CANADIAN WESTERN BANK GROUP
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NEWS RELEASE

CWB reports strong fourth quarter performance and record results for fiscal 2011

Loan growth of 2% in the quarter and 16% for the year

Quarterly dividend declared of $0.15 per CWB common share, an increase of 7%

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

- Net income of $45.0 million, up 15% ($5.9 million), marking CWB's 94th consecutive profitable quarter.
- Diluted earnings per common share of $0.54, up 13%. Diluted cash earnings per share[(1)] of $0.55, up 12%.
- Record quarterly total revenues (teb)[(2)] of $124.3 million, up 11% ($12.7 million).
- Return on common shareholders' equity of 15.2%, up 10 basis points.
- Strong capital position confirmed by a tangible common equity to risk-weighted assets ratio[(3)] of 8.6%, Tier 1 capital ratio of 11.1% and a total capital ratio of 15.4%.
- Redeemed all outstanding warrants (TSX: CWB.WT) for cash of $72.5 million.
- Achieved new milestones for total loans and total assets of $12 billion and $14 billion, respectively.
- Opened a new full-service business and personal banking centre in Richmond, British Columbia, bringing the total number of CWB branches to 40.
- On December 5, 2011, declared a quarterly dividend of $0.15 per CWB common share, an increase of 7% over the prior quarter and 15% over the dividend declared a year earlier.

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

Fiscal 2011 Highlights (compared to the prior year)

- Record net income of $178.1 million, up 9% ($14.5 million).
- Record diluted earnings per common share of $2.12, up 3%. Diluted cash earnings per share of $2.18, up 4%.
- Very strong loan growth of 16% ($1,725 million).
- Record total revenues (teb) of $491.0 million, up 13% ($56.8 million).
- Return on common shareholders' equity of 15.6%, down 150 basis points.
- Efficiency ratio (teb) of 45.3%, up 120 basis points.
- Dollar level of gross impaired loans decreased 32% ($46.2 million).

Fiscal 2011 Performance versus Minimum Targets

2011 Minimum Targets	2011 Performance	
Net income growth of 6%	9%	☑
Net income growth before taxes (teb) of 10%	11%	☑
Total revenues (teb) growth of 12%	13%	☑
Loan growth of 10%	16%	☑
Return on common shareholders' equity of 15%	15.6%	☑
Return on assets of 1.20%	1.20%	☑
Efficiency ratio (teb) of 46% or less	45.3%	☑
Provision for credit losses between 0.20% - 0.25% of average loans	0.20%	☑

Financial Highlights

(unaudited) ($ thousands, except per share amounts)	For the three months ended **October 31 2011**	July 31 2011	October 31 2010	Change from October 31 2010	For the year ended **October 31 2011**	October 31 2010	Change from October 31 2010
Results of Operations							
Net interest income (teb - see below)	**$ 99,842**	$ 98,133	$ 89,206	12 %	**$ 384,683**	$ 328,664	17 %
Less teb adjustment	**3,133**	2,797	3,179	(1)	**11,059**	11,186	(1)
Net interest income per financial statements	**96,709**	95,336	86,027	12	**373,624**	317,478	18
Other income	**24,452**	24,952	22,364	9	**106,331**	105,595	1
Total revenues (teb)	**124,294**	123,085	111,570	11	**491,014**	434,259	13
Total revenues	**121,161**	120,288	108,391	12	**479,955**	423,073	13
Net income	**45,046**	44,711	39,107	15	**178,149**	163,621	9
Earnings per common share							
Basic(1)	**0.55**	0.55	0.53	4	**2.26**	2.26	-
Diluted(2)	**0.54**	0.52	0.48	13	**2.12**	2.05	3
Diluted cash(3)	**0.55**	0.54	0.49	12	**2.18**	2.09	4
Return on common shareholders' equity(4)	**15.2 %**	14.6 %	15.1%	10 bp	**15.6%**	17.1%	(150) bp(5)
Return on assets(6)	**1.12**	1.18	1.13	(1)	**1.20**	1.24	(4)
Efficiency ratio (teb)(7)	**45.1**	45.3	46.6	(150)	**45.3**	44.1	120
Efficiency ratio	**46.3**	46.4	47.9	(160)	**46.3**	45.3	100
Net interest margin (teb)(8)	**2.72**	2.83	2.84	(12)	**2.82**	2.74	8
Net interest margin	**2.64**	2.75	2.74	(10)	**2.74**	2.64	10
Provision for credit losses as a percentage of average loans	**0.18**	0.18	0.21	(3)	**0.20**	0.21	(1)
Per Common Share							
Cash dividends	**$ 0.14**	$ 0.14	$ 0.11	27 %	**$ 0.54**	$ 0.44	23 %
Book value	**14.36**	15.01	14.08	2	**14.36**	14.08	2
Closing market value	**28.50**	30.45	25.36	12	**28.50**	25.36	12
Common shares outstanding (thousands)	**75,462**	75,224	66,641	13	**75,462**	66,641	13
Balance Sheet and Off-Balance Sheet Summary							
Assets	**$ 14,772,035**	$ 13,996,807	$ 12,701,691	16 %			
Loans	**12,221,143**	11,946,932	10,496,464	16			
Deposits	**12,499,689**	11,648,114	10,812,767	16			
Subordinated debentures	**545,000**	545,000	315,000	73			
Shareholders' equity	**1,293,566**	1,338,780	1,148,043	13			
Assets under administration	**9,369,589**	9,349,249	8,530,716	10			
Assets under management	**816,219**	806,666	795,467	3			
Capital Adequacy(9)							
Tangible common equity to risk-weighted assets(10)	**8.6 %**	9.3 %	8.5%	10 bp			
Tier 1 ratio	**11.1**	11.8	11.3	(20)			
Total ratio	**15.4**	16.3	14.3	110			

