First Quarter Report | January 31 | 2013

To Shareholders

CWB reports strong financial performance as total assets surpass $17 billion

Solid loan growth of 2% in the quarter and 12% over the past year
Quarterly dividend declared of $0.17 per CWB common share
Quarterly dividend declared on CWB preferred shares

First Quarter 2013 Highlights[1] (compared to the same period in the prior year)

- Net income available to common shareholders of $45.5 million, up 10%.
- Diluted earnings per common share of $0.57, up 6%; adjusted cash earnings per common share of $0.58, up 2%.
- Total revenues, on a taxable equivalent basis (teb), of $137.1 million, up 9%.
- Total assets surpassed $17 billion based on strong loan growth of 12% over the past twelve months.
- Basel III regulatory capital position using the Standardized approach for calculating risk-weighted assets: 8.0% common equity Tier 1 (CET1) ratio, 9.7% Tier 1 ratio and 14.2% total capital ratio.
- Issued $250 million of subordinated debentures to support future growth and utilize a Basel III transition allowance.
- Completed the expansion of branch premises in St. Albert, Alberta and Regina, Saskatchewan to accommodate business growth.
- Obtained initial credit ratings of "R1 (low)" on short-term debt and "Pfd-3 (High)" on preferred shares from DBRS Limited, both with stable trends.
- On March 6, declared a quarterly dividend of $0.17 per CWB common share, unchanged from the prior quarter and up 13% over the quarterly dividend declared a year earlier.

(1) Highlights include certain non-IFRS measures – refer to definitions following the table of Selected Financial Highlights on page 4.

Edmonton, March 7, 2013 – Canadian Western Bank (TSX: CWB) (CWB or the Bank) today announced strong financial performance marking the Bank's 99th consecutive profitable quarter, a period of almost 25 years. Net income available to common shareholders of $45.5 million increased 10% compared to the same quarter last year while adjusted cash earnings per common share reached $0.58, up 2%. Total revenues (teb) of $137.1 million represented a 9% increase over a year earlier reflecting the positive impact of solid loan growth and 19% ($3.6 million) higher other income, partially offset by an 11 basis point lower net interest margin (teb).

Compared to last quarter, net income available to common shareholders was 6% higher reflecting strong growth in other income, slightly higher net interest income (teb) and stable non-interest expenses. Adjusted cash earnings per common share increased 4%.

"Our 99th consecutive profitable quarter was marked by strong results that have CWB Group well positioned in relation to our 2013 performance targets," said Chris Fowler, President and COO. "Overall lending activity remains solid and we are optimistic that our growing market presence and continued economic growth in Western Canada will support another year of double-digit loan growth. We were pleased to see some stabilization in net interest margin this quarter, excluding the impact of our subordinated debt issue completed in December, but we expect the current interest rate environment and increased competition will lead to continued pressure on this measure across the banking industry."

"As we officially transition to new leadership following Larry Pollock's extraordinary 23 year tenure as President and CEO, I am personally very excited to have this opportunity to lead our team and build on CWB Group's incredible track record," continued Mr. Fowler. "As always, our formula to deliver growth and performance for CWB shareholders is based on providing superior service and value for our clients. We plan to achieve this by continuing to refine and execute on our strategies to be seen as crucial to our clients."

"As I step away, I am leaving our shareholders with a dedicated and highly competent management team overseeing an exceptional group of employees, a proven business model and a rock solid balance sheet," said Larry Pollock, CEO. "CWB has faced several economic cycles and numerous other challenges over the years and we have always succeeded by meeting these head on; never accepting the view that something couldn't be done. Today, this same approach is shared across our organization, and at the end of my final quarter as CEO, I'm proud to say that the outlook for CWB Group has never been brighter."

On March 6, 2013, CWB's Board of Directors declared a cash dividend of $0.17 per common share, payable on March 28, 2013 to shareholders of record on March 21, 2013. This quarterly dividend was unchanged from the previous quarter and 13% 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 April 30, 2013 to shareholders of record on April 18, 2013.

Fiscal 2013 Minimum Performance Targets and Outlook

The minimum performance targets established for the 2013 fiscal year together with CWB's actual year-to-date performance are presented in the table below:

	2013 Year-to-date Performance	2013 Minimum Targets
Net income available to common shareholders growth(1)	**10%**	8%
Total revenue (teb) growth(1)	**9%**	8%
Loan growth(2)	**12%**	10%
Provision for credit losses as a percentage of average loans(3)	**0.18%**	0.18% - 0.23%
Efficiency ratio (teb)(4)	**45.3%**	46%
Return on common shareholders' equity(5)	**14.2%**	14%
Return on assets(6)	**1.06%**	1.05%

(1) Year-to-date performance for earnings and revenue growth is the current year results over the same period in the prior year.
(2) Loan growth is the increase over the past twelve months.
(3) Year-to-date provision for credit losses, annualized, divided by average total loans.
(4) Efficiency ratio (teb) calculated as non-interest expenses divided by total revenues (teb).
(5) Return on common shareholders' equity calculated as annualized net income available to common shareholders divided by average common shareholders' equity.
(6) Return on assets calculated as annualized net income available to common shareholders divided by average total assets.

