14,031,042	11,081,581	8,936,845
Capital Adequacy[5]					
Common equity Tier 1 ratio	**9.7 %**	8.8 %	8.8 %	8.8 %	9.1 %
Tier 1 ratio	**11.5**	10.6	10.8	10.9	10.7
Total ratio	**13.5**	12.1	12.4	12.6	12.8
Other					
Number of full-time equivalent staff	**2,505**	2,712	2,617	2,505	2,278

(1) Non-GAAP measure – refer to definitions and detail provided on page 16.
(2) Includes provisions for credit losses on loans, committed but undrawn credit exposures and letters of credit.
(3) Net of allowance for credit losses.
(4) Primarily comprised of assets under advisement related to our Indigenous Services wealth management business.
(5) Calculated using the *Standardized* approach in accordance with guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).
(6) Results for periods beginning on or after November 1, 2019 have been prepared in accordance with IFRS 16 *Leases*. Prior year comparatives have been prepared in accordance with IAS 17 *Leases* and have not been restated.

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