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

Taxable Equivalent Basis (teb)

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

Non-GAAP Measures

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

Fourth Quarter and Fiscal 2011 Financial Summary

This financial summary should be read in conjunction with Canadian Western Bank's (CWB or the Bank) unaudited interim consolidated financial statements for the period ended October 31, 2011, as well as the audited consolidated financial statements and management's discussion and analysis (MD&A) for the year ended October 31, 2010, available on SEDAR at www.sedar.com and the Bank's website at www.cwbankgroup.com. The 2011 Annual Report and audited consolidated financial statements for the year ended October 31, 2011 will be available on both SEDAR and the Bank's website on December 9, 2011. The 2011 Annual Report will be distributed to shareholders in January 2012.

Edmonton, December 5, 2011 – Canadian Western Bank (TSX: CWB) today announced strong financial performance marking the Bank's 94th consecutive profitable quarter. Fourth quarter net income of $45.0 million was up 15% ($5.9 million) compared to the same quarter last year while diluted earnings per common share increased 13% to $0.54 (diluted cash earnings per share of $0.55 increased 12%). Fourth quarter total revenues, measured on a taxable equivalent basis (teb - see definition following the Financial Highlights table), grew 11% ($12.7 million) to reach a record $124.3 million as the combined positive impact of very strong 16% year-over-year loan growth and 9% ($2.1 million) higher other income more than offset the impact of a 12 basis point decline in net interest margin (teb) to 2.72%. Measured by business segment, banking and trust net income of $42.3 million grew 14% driven by record total revenues (teb) of $117.5 million, up 12%. Insurance segment net income of $2.7 million was up $0.6 million from the fourth quarter last year mainly reflecting 6% growth in net earned premiums and improved claims experience.

Compared to last quarter, net income increased 1% ($0.3 million) as the positive revenue contribution from 2% quarterly loan growth was partially offset by the combined impact of an 11 basis point reduction in net interest margin (teb), 2% ($0.5 million) lower other income and slightly higher non-interest expenses. Diluted earnings per common share increased 4% ($0.02) over the prior quarter while diluted cash earnings per share was up 2% ($0.01). Higher percentage growth in diluted earnings per common share compared to growth in net income reflects the positive impact from the redemption of warrants completed on August 31, 2011.

Fiscal 2011 net income of $178.1 million increased 9% compared to last year while diluted earnings per common share was up 3% to $2.12. Diluted cash earnings per share of $2.18 compared to $2.09 in the prior year. Record total revenues (teb) of $491.0 million were 13% higher reflecting 17% growth in net interest income (teb) and 1% ($0.7 million) higher other income. Net interest income was driven by the combined benefit of very strong loan growth and an 8 basis point improvement in net interest margin (teb) to 2.82%.

The quarterly return on common shareholders' equity of 15.2% increased 10 basis points compared to a year earlier and 60 basis points over the prior quarter. Return on common shareholders' equity for the year of 15.6% was down from 17.1% in 2010. Fourth quarter return on assets of 1.12% compared to 1.13% last year and 1.18% in the previous quarter. Return on assets for the year was 1.20%, down four basis points from 2010.