Strong results through the first quarter have CWB well positioned to meet all of its 2013 minimum performance targets. Growth in net income available to common shareholders was driven by the combined benefit of solid loan growth, strong other income and the elimination of accounting charges related to contingent consideration. While total revenue growth was constrained by a lower net interest margin, the decrease compared to the previous quarter mainly resulted from higher average liquidity and a slight increase in overall funding costs attributed to the Bank's mid-December issuance of subordinated debentures. While lower average liquidity will likely help to offset margin pressure in future quarters, net interest margin will continue to be pressured by very low interest rates, a relatively flat interest rate curve and ongoing competitive factors. Continued loan growth will have a positive impact on net interest income in the future. A strategic focus on the Bank's higher yielding lending portfolios such as alternative mortgages and equipment financing should also contribute positively. The 2013 target for the efficiency ratio is expected to be achieved as expected revenue growth offsets the impact of higher non-interest expense from increased staff complement and ongoing investment to support business growth. Overall credit quality remains satisfactory and, based on our current view, we believe the annual provision for credit losses will remain at the low end of the 2013 target range.

General economic activity remains consistent with expectations for modest growth in Canada and comparatively stronger performance within the Bank's key western Canadian markets. Changes in mortgage industry lending guidelines have created business opportunities for the Bank's broker-sourced mortgage division, Optimum Mortgage. However, moderated construction and sales activity in certain Canadian residential real estate markets is expected to soften growth opportunities within other lending sectors. Ongoing improvements in the United States housing market appear to be driving a gradual recovery of this important economy, with positive implications for Canada's economic outlook. Although global economic growth is expected to remain subdued, risks of a significant global downturn appear to be somewhat diminished compared to prior periods. The Canadian economy is expected to grow modestly in 2013 and we are optimistic about continued growth opportunities for CWB Group.

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, Canadian Direct Insurance Incorporated, Valiant Trust Company, 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.

Fiscal 2013 First Quarter Results Conference Call

CWB's quarterly conference call and live audio webcast took place on March 7, 2013 at 1:30 p.m. ET. The webcast will be archived on the Bank's website at www.cwbankgroup.com for sixty days.

A replay of the conference call will be available until March 21, 2013 by dialing 416-849-0833 (Toronto) or 1-855-859-2056 (toll-free) and entering passcode 95951376.

Contents

Selected Financial Highlights

(unaudited) ($ thousands, except per share amounts)	For the three months ended January 31 2013	 October 31 2012	 January 31 2012	Change from January 31 2012
Results of Operations				
Net interest income (teb – see below)	**$ 114,749**	$ 113,246	$ 107,509	7 %
Less teb adjustment	**1,915**	1,979	2,620	(27)
Net interest income per financial statements	**112,834**	111,267	104,889	8
Other income	**22,379**	19,932	18,791	19
Total revenues (teb)	**137,128**	133,178	126,300	9
Total revenues	**135,213**	131,199	123,680	9
Net income available to common shareholders	**45,482**	43,046	41,478	10
Earnings per common share				
Basic(1)	**0.58**	0.55	0.55	5
Diluted(2)	**0.57**	0.55	0.54	6
Adjusted cash(3)	**0.58**	0.56	0.57	2
Return on common shareholders' equity(4)	**14.2 %**	13.8 %	15.5 %	(130) bp(5)
Return on assets(6)	**1.06**	1.03	1.07	(1)
Efficiency ratio (teb)(7)	**45.3**	46.7	43.7	160
Efficiency ratio	**45.9**	47.4	44.6	130
Net interest margin (teb)(8)	**2.66**	2.71	2.77	(11)
Net interest margin	**2.62**	2.67	2.70	(8)
Provision for credit losses as a percentage of average loans	**0.18**	0.17	0.20	(2)
Per Common Share				
Cash dividends	**$ 0.17**	$ 0.16	$ 0.15	13 %
Book value	**16.42**	15.94	14.36	14
Closing market value	**30.84**	29.56	26.47	17
Common shares outstanding (thousands)	**78,992**	78,743	75,694	4
Balance Sheet and Off-Balance Sheet Summary				
Assets	**$ 17,161,437**	$ 16,873,269	$ 15,484,048	11
Loans	**14,299,112**	13,953,686	12,744,891	12
Deposits	**14,141,439**	14,144,837	12,960,929	9
Debt	**860,661**	634,273	685,049	26
Shareholders' equity	**1,506,438**	1,464,981	1,296,634	16
Assets under administration	**7,306,557**	7,171,826	6,912,244	6
Assets under management	**882,213**	855,333	843,648	5
Capital Adequacy(9)				
Common equity Tier 1 ratio	**8.0 %**	n/a	n/a	n/a
Tier 1 ratio	**9.7**	10.6 %	10.2 %	n/a
Total ratio	**14.2**	13.8	14.6	n/a

n/a – not applicable

(1) Basic earnings per common share (EPS) is calculated as net income available to common shareholders divided by the average number of common shares outstanding.
(2) Diluted EPS is calculated as net income available to common shareholders divided by the average number of common shares outstanding adjusted for the dilutive effects of stock options.
(3) Adjusted cash EPS is diluted EPS excluding the after-tax amortization of acquisition-related intangible assets and the non-tax deductible change in fair value of contingent consideration. These exclusions represent non-cash charges mainly related to the acquisition of National Leasing Group Inc. and are not considered indicative of ongoing business performance. The effect of the non-tax deductible change in the fair value of contingent consideration was eliminated in the third quarter of 2012 on the settlement of such consideration. The Bank believes the adjusted results provide the reader with a better understanding about how management views CWB's performance.
(4) Return on common shareholders' equity is calculated as annualized net income available to common shareholders divided by average common shareholders' equity.
(5) bp – basis point change.
(6) Return on assets is calculated as annualized net income available to common shareholders divided by average total assets.
(7) Efficiency ratio is calculated as non-interest expenses divided by total revenues excluding the non-tax deductible change in fair value of contingent consideration.
(8) Net interest margin is calculated as annualized net interest income divided by average total assets.
(9) As of January 1, 2013, the Office of the Superintendent of Financial Institutions Canada (OSFI) adopted a new capital management framework called Basel III and capital is managed and reported in accordance with those requirements. Capital ratios prior to fiscal 2013 have been calculated using the previous framework, Basel II. Capital ratios calculated under Basel III are not directly comparable to the equivalent Basel II measures.