"Strong fourth quarter performance marked the Bank's 94th consecutive profitable quarter and capped off a record year for CWB Group," said Larry Pollock, President and CEO of CWB. "We exceeded or met all of our fiscal 2011 targets, led by very strong loan growth. We've now achieved double-digit loan growth in 21 of the past 22 years; the only exception being the recessionary period of 2009 when we grew by 7%. Overall economic conditions in our key western Canadian markets remain favourable, which is confirmed by both the solid volume in our pipeline for new loans and a further decline this quarter in the dollar level of gross impaired loans."

"While we have no direct exposure to European debt and remain positive about Western Canada's economic outlook, particularly over the long term, we are mindful of additional headwinds that could arise due to global economic risks that are outside of our control. We are also managing increased pressure on margins from challenges related to the very low interest rate environment and a heightened level of competition in certain areas."

"Our minimum performance targets for 2012 reflect ongoing confidence across all of our businesses. We will continue to focus on quality, secured loans, and expect to increase earnings and revenues while also maintaining our efficiency ratio. We're very proud of our historical track record, but there is still plenty of room for us to further develop and grow all of our businesses."

"One of our key strategic themes is to 'do what we do, only better.' This means recognizing the value of our current competitive strengths so we can build on them and help more clients. Our second strategic theme is to 'make the whole worth more than the sum of the parts,' which means increasing client awareness and capitalizing on cross-partnership opportunities between our companies and lines of business. We believe there are many synergies within CWB Group that we need to take better advantage of in order to maximize value for CWB clients and shareholders."

"The Bank's ongoing growth and development confirms our strategies, but our exceptional employees are the foundation of CWB Group. Whether they're taking care of clients or giving extra effort in other areas, it's their talent and commitment to our strong organizational culture that ultimately drive success and allow us to build value for shareholders. We are very proud that CWB was recognized for the sixth straight year as one of the *50 Best Employers in Canada*."

Regulatory Capital

The Bank's Tier 1 and total capital ratios at October 31, 2011 were strong at 11.1% and 15.4%, respectively, compared to 11.3% and 14.3% a year earlier. The tangible common equity ratio, which represents the highest quality form of capital, was also strong at 8.6%, up from 8.5% a year earlier. The maintenance of strong capital levels supports management's objectives to effectively manage risks, maintain strong loan growth and keep adequate flexibility to pursue strategic opportunities.

On August 31, 2011, the Bank redeemed all of its remaining 4.2 million outstanding warrants (TSX: CWB.WT) for cash of $17.21 per warrant. The aggregate amount required for the warrant redemption of $72.5 million was charged to retained earnings. The impact of the warrant redemption on reported regulatory capital ratios was a reduction of approximately 60 basis points. For the year, this impact on capital was more than offset by additional common equity raised upon the exercise of warrants.

Dividends

On December 5, 2011, CWB's Board of Directors declared a cash dividend of $0.15 per common share, payable on January 4, 2012 to shareholders of record on December 22, 2011. This quarterly dividend represents a 7% increase over the previous quarter and is 15% higher than the quarterly dividend declared one year ago. The Board of Directors also declared a cash dividend of $0.453125 per Series 3 Preferred Share payable on January 31, 2012 to shareholders of record on January 20, 2012.

Total common share dividends paid for the year of $39.2 million represented approximately 24% of net income available to common shareholders; this compares to the Bank's stated dividend payout ratio target of 25 to 30% of net income available to common shareholders.

Dividend Reinvestment Plan

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

Loan Growth

Total loans of $12,221 million grew 2% ($274 million) in the quarter and 16% ($1,725 million) over the past twelve months. The level of loan growth in the current quarter and very strong growth for the year reflects performance across all lending sectors. Loan growth is also evident across all of the Bank's key geographic regions. The overall volume in the pipeline for new loans remains solid. Management expects the Bank to maintain double-digit loan growth and has set the fiscal 2012 minimum loan growth target at 10%.

Credit Quality

Overall credit quality remained satisfactory and continued to show improvement. Gross impaired loans totaled $97.0 million at quarter end, compared to $107.9 million last quarter and $143.2 million a year earlier. While the dollar level of gross impaired loans will likely fluctuate from the current level, this represents the sixth consecutive quarter of declining gross impaired loans. The quarterly provision for credit losses exceeded net new specific provisions and led to a $2.8 million increase in the dollar level of the general allowance for credit losses compared to last quarter. Based on management's current view of credit quality, the provision for credit losses in fiscal 2012 is expected to be between 20 and 25 basis points of average loans.

Net Interest Margin

Net interest margin (teb) of 2.72% was down from 2.84% in the fourth quarter last year with the difference largely resulting from lower yields on both loans and securities, as well as increased expense related to subordinated debentures issued in the first quarter of 2011. Compared to the prior quarter, net interest margin (teb) decreased 11 basis points mainly reflecting lower loan yields due to the very low interest rate environment and heightened competitive pressures. The Bank maintained higher average liquidity during the fourth quarter in response to elevated global uncertainties and this also negatively impacted margin. Annual net interest margin (teb) of 2.82% was up eight basis points over the prior year with the increase mainly driven by improved deposit costs and lower average liquidity, partially offset by increased debenture expense. In view of expectations for a prolonged period of very low interest rates, a flat interest rate curve and ongoing competitive influences, pressure on net interest margin will likely continue.

Fiscal 2012 Minimum Performance Targets and Outlook

The Bank's minimum performance targets established for fiscal 2012 calculated under Canadian GAAP are presented in the table below. Starting in the first quarter of 2012, the Bank will transition to International Financial Reporting Standards (IFRS) and the following targets will change when calculated under IFRS. The Bank intends to pre-release the 2011 transition adjustments between GAAP and IFRS before the end of the first quarter 2012 and the minimum targets will be amended accordingly at that time.

	2012 Minimum Targets
Net income growth(1)	6%
Total revenue (teb) growth	6%
Loan growth	10%
Provision for credit losses as a percentage of average loans	0.20% - 0.25%
Efficiency ratio (teb)	46%
Return on common shareholders' equity(2)	15%
Return on assets(3)	1.10%

(1) Net income after preferred share dividends.
(2) Return on common shareholders' equity calculated as net income after preferred share dividends divided by average common shareholders' equity.
(3) Return on assets calculated as annualized net income after preferred share dividends divided by average total assets.

Management believes Canada will see modest growth in 2012 despite ongoing impacts of the European debt crisis and U.S. economic uncertainties. The Bank's key markets in Western Canada are expected to perform well relative to the rest of Canada largely owing to strong capital investment related to a favourable long-term outlook for commodities, including the positive impact on demand from developing economies. The Bank will maintain its focus on quality, secured loans that offer a fair and profitable return. While certain challenges will persist related to increased competition and uncertainty about the strength of economic recovery, the volume in the pipeline for new loans remains solid. The 2012 target for loan growth has been set at 10%. Overall credit quality is within expectations and the provision for credit losses is targeted between 20 to 25 basis points of average loans. Targets for growth in total revenues and net income reflect confidence in CWB's proven business model and overall strategic direction, but also consider ongoing challenges. The growth target for total revenues (teb) of 6% compares to actual growth achieved in 2011 of 13%; the difference largely reflects a comparatively higher starting point that includes a full year of revenue recognition from National Leasing, as well as expectations for limited gains on sale of securities in 2012. Net interest margin is also expected to be lower in 2012. Minimum targets for return on common shareholders' equity and return on assets have been established at 15% and 1.10% respectively. One of management's key priorities is to maintain effective control of costs while ensuring the Bank is positioned to deliver continued strong growth. In consideration of targeted revenue growth and planned expenditures, the 2012 efficiency ratio (teb) is expected to remain at 46% or less.

Ongoing strong performance is expected within each company of the CWB Group and the development of each business will remain a key priority to further diversify operations. With its strong capital position, CWB is well positioned to take advantage of opportunities and manage unforeseen challenges that may arise. Management will maintain its focus on creating value and growth for shareholders over the long term. While potential adverse effects from the European debt crisis will continue to be closely monitored, the current overall outlook for 2012 and beyond is positive.

Fiscal 2011 Fourth Quarter and Annual Results Conference Call

CWB's fourth quarter and annual results conference call is scheduled for Tuesday, December 6, 2011 at **3:00 p.m. ET (1:00 p.m. MT**). The Bank's executives will comment on financial results and respond to questions from analysts and institutional investors.

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

A replay of the conference call will be available until December 20, 2011 by dialing 416-849-0833 (Toronto) or 1-855-859-2056 (toll-free) and entering passcode 22433360.

About Canadian Western Bank Group

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

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Summary of Results by Business Segment