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 International Financial Reporting Standards (IFRS) 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-IFRS Measures

Taxable equivalent basis, adjusted cash earnings per common share, return on common shareholders' equity, return on assets, efficiency ratio, net interest margin, common equity Tier 1, Tier 1 and total capital adequacy ratios, average balances, claims loss ratio, expense ratio and combined ratio do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other banks.

This management's discussion and analysis (MD&A), dated March 6, 2013, should be read in conjunction with Canadian Western Bank's (CWB or the Bank) unaudited condensed interim consolidated financial statements for the period ended January 31, 2013, and the audited consolidated financial statements and MD&A for the year ended October 31, 2012, available on SEDAR at www.sedar.com and the Bank's website at www.cwbankgroup.com.

Overview

CWB is pleased to report strong financial performance for its 99th consecutive profitable quarter, a period spanning nearly 25 years. Net income available to common shareholders of $45.5 million represented growth of 10% ($4.0 million) compared to the same quarter last year. Total revenues, on a taxable equivalent basis (teb), grew 9% ($10.8 million), mainly reflecting the positive impact of strong 12% loan growth and 19% higher other income. Loan growth also led to total assets surpassing $17 billion. The provision for credit losses measured as a percentage of average loans of 18 basis points decreased two basis points compared to the same period in 2012. Diluted earnings per common share increased 6% to $0.57 while adjusted cash earnings per common share was up 2% to $0.58. The difference in the rate of growth between diluted and adjusted cash earnings per share relates to the exclusion in adjusted cash earnings per share of the non-tax deductible change in fair value of contingent consideration. While the change in fair value of contingent consideration was eliminated in May 2012, it reduced other income in the first quarter of last year by $1.2 million. The lower growth rate of adjusted cash earnings per share compared with growth in net income available to common shareholders reflects the issuance of CWB common shares to settle the contingent consideration.

Compared to the previous quarter, net income available to common shareholders grew 6% ($2.4 million) as the combined benefit of 12% ($2.4 million) higher other income, 2% quarterly loan growth and stable non-interest expenses was partially offset by the impact of a five basis point reduction in net interest margin. The change in net interest margin largely reflects higher average liquidity and an increase in funding costs attributed to the Bank's mid-December subordinated debenture issue.

The quarterly return on common shareholders' equity (ROE) of 14.2% was down 130 basis points from the same quarter in 2012, but up 40 basis points compared to the prior quarter. The decline in ROE year-over-year mainly reflects the combined impact of constrained profitability from margin pressure and additional CWB common shares outstanding. First quarter return on assets of 1.06% compares to 1.07% a year earlier and 1.03% last quarter.

Total Revenues (teb)

Total revenues, comprising both net interest income and other income, reached $137.1 million for the quarter, up 9% ($10.8 million) compared to a year earlier. Growth in net interest income of 7% ($7.2 million) reflects the positive impact of strong 12% loan growth, partially offset by an 11 basis point reduction in net interest margin. Other income increased 19% ($3.6 million) largely resulting from the elimination of the contingent consideration fair value change, a gain on the sale of an insured residential mortgage portfolio, higher net insurance revenues and an increase in net gains on securities.

Total revenues were up 3% ($4.0 million) compared to the previous quarter as higher net insurance revenues and an increase in the 'other' category of other income more than offset the impact of lower net gains on securities and a modest decline in net interest margin.

Net Interest Income (teb)

Net interest income of $114.7 million grew 7% ($7.2 million) over the same quarter last year as the benefit of strong loan growth was partially offset by an 11 basis point reduction in net interest margin to 2.66%. The lower net interest margin was mainly attributed to reduced yields on loans and securities reflecting the combined impact of the sustained very low interest rate environment and flat interest rate curve, as well as ongoing competitive pressures. Downward pressure on net interest margin from lower yields was partially offset by more favourable fixed term deposit and subordinated debenture costs.

Compared to the previous quarter, net interest income was up 1% ($1.5 million) as the benefit of solid loan growth was moderated by a five basis point decline in net interest margin. The reduction in net interest margin in the quarter substantially resulted from higher average liquidity and increased funding costs attributable to the debenture issue. The quarterly impact on margin from lower yields on loans and securities was offset by comparable reductions in overall deposit costs.

Expected lower average liquidity related to the absorption of the debenture issue will likely result in modest improvement in net interest margin in future quarters. However, this key measure will continue to be constrained by very low interest rates, a relatively flat interest rate curve and ongoing competitive pressures. In the absence of increases in the prime lending interest rate and/or a significant steepening of the interest rate curve, net interest margin is likely to fluctuate close to the levels achieved in the past two quarters.