Banking and trust

($ thousands)	For the three months ended October 31 2011	July 31 2011	October 31 2010	Change from October 31 2010	For the year ended October 31 2011	October 31 2010	Change from October 31 2010
Net interest income (teb)	**$ 97,967**	$ 96,201	$ 87,350	12 %	**$ 376,781**	$ 321,640	17 %
Other income	**19,510**	19,206	17,961	9	**85,706**	83,393	3
Total revenues (teb)	**117,477**	115,407	105,311	12	**462,487**	405,033	14
Provision for credit losses	**5,521**	5,175	5,407	2	**22,179**	20,413	9
Non-interest expenses	**53,047**	52,735	48,673	9	**210,193**	179,734	17
Provision for income taxes (teb)	**16,528**	16,092	14,174	17	**63,848**	53,438	19
Non-controlling interest in subsidiary	**51**	67	39	31	**228**	215	6
Net income	**$ 42,330**	$ 41,338	$ 37,018	14 %	**$ 166,039**	$ 151,233	10 %
Efficiency ratio (teb)	**45.2 %**	45.7 %	46.2 %	(100) bp	**45.4 %**	44.4 %	100 bp
Efficiency ratio	**46.3**	46.7	47.5	(120)	**46.5**	45.5	100
Net interest margin (teb)	**2.72**	2.82	2.84	(12)	**2.81**	2.73	8
Net interest margin	**2.64**	2.74	2.74	(10)	**2.74**	2.64	10
Average loans ($ millions)(1)	**$ 12,050**	$ 11,543	$ 10,293	17 %	**$ 11,329**	$ 9,806	16 %
Average assets ($ millions)(1)	**14,311**	13,543	12,217	17	**13,398**	11,792	14

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

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

Insurance

($ thousands)	For the three months ended October 31 2011	July 31 2011	October 31 2010	Change from October 31 2010	For the year ended October 31 2011	October 31 2010	Change from October 31 2010
Net interest income (teb)	**$ 1,875**	$ 1,932	$ 1,856	1 %	**$ 7,902**	$ 7,024	13 %
Other income (net)							
Net earned premiums	**30,252**	30,098	28,552	6	**117,632**	111,368	6
Commissions and processing fees	**459**	466	576	(20)	**1,869**	2,347	(20)
Net claims and adjustment expenses	**(19,703)**	(18,332)	(18,844)	5	**(74,734)**	(68,641)	9
Policy acquisition costs	**(6,065)**	(6,506)	(5,893)	3	**(24,517)**	(23,358)	5
Insurance revenues (net)	**4,943**	5,726	4,391	13	**20,250**	21,716	(7)
Gains (losses) on sale of securities	**(1)**	20	12	(108)	**375**	486	(23)
Total revenues (net) (teb)	**6,817**	7,678	6,259	9	**28,527**	29,226	(2)
Non-interest expenses	**3,063**	3,070	3,299	(7)	**12,258**	11,746	4
Provision for income taxes (teb)	**1,038**	1,235	871	19	**4,159**	5,092	(18)
Net income	**$ 2,716**	$ 3,373	$ 2,089	30 %	**$ 12,110**	$ 12,388	(2)%
Policies outstanding (#)	**190,994**	189,608	185,167	3	**190,994**	185,167	3
Gross written premiums	**$ 35,382**	$ 36,575	$ 33,887	4	**$ 129,671**	$ 124,451	4
Claims loss ratio(1)	**65 %**	61 %	66 %	(100) bp	**64 %**	62 %	200 bp
Expense ratio(2)	**29**	30	30	(100)	**29**	29	-
Combined ratio(3)	**94**	91	96	(200)	**93**	91	200
Alberta auto risk sharing pools impact on net income before tax	**$ (417)**	$ 236	$ 337	(224) %	**$ 729**	$ 3,255	(78)%
Average total assets (millions)(4)	**242**	235	230	5	**235**	215	9

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

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

Taxable Equivalent Basis (teb)

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

Non-GAAP Measures

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

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

Forward-looking Statements

From time to time, Canadian Western Bank (the Bank) makes written and verbal forward-looking statements. Statements of this type are included in the Annual Report and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about the Bank's objectives and strategies, targeted and expected financial results and the outlook for the Bank's businesses or for the Canadian economy. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact" and other similar expressions, or future or conditional verbs such as "will", "should", "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions. A variety of factors, many of which are beyond the Bank's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, general business and economic conditions in Canada including the volatility and lack of liquidity in financial markets, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, regulatory and legal developments, the level of competition in the Bank's markets, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, the accuracy of and completeness of information the Bank receives about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of the Bank's business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and management's ability to anticipate and manage the risks associated with these factors. It is important to note that the preceding list is not exhaustive of possible factors.

These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements as a number of important factors could cause the Bank's actual results to differ materially from the expectations expressed in such forward looking statements. Unless required by securities law, the Bank does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

Assumptions about the performance of the Canadian economy in 2012 and how it will affect CWB's businesses are material factors the Bank considers when setting its objectives. In setting minimum performance targets for fiscal 2012, management's assumptions included: modest economic growth in Canada aided by positive relative performance in the four western provinces; relatively stable energy and other commodity prices; sound credit quality with actual losses remaining within the Bank's historical range of acceptable levels; and, a lower net interest margin attributed to expectations for a prolonged period of very low interest rates due to uncertainties about the strength of global economic recovery and potential adverse effects from the European debt crisis.

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)	For the three months ended October 31 2011	July 31 2011	October 31 2010	Change from October 31 2010	For the year ended October 31 2011	October 31 2010	Change from October 31 2010
Interest Income							
Loans	**$ 156,833**	$ 152,727	$ 138,824	13 %	**$ 597,285**	$ 511,274	17 %
Securities	**12,011**	10,706	10,265	17	**44,177**	40,785	8
Deposits with regulated financial institutions	**808**	812	899	(10)	**4,062**	5,528	(27)
	169,652	164,245	149,988	13	**645,524**	557,587	16
Interest Expense							
Deposits	**65,965**	62,053	59,555	11	**245,448**	222,356	10
Subordinated debentures	**6,978**	6,856	4,406	58	**26,452**	17,753	49
	72,943	68,909	63,961	14	**271,900**	240,109	13
Net Interest Income	**96,709**	95,336	86,027	12	**373,624**	317,478	18
Provision for Credit Losses	**5,521**	5,175	5,407	2	**22,179**	20,413	9
Net Interest Income after Provision for Credit Losses	**91,188**	90,161	80,620	13	**351,445**	297,065	18
Other Income							
Credit related	**8,274**	8,200	7,627	8	**32,821**	31,550	4
Insurance, net	**4,943**	5,726	4,391	13	**20,250**	21,716	(7)
Trust and wealth management services	**4,336**	5,251	4,087	6	**19,050**	17,316	10
Retail services	**2,289**	2,343	2,419	(5)	**9,486**	9,017	5
Gains (losses) on sale of securities, net	**(80)**	852	1,038	(108)	**10,306**	12,447	(17)
Securitization revenue	**694**	739	1,136	(39)	**3,969**	4,285	(7)
Foreign exchange gains	**930**	803	691	35	**3,488**	2,422	44
Other	**3,066**	1,038	975	214	**6,961**	6,842	2
	24,452	24,952	22,364	9	**106,331**	105,595	1
Net Interest and Other Income	**115,640**	115,113	102,984	12	**457,776**	402,660	14
Non-Interest Expenses							
Salaries and employee benefits	**35,183**	35,647	32,138	9	**141,865**	123,972	14
Premises and equipment	**9,383**	9,355	8,429	11	**36,738**	31,448	17
Other expenses	**11,419**	10,525	10,962	4	**42,449**	34,511	23
Provincial capital taxes	**125**	278	443	(72)	**1,399**	1,549	(10)
	56,110	55,805	51,972	8	**222,451**	191,480	16
Net Income before Income Taxes and Non-Controlling Interest in Subsidiary	**59,530**	59,308	51,012	17	**235,325**	211,180	11
Income Taxes	**14,433**	14,530	11,866	22	**56,948**	47,344	20
	45,097	44,778	39,146	15	**178,377**	163,836	9
Non-Controlling Interest in Subsidiary	**51**	67	39	31	**228**	215	6
Net Income	**$ 45,046**	$ 44,711	$ 39,107	15 %	**$ 178,149**	$ 163,621	9 %
Preferred share dividends	**$ 3,802**	$ 3,802	$ 3,802	- %	**$ 15,208**	$ 15,208	- %
Net income available to common shareholders	**41,244**	40,909	35,305	17	**162,941**	148,413	10
Average number of common shares (in thousands)	**75,376**	74,712	66,593	13	**72,205**	65,757	10
Average number of diluted common shares (in thousands)	**76,959**	78,336	73,435	5	**76,705**	72,329	6
Earnings Per Common Share							
Basic	**$ 0.55**	$ 0.55	$ 0.53	4 %	**$ 2.26**	$ 2.26	- %
Diluted	**0.54**	0.52	0.48	13	**2.12**	2.05	3