Note 14 to the unaudited interim consolidated financial statements summarizes the Bank's exposure to interest rate risk as at January 31, 2013. The estimated sensitivity of net interest income to a change in interest rates is presented in the table below. The amounts represent the estimated change in net interest income that would result over the following twelve months from a one-percentage point change in interest rates. The January 31, 2013 estimates are based on a number of assumptions and factors, which include:

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

($ thousands)	**January 31 2013**	October 31 2012	January 31 2012
Estimated impact on net interest income of a 1% increase in interest rates			
1 year	**$ 13,916**	$ 15,086	$ 13,519
1 year percentage change	**3.4 %**	3.8 %	3.7 %
Estimated impact on net interest income of a 1% decrease in interest rates			
1 year	**$ (21,386)**	$ (21,534)	$ (16,549)
1 year percentage change	**(5.3) %**	(5.4) %	(4.5) %

It is estimated that a one-percentage point increase in all interest rates at January 31, 2013 would decrease unrealized gains related to available-for-sale securities and the fair value of interest rate swaps designated as hedges, and result in a reduction in other comprehensive income of approximately $11.7 million, net of tax (January 31, 2012 – $10.1 million); it is estimated that a one-percentage point decrease in all interest rates at January 31, 2013 would result in a higher level of unrealized gains related to available-for-sale securities and increase the fair value of interest rate swaps designated as hedges, which would increase other comprehensive income by approximately $11.7 million, net of tax (January 31, 2012 – $10.1 million).

Management will continue to manage the asset liability structure and interest rate sensitivity within the Bank's established policies through pricing and product initiatives, as well as the use of interest rate swaps and other appropriate strategies.

Other Income

First quarter other income of $22.4 million increased 19% ($3.6 million) compared to the same quarter last year mainly reflecting the elimination of contingent consideration fair value changes (the fair value change in the first quarter of 2012 reduced other income by $1.2 million) and a $1.0 million contribution from the sale of a $28 million insured residential mortgage portfolio within Optimum Mortgage. Net insurance revenues increased $0.8 million resulting from growth in net earned premiums and relatively stable claims experience. Gains on securities were $0.7 million (37%) higher reflecting favourable market opportunities and the ongoing strategic repositioning of the securities portfolio. Credit related fee income increased $0.5 million (9%), while trust and wealth management services revenues were up $0.3 million (6%). The 'other' component of other income increased $0.2 million (20%) as the positive contribution from the previously mentioned portfolio sale was partially offset by the expiry of a lease servicing contract in the first quarter of 2012.

Compared to the previous quarter, other income was up 12% ($2.4 million) as a $4.3 million increase in net insurance revenues and a $0.8 million increase in the 'other' component of other income was partially offset by a $2.8 million reduction in net gains on securities. Following severe August hail storms in Alberta, net claims expense for insurance operations was abnormally high during the fourth quarter of 2012. More normalized claims experience in the current quarter was the main factor contributing to the significant increase in net insurance revenues. Other income also benefited from a combined $0.7 million increase in trust and wealth management services, retail services and credit related fee income. Based on the current composition of the securities portfolio, management believes net gains on securities will continue to provide a source of revenue for the remainder of the year, however, at a lower level compared to that achieved in the current quarter.

Credit Quality

Strong overall credit quality reflects sound underwriting practices and a relatively solid level of economic activity in Western Canada despite slow growth in the global economy and low prices for natural gas. Gross impaired loans at January 31, 2013 were $55.7 million, compared to $66.8 million last quarter and $90.9 million a year earlier. This represented the 11th consecutive quarterly decrease in the dollar level of gross impaired loans. Management expects the dollar level of gross impaired loans to increase from the current very low level reflecting normal fluctuations through the credit cycle. Although the total number of accounts classified as impaired was up 8% compared to the previous quarter, new formations were smaller in magnitude, totaling $15.0 million, versus $18.8 million last quarter. The total number of accounts classified as impaired was down 3% compared to a year earlier.

(unaudited) ($ thousands)	For the three months ended January 31 2013	October 31 2012	January 31 2012	Change from January 31 2012
Gross impaired loans, beginning of period	**$ 66,840**	$ 70,241	$ 97,258	(31)%
New formations	**14,972**	18,782	18,928	(21)
Reductions, impaired accounts paid down or returned to performing status	**(12,906)**	(17,561)	(20,787)	(38)
Write-offs	**(13,172)**	(4,622)	(4,542)	190
Total(1)	**$ 55,734**	$ 66,840	$ 90,857	(39)%
Balance of the ten largest impaired accounts	**$ 23,833**	$ 35,034	$ 44,252	(46)%
Total number of accounts classified as impaired	**135**	125	139	(3)
Gross impaired loans as a percentage of total loans(3)	**0.39 %**	0.48 %	0.71 %	32 bp(2)

(1) Gross impaired loans includes foreclosed assets held for sale with a carrying value of $9,160 (October 31, 2012 – $10,462 and January 31, 2012 – $4,683).
(2) bp – basis point change.
(3) Total loans do not include an allocation for credit losses or deferred revenue and premiums.

The dollar level of gross impaired loans represented 0.39% of total loans at quarter end, compared to 0.48% last quarter and 0.71% one year ago. As at January 31, 2013, the collective allowance for credit losses exceeded the balance of impaired loans, net of specific allowances. Net impaired loans after adjusting for the collective allowance for credit losses represented -0.14% of total loans**,** compared to -0.11% last quarter and +0.13% a year earlier. The dollar level of gross impaired loans goes up and down as loans become impaired and are subsequently resolved, and does not directly reflect the dollar value of expected write-offs given tangible security held against the Bank's lending positions. Specific allowances for expected write-offs are established through detailed analyses of both the overall quality and ultimate marketability of the security held against impaired accounts. More than half of the higher-than-average first quarter write-offs were attributed to three accounts, including two oil and gas production loans. The overall level of direct exposure to oil and gas production loans is low and actual credit losses are expected to remain within the Bank's historical range of acceptable levels.

The provision for credit losses measured against average loans was 18 basis points this quarter. Based on the current environment and expectations for credit quality looking forward, management believes the annual provision for credit losses will remain at the low end of the 2013 target range of 18 to 23 basis points.

The total allowance for credit losses (collective and specific) represented 137% of gross impaired loans at quarter end, compared to 122% last quarter and 82% one year ago. The total allowance for credit losses was $76.4 million at January 31, 2013, compared to $81.7 million last quarter and $74.6 million a year earlier. The increase in the total allowance for credit losses compared to the same period last year was mainly attributed to a higher collective allowance to support ongoing loan growth. The collective allowance was $69.7 million at January 31, 2013, compared to $67.3 million last quarter and $62.7 million a year earlier.

Non-interest Expenses

One of management's key priorities is to maintain effective control of costs while ensuring the Bank is positioned to deliver strong growth over the long term. Effective execution of CWB's strategic plan will continue to require increased investment in certain areas. Significant anticipated expenditures relate to additional staff complement as well as expanded infrastructure and further investment in technology. This strategy is aligned with the Bank's commitment to maximize shareholder value and is expected to provide material benefits in future periods. A major program to implement a new core banking system was formally initiated during the quarter. Preliminary timelines anticipate implementation of the new system in 2015 with an initial estimated budget of $50 million. Expansions of existing branch premises in St. Albert, Alberta and Regina, Saskatchewan were completed in the first quarter. Upgrades and expansion of other branch infrastructure is underway and potential locations for additional new branches are under consideration. Compliance with an increasing level of regulatory rules and oversight for all Canadian banks requires the investment of both time and resources, which further contributes to higher non-interest expenses.

Compared to the same quarter last year, non-interest expenses of $62.1 million were up $6.4 million (11%). Salary and benefit costs increased $4.9 million (14%), premises and equipment expenses were up $0.8 million (9%), while other expenses increased $0.6 million (6%). The change in salary and benefit costs was driven by a combination of a higher staff complement to support ongoing growth and annual salary increments. The increase in premises and equipment relates to ongoing expansion, such as the new full-service branch in Winnipeg, Manitoba, opened in October 2012, as well as expenses related to investment in technology and infrastructure. Higher general expenses include marketing and business development costs related to initiatives to enhance awareness of CWB's brand and product offerings.

Compared to the previous quarter, non-interest expenses were down $0.1 million (0.2%) as $1.5 million (4%) higher salary and benefit costs were offset by reductions in other categories. General expenses were down $1.5 million (13%), including a $1.3 million reduction in advertising costs attributed to the timing of certain external awareness initiatives. Salary and benefit costs were higher mainly driven by annual salary increments and additional staff complement to facilitate business growth.

The first quarter efficiency ratio (teb), which measures non-interest expenses as a percentage of total revenues (teb), was 45.3%, compared to 43.7% last year and 46.7% in the previous quarter. In consideration of expected revenues and planned expenditures, management believes the 2013 target for the efficiency ratio of 46% or better will be achieved.

Income Taxes

The first quarter effective income tax rate (teb) was 25.7%, compared to 26.7% in the same quarter last year. The reduced tax rate mainly reflects a 150 basis point decrease in the basic federal income tax rate effective on January 1, 2012.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (OCI), all net of income taxes, and totaled $54.6 million for the first quarter, compared to $52.9 million in the same period last year. The net increase in comprehensive income was driven by 9% ($4.0 million) higher net income, offset by lower changes in fair value, net of taxes, on available-for-sale securities. While the combined dollar investment in preferred shares and common equities is relatively small in relation to total liquid assets, it increases the potential for comparatively larger fluctuations in OCI.

Balance Sheet

Total assets of $17,161 million surpassed $17 billion on growth of 2% ($288 million) in the quarter and 11% ($1,677 million) in the past year.

Cash and Securities

Cash, securities and securities purchased under resale agreements totaled $2,517 million at January 31, 2013, compared to $2,573 million last quarter and $2,429 million one year ago (refer to the *Treasury Management* section of this MD&A for additional details). Net unrealized gains recorded on the balance sheet of $16.0 million compares to $11.3 million last quarter, with the difference mainly reflecting increased market values of both preferred and common equities. Net unrealized gains were down $2.8 million from a year earlier, largely resulting from net gains realized on disposition of preferred equities throughout the year. The securities portfolio is primarily comprised of high quality debt instruments, preferred shares and common shares that are not held for trading purposes and, where applicable, are typically held until maturity. Fluctuations in value are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve. Volatility in equity markets also leads to fluctuations in value, particularly for common shares.

Net realized gains on securities in the first quarter of $2.7 million compares to $1.9 million in the same period last year and $5.4 million in the previous quarter. Net gains compared to the first quarter of 2012 reflect favourable market opportunities and the ongoing strategic repositioning of the securities portfolio. Based on the current composition of the securities portfolio, management believes net gains on securities will continue to provide a source of revenue for the remainder of the year, however, at a lower level of contribution than the current quarter. The Bank has no direct investment in any non-Canadian sovereign debt or other securities issued outside of Canada or the United States.

Treasury Management

Higher average liquidity compared to the previous quarter mainly resulted from the mid-December issue of subordinated debentures. The corresponding increase in cash balances and low yielding government securities had a negative influence on net interest margin, and, on a net basis, accounted for much of the five basis point decline compared to last quarter. Average liquidity remained below the relatively high level maintained in the first quarter of 2012, when global macroeconomic risks were elevated. Management will continue to closely monitor macroeconomic events and the outlook for domestic economic growth, and adjust its liquidity strategy accordingly. Subsequent to quarter end, average liquidity has returned to levels consistent with expectations for a relatively normal operating environment.