Consolidated Balance Sheets

(unaudited) ($ thousands)	**As at October 31 2011**	As at July 31 2011	As at October 31 2010	Change from October 31 2010
Assets				
Cash Resources				
Cash and non-interest bearing deposits with financial institutions	**$ 73,318**	$ 5,100	$ 8,965	718 %
Interest bearing deposits with regulated financial institutions	**233,964**	190,415	168,998	38
Cheques and other items in transit	**5,053**	8,442	9,981	(49)
	312,335	203,957	187,944	66
Securities				
Issued or guaranteed by Canada	**644,356**	459,849	564,694	14
Issued or guaranteed by a province or municipality	**380,031**	300,962	88,478	330
Other securities	**901,317**	770,038	857,015	5
	1,925,704	1,530,849	1,510,187	28
Securities Purchased Under Resale Agreements	**-**	-	177,954	(100)
Loans				
Residential mortgages	**3,008,545**	2,920,821	2,479,957	21
Other loans	**9,283,406**	9,096,897	8,095,148	15
	12,291,951	12,017,718	10,575,105	16
Allowance for credit losses	**(70,808)**	(70,786)	(78,641)	(10)
	12,221,143	11,946,932	10,496,464	16
Other				
Property and equipment	**72,674**	69,676	65,978	10
Goodwill	**37,852**	37,852	37,723	-
Other intangible assets	**37,420**	38,988	43,420	(14)
Insurance related	**56,734**	56,393	59,652	(5)
Derivative related	**-**	85	134	(100)
Other assets	**108,173**	112,075	122,235	(12)
	312,853	315,069	329,142	(5)
Total Assets	**$ 14,772,035**	$ 13,996,807	$ 12,701,691	16 %
Liabilities and Shareholders' Equity				
Deposits				
Payable on demand	**$ 583,267**	$ 572,218	$ 530,608	10 %
Payable after notice	**3,407,590**	3,260,918	2,999,599	14
Payable on a fixed date	**8,403,832**	7,709,978	7,177,560	17
Deposit from Canadian Western Bank Capital Trust	**105,000**	105,000	105,000	-
	12,499,689	11,648,114	10,812,767	16
Other				
Cheques and other items in transit	**45,986**	37,813	39,628	16
Insurance related	**149,130**	144,347	149,396	-
Derivative related	**436**	581	992	(56)
Securities sold under repurchase agreements	**-**	41,894	-	-
Other liabilities	**238,228**	240,278	235,865	1
	433,780	464,913	425,881	2
Subordinated Debentures				
Conventional	**545,000**	545,000	315,000	73
Shareholders' Equity				
Preferred shares	**209,750**	209,750	209,750	-
Common shares	**408,014**	403,688	279,352	46
Contributed surplus	**21,884**	21,090	21,291	3
Retained earnings	**650,028**	691,799	614,710	6
Accumulated other comprehensive income	**3,890**	12,453	22,940	(83)
	1,293,566	1,338,780	1,148,043	13
Total Liabilities and Shareholders' Equity	**$ 14,772,035**	$ 13,996,807	$ 12,701,691	16 %

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) ($ thousands)	For the year ended October 31 2011	 October 31 2010
Retained Earnings		
Balance at beginning of period	**$ 614,710**	$ 511,784
Net income	**178,149**	163,621
Dividends – Preferred shares	**(15,208)**	(15,208)
– Common shares	**(39,177)**	(28,929)
Warrants purchased and cancelled	**(88,446)**	(16,453)
Issuance costs on common shares	**-**	(105)
Balance at end of period	**650,028**	614,710
Accumulated Other Comprehensive Income (Loss)		
Balance at beginning of period	**22,940**	19,119
Other comprehensive income (loss)	**(19,050)**	3,821
Balance at end of period	**3,890**	22,940
Total retained earnings and accumulated other comprehensive income	**653,918**	637,650
Preferred Shares		
Balance at beginning and end of period	**209,750**	209,750
Common Shares		
Balance at beginning of period	**279,352**	226,480
Issued on exercise of warrants	**115,716**	323
Issued under dividend reinvestment plan	**5,941**	2,922
Transferred from contributed surplus on exercise or exchange of options	**4,009**	3,181
Issued on exercise of options	**2,996**	3,864
Issued on acquisition	**-**	42,582
Balance at end of period	**408,014**	279,352
Contributed Surplus		
Balance at beginning of period	**21,291**	19,366
Amortization of fair value of options	**4,602**	5,106
Transferred to common shares on exercise or exchange of options	**(4,009)**	(3,181)
Balance at end of period	**21,884**	21,291
Total Shareholders' Equity	**$ 1,293,566**	$ 1,148,043

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended October 31 2011	 October 31 2010	For the year ended October 31 2011	 October 31 2010
Net Income	**$ 45,046**	$ 39,107	**$ 178,149**	$ 163,621
Other Comprehensive Income (Loss), net of tax				
Available-for-sale securities:				
Gains (losses) from change in fair value(1)	**(8,693)**	8,638	**(11,710)**	14,285
Reclassification to other income(2)	**129**	(882)	**(7,340)**	(8,868)
	(8,564)	7,756	**(19,050)**	5,417
Derivatives designated as cash flow hedges:				
Gains from change in fair value(3)	**-**	-	**-**	17
Reclassification to net interest income(4)	**-**	-	**-**	(1,613)
	-	-	**-**	(1,596)
	(8,564)	7,756	**(19,050)**	3,821
Comprehensive Income for the Period	**$ 36,482**	$ 46,863	**$ 159,099**	$ 167,442