DBRS Limited maintains published credit ratings on the Bank's senior debt (deposits), short term debt, subordinated debentures and preferred shares of "A (low)", "R1 (low)", "BBB (high)", and "Pfd-3 (high)", respectively, all with stable outlooks. DBRS ratings on short-term debt and preferred shares were initiated during the first quarter. Credit ratings do not comment on market price or suitability of any financial instrument for a particular investor and are not recommendations to purchase, sell or hold securities. Ratings are subject to revision or withdrawal at any time by the rating organization. Management believes the ratings widen the base of clients and investors who can participate in CWB's deposit and debt offerings, while also lowering overall funding costs and the cost of capital.

The Basel Committee on Banking Supervision (the Basel Committee) has issued a framework document outlining two new liquidity standards. The document prescribes the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as minimum regulatory standards effective January 1, 2015 and January 1, 2018, respectively. The LCR establishes a common measure of liquidity risk and requires institutions to maintain sufficient liquid assets to cover a minimum of 30 days of cash flow requirements in a stressed situation. The NSFR describes a second common measure of liquidity establishing a minimum acceptable amount of stable funding based on the liquidity characteristics of a financial institution's assets and activities over a one-year horizon. This quarter, the Basel Committee issued additional guidance expanding the asset classes to be considered liquid assets, and allowing supervisors the ability to reduce the liquidity requirements for certain deposits. The Basel Committee has introduced a phase-in period for compliance with LCR guidelines beginning in 2015. It is anticipated that Canadian banks will be required to fully comply with the LCR regulations in 2015 with no phase-in. Although the rules are not yet finalized, CWB believes it is well positioned to comply with the new requirements.

Loans

Total loans grew 2% ($345 million) in the quarter and 12% ($1,554 million) in the past twelve months to reach $14,299 million. Compared to a year earlier, double-digit growth is apparent across almost all lending sectors and each geographic market. The strongest year-over-year growth was in equipment financing and leasing, up 21% ($442 million), followed closely by 16% ($435 million) growth in general commercial loans. Based on the current outlook for new loans, management believes ongoing activity within these sectors will continue to provide the strongest overall growth contribution for fiscal 2013. Looking forward, a relatively slower level of growth is expected in real estate project loans, commercial mortgages and oil and gas production loans.

The level of quarterly growth by sector was led by activity in real estate project loans ($157 million), equipment financing and leasing ($96 million) and commercial mortgages ($64 million). Net of the sale of a $28 million residential mortgage portfolio, personal loans and mortgages were up $24 million. First quarter increases in general commercial and corporate loans were $42 million and $16 million, respectively. Oil and gas production loans decreased $59 million driven by a combination of fewer new lending opportunities, payouts and write-offs. While all provinces delivered positive loan growth, lending activity in British Columbia contributed the highest percentage increase in the quarter.

(unaudited) ($ millions)	January 31 2013	October 31 2012	January 31 2012
General commercial loans	**$ 3,221**	$ 3,179	$ 2,786
Commercial mortgages	**2,852**	2,788	2,702
Equipment financing and leasing	**2,594**	2,498	2,152
Personal loans and mortgages	**2,316**	2,292	2,095
Real estate project loans	**2,181**	2,024	1,962
Corporate loans(1)	**928**	912	761
Oil and gas production loans	**283**	342	361
Total loans outstanding (2)	**$ 14,375**	$ 14,035	$ 12,819

(1) Corporate loans represent a diversified portfolio that is centrally sourced and administered through a designated lending group located in Edmonton. These loans include participation in select syndications that are structured and led primarily by the major Canadian banks, but exclude participation in various other syndicated facilities sourced through relationships developed at CWB branches.
(2) Loans by lending sector exclude the allowance for credit losses.

While elevated competition continues across most lending areas, management believes market share will be gained from the combined positive influences of an expanded market presence, increased brand awareness in core geographic markets and effective execution of CWB's strategic plan focused on further enhancing existing competitive advantages in business banking.

Following a slowdown in the second half of 2012, growth in Canada's domestic economy is expected to improve modestly in 2013. The Bank's key markets in Western Canada are generally expected to perform better relative to the rest of Canada. While strong competition from domestic banks and other financial services firms is expected to persist, the current overall outlook for generating new business opportunities continues to be positive.

Affordability in most Canadian residential real estate markets remains within historical ranges largely reflecting very low interest rates; however, the combination of high price levels, particularly in certain geographical areas, relatively high levels of Canadian consumer debt and the potential for increasing interest rates in the future could slow construction and other related lending activity. Low natural gas prices and a shortfall in pipeline capacity have adversely impacted the financial flexibility and cash flows of many exploration and production companies. These circumstances have also contributed to reduced overall investment in the resource sector and led to a lower level of drilling activity in Western Canada. While the Bank's direct exposure to the resource sector remains low, and fallout from a sustained period of low natural gas prices is not expected to materially impact overall portfolio quality, related growth opportunities will continue to be constrained. Despite these challenges, management believes the current level of overall activity and a relatively positive economic outlook within the Bank's key markets will support the achievement of the 10% minimum loan growth target for 2013.

Total loans within Optimum Mortgage reached $1,103 million on growth of 1% ($13 million) in the quarter and 11% ($108 million) over the past year. Adjusting for the $28 million insured residential mortgage portfolio sold during this quarter, quarterly loan growth within Optimum was 3%, driven almost exclusively by alternative mortgages secured via conventional residential first mortgages carrying a weighted average loan-to-value ratio at initiation of approximately 70%. The book value of alternative mortgages represented approximately 74% of Optimum's total portfolio at quarter end. Recent regulatory changes, including more stringent residential mortgage underwriting criteria, have resulted in a more favourable competitive environment for Optimum in the short term, but the long-term impacts of these changes remain unknown.

Securitized leases are reported on-balance sheet as part of total loans. The gross amount of securitized leases at January 31, 2013 totaled $214 million, compared to $238 million last quarter and $150 million one year ago. There were no leases securitized during the first quarter.

Residential Mortgage Exposure

In accordance with *OSFI Guideline B20 - Residential Mortgage Underwriting Practices and Procedures*, commencing this quarter, additional information is provided regarding CWB's residential mortgage exposure. This exposure, including home equity lines of credit (HELOCs), is sourced through Optimum Mortgage's third-party channels and CWB branches. Canadian bank and trust companies are restricted to providing residential real estate loans of no more than 80% of the collateral value. Advances exceeding 80% loan-to-value (LTV) require mortgage insurance. Although mortgage insurance protects the Bank from losses resulting from mortgagor default, it does not replace prudent lending practices, including the making of and administration of insured loans, the collection of payments and the protection of the loan security.

A geographic breakdown of insured and uninsured loans secured by residential property, including HELOCs, outstanding at January 31, 2013 is included in the following table:

(unaudited) ($ thousands) Province	Insured Balance	Insured % of Total Balance	Uninsured Balance	Uninsured % of Total Balance	Total Balance	Provincial % of Total
Alberta	$ 217,655	26 %	$ 618,818	74 %	$ 836,473	42 %
British Columbia	112,837	16	608,468	84	721,305	37
Manitoba	9,333	16	49,597	84	58,930	3
Ontario	15,818	7	195,941	93	211,759	11
Saskatchewan	29,432	21	107,689	79	137,121	7
Other	113	45	140	55	253	0
	$ 385,188	**20 %**	**$ 1,580,653**	**80 %**	**$ 1,965,841**	**100 %**

The approximate average LTV ratios for newly originated and acquired uninsured residential mortgages and HELOCs during the quarter ending January 31, 2013 are included in the following table:

	Alberta	British Columbia	Manitoba	Ontario	Saskatchewan	Other	Total
Uninsured	64%	62%	71%	71%	60%	74%	65%

The Bank's loans secured by residential property, including HELOCs, outstanding at January 31, 2013, categorized by amortization period are included in the following table:

(unaudited) ($ thousands)	Balance	% of Total Balance
Amortization (Years)		
5 or less	$ 34,005	2 %
> 5 to 10	21,613	1
> 10 to 15	49,075	3
> 15 to 20	140,272	7
> 20 to 25	929,582	47
> 25 to 30	602,102	31
> 30 to 35	185,207	9
> 35	3,985	0
	$ 1,965,841	**100 %**

In the event of an economic downturn the potential impact on CWB's residential mortgage portfolio is considered moderate as the total residential mortgage portfolio is well secured with an average LTV of less than 65%.

Deposits

Total deposits at quarter end were $14,141 million, unchanged from the previous quarter and up 9% ($1,181 million) over the past year. Personal deposits represented 63% of total deposits at January 31, 2013, unchanged from October 31, 2012 and down from 65% one year ago.

One of management's strategic objectives is to increase the level of personal and business deposits raised within the branch network, trust companies and Canadian Direct Financial, the Internet-based division of the Bank. Specific emphasis is placed on growing deposit classes that are lower cost, provide associated transactional fee income and receive favourable treatment under the proposed Basel III LCR and NSFR liquidity requirements. One specific initiative to support the Bank's focus on growing branch-raised deposits includes meaningful enhancements to CWB's cash management offerings. The recently launched product bundle combines a competitive business demand account with online banking and other cash management products and services to better meet the banking needs of business clients. CWB's expanding market presence, including ongoing expansion and upgrades to existing branches and the recent opening of a second full-service branch in Winnipeg, Manitoba, also supports objectives to generate branch-raised deposits.

Management remains committed to further enhance and diversify all funding sources to support ongoing growth while maintaining acceptable net interest margins. The deposit broker network remains a valued source for raising insured fixed term retail deposits and has proven to be an extremely effective and efficient way to access funding and liquidity over a wide geographic base. Selectively utilizing the debt capital markets is also part of management's strategy to further diversify the funding base over time. On December 7, 2012, DBRS Limited initiated a rating of "R-1 (low)" on CWB's short term instruments, with a stable trend. This credit rating will enable CWB to access an additional source of funding through the potential issuance of bearer deposit notes. Management continues to evaluate the funding potential available through securitization of portfolios such as equipment financing and residential mortgages.

Other Assets and Other Liabilities

Other assets at January 31, 2013 totaled $345 million, compared to $347 million last quarter and $310 million one year ago. Other liabilities at quarter end were $548 million, compared to $524 million the previous quarter and $436 million a year earlier.

Off-Balance Sheet

Off-balance sheet items include assets under administration and assets under management. Total assets under administration, which are comprised of trust assets under administration and third-party leases and mortgages under service agreements totaled $7,307 million at January 31, 2013, compared to $7,172 million last quarter and $6,912 million one year ago. Assets under management were $882 million at quarter end, compared to $855 million last quarter and $844 million one year ago.