(1) Net of income tax benefit of $3,382 and $4,731 for the quarter and year ended October 31, 2011, respectively (2010 – tax expense of $3,350 and $5,647).
(2) Net of income tax expense of $50 and tax benefit of $2,966 for the quarter and year ended October 31, 2011 respectively (2010 – tax benefit of $356 and $3,579).
(3) Net of income tax expense of nil for the quarter and year ended October 31, 2011 (2010 – nil and $7, respectively).
(4) Net of income tax benefit of nil for the quarter and year ended October 31, 2011 (2010 – nil and $672, respectively).

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

Consolidated Statements of Cash Flow

(unaudited) ($ thousands)	For the three months ended October 31 2011	 October 31 2010	For the year ended October 31 2011	 October 31 2010
Cash Flows from Operating Activities				
Net income	**$ 45,046**	$ 39,107	**$ 178,149**	$ 163,621
Adjustments to determine net cash flows:				
Provision for credit losses	**5,521**	5,407	**22,179**	20,413
Depreciation and amortization	**4,868**	3,732	**19,748**	13,816
Amortization of fair value of employee stock options	**1,128**	1,322	**4,602**	5,107
Future income taxes, net	**(2,604)**	(7,610)	**(11,212)**	556
Loss (gain) on sale of securities, net	**80**	(1,038)	**(10,306)**	(12,447)
Accrued interest receivable and payable, net	**(850)**	(11,167)	**2,529**	(4,012)
Current income taxes payable, net	**1,236**	17,645	**5,036**	(2,164)
Other items, net	**8,320**	5,712	**35,048**	41,148
	62,745	53,110	**245,773**	226,038
Cash Flows from Financing Activities				
Deposits, net	**851,575**	555,724	**1,686,922**	1,195,528
Securities sold under repurchase agreements, net	**(41,894)**	-	**-**	(300,242)
Common shares issued	**3,993**	1,167	**124,653**	7,109
Dividends	**(14,356)**	(11,125)	**(54,385)**	(44,137)
Warrants purchased and cancelled	**(72,461)**	(8,298)	**(88,446)**	(16,453)
Debentures issued	**-**	-	**300,000**	-
Debentures redeemed	**-**	-	**(70,000)**	(60,000)
Issuance costs on share capital	**-**	-	**-**	(105)
Long-term debt repaid	**-**	-	**-**	(270,630)
	726,857	537,468	**1,898,744**	511,070
Cash Flows from Investing Activities				
Interest bearing deposits with regulated financial institutions, net	**(43,500)**	13,343	**(65,414)**	95,168
Securities, purchased	**(1,084,833)**	(676,957)	**(4,725,843)**	(2,966,470)
Securities, sale proceeds	**238,265**	249,866	**2,095,077**	2,717,950
Securities, matured	**443,153**	170,751	**2,192,675**	617,444
Securities purchased under resale agreements, net	**-**	42,168	**177,954**	(177,954)
Loans, net	**(279,732)**	(397,006)	**(1,746,858)**	(957,478)
Property and equipment	**(6,299)**	(7,029)	**(19,041)**	(21,079)
Business acquisition	**-**	-	**-**	(53,531)
	(732,946)	(604,864)	**(2,091,450)**	(745,950)
Change in Cash and Cash Equivalents	**56,656**	(14,286)	**53,067**	(8,842)
Cash and Cash Equivalents at Beginning of Period	**(24,271)**	(6,396)	**(20,682)**	(11,840)
Cash and Cash Equivalents at End of Period *	**$ 32,385**	$ (20,682)	**$ 32,385**	$ (20,682)
* Represented by:				
Cash and non-interest bearing deposits with financial institutions	**$ 73,318**	$ 8,965	**$ 73,318**	$ 8,965
Cheques and other items in transit (included in Cash Resources)	**5,053**	9,981	**5,053**	9,981
Cheques and other items in transit (included in Other Liabilities)	**(45,986)**	(39,628)	**(45,986)**	(39,628)
Cash and Cash Equivalents at End of Period	**$ 32,385**	$ (20,682)	**$ 32,385**	$ (20,682)
Supplemental Disclosure of Cash Flow Information				
Amount of interest paid in the period	**$ 72,224**	$ 69,736	**$ 268,272**	$ 251,739
Amount of income taxes paid in the period	**15,439**	1,831	**63,034**	48,953

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