Other off-balance sheet items are comprised of standard industry credit instruments (guarantees, standby letters of credit and commitments to extend credit). CWB does not utilize, nor does it have exposure to, collateralized debt obligations or credit default swaps. For additional information regarding other off-balance sheet items refer to Note 12 of the unaudited interim consolidated financial statements for the period ended January 31, 2013, as well as Notes 11 and 20 of the audited consolidated financial statements on pages 81 and 91, respectively, in the Bank's 2012 Annual Report.

Capital Management

Effective January 1, 2013, the Office of the Superintendent of Financial Institutions Canada (OSFI) requires Canadian financial institutions to manage and report regulatory capital in accordance with a new capital management framework, commonly referred to as Basel III. The required minimum regulatory capital ratios, including a 250 basis point capital conservation buffer, are 7.0% common equity Tier 1 (CET1) effective Q1 2013, and 8.5% Tier 1 and 10.5% total capital effective Q1 2014. The Basel III rules provide for transitional adjustments whereby certain aspects of the new rules will be phased in between 2013 and 2019. The only available transition allowance in the Basel III capital standards permitted by OSFI for Canadian banks relates to the multi-year phase out of non-qualifying capital instruments.

At January 31, 2013, the Bank's capital ratios were 8.0% CET1, 9.7% Tier 1 and14.2% total capital. This compares to the Bank's Basel III October 31, 2012 pro forma ratios of 8.1% CET1, 9.9% Tier 1 and 13.1% total capital. Further details regarding CWB's regulatory capital and capital adequacy ratios are included in the following table:

(unaudited) ($ millions)	**As at January 31 2013**[(1)]	As at October 31 2012[(2)]	As at January 31 2012[(2)]
Regulatory capital			
CET1 capital before deductions	**$ 1,294**	$ n/a	$ n/a
Net CET1 deductions	**(101)**	n/a	n/a
CET1 capital	**1,193**	n/a	n/a
Tier 1 capital before deductions	**1,476**	1,561	1,388
Net deductions	**(26)**	(100)	(98)
Tier 1 capital	**1,450**	1,461	1,290
Total capital before deductions	**2,128**	1,959	1908
Net deductions	**(9)**	(55)	(53)
Total capital	**$ 2,119**	$ 1,904	$ 1,855
Risk-Weighted Assets	**$ 14,927**	$ 13,775	$ 12,667
Capital Adequacy Ratios			
CET1	**8.0 %**	n/a %	n/a %
Tier 1	**9.7**	10.6	10.2
Total	**14.2**	13.8	14.6

n/a – not applicable

(1) Basel III capital balances at January 31, 2013 exclude 10% of existing non-common equity instruments that do not include non-viability contingent capital clauses. At January 31, 2013, a combined $31 million of outstanding Innovative Tier 1 capital (disclosed in non-controlling interest) and preferred shares, as well as $68 million of outstanding subordinated debentures were excluded from Basel III regulatory capital.

(2) Capital is managed and reported in accordance with the new capital management framework called Basel III, which was adopted by OSFI on January 1, 2013. Capital ratios prior to fiscal 2013 have been calculated using the previous framework, Basel II. Capital ratios calculated under Basel III are not directly comparable to the equivalent Basel II measures.

The mid-December issue of $250 million of subordinated debentures strengthened total capital compared to prior periods and qualifies for the Basel III transition allowance applicable for Canadian banks. Capital ratios exceed the Basel III targets established through CWB's Internal Capital Adequacy Assessment Process (ICAAP) and are supportive of CWB Group's growth expectations and strategic priorities. The ongoing retention of earnings should support capital requirements associated with the anticipated achievement of the 2013 minimum performance targets.

CWB currently reports its regulatory capital ratios using the *Standardized* approach for calculating risk-weighted assets. Management believes this approach requires the Bank to carry significantly more capital for certain credit exposures compared to requirements under the *Advanced Internal Ratings Based* (AIRB) methodology used by many other financial institutions. For this reason, regulatory capital ratios of banks that utilize the *Standardized* approach versus the *AIRB* methodology are not directly comparable. Required resources, costs and potential timelines related to the Bank's possible transition to an *AIRB* methodology for managing credit risk and calculating risk-weighted assets are still being evaluated. Preliminary analysis confirms a multi-year timeframe would be required. CWB's new core banking system, expected to be implemented in 2015, is a critical component for a number of requirements necessary for *AIRB* compliance, including the collection and analysis of certain types of data.

Further information relating to the Bank's capital position is provided in Note 15 of the unaudited interim consolidated financial statements as well as the audited consolidated financial statements and MD&A for the year ended October 31, 2012.

Book value per common share at January 31, 2013 was $16.42, compared to $15.94 last quarter and $14.36 one year ago.

Common shareholders received a quarterly cash dividend of $0.17 per common share on January 4, 2013. On March 6, 2013, CWB's Board of Directors declared a cash dividend of $0.17 per common share, payable on March 28, 2013 to shareholders of record on March 21, 2013. This quarterly dividend was unchanged from the previous quarter and 13% 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 April 30, 2013 to shareholders of record on April 18, 2013.

Changes in Accounting Policies

There were no new significant accounting policies adopted during the quarter for purposes of presenting the Bank's financial statements under International Financial Reporting Standards (IFRS).

Future Accounting Changes

A number of standards and amendments have been issued by the International Accounting Standards Board (IASB) and are noted on page 51 of the 2012 Annual Report. There have been no changes to these items during the first quarter of 2013. The standards and amendments may impact the Bank's future financial statements, and CWB is currently reviewing these changes to determine the impact, if any, on the financial statements.

CWB continues to monitor activities of the IASB as well as proposed changes to IFRS. Several accounting standards that are in the process of being amended by the IASB (i.e. loan impairment, leases and insurance) may have a significant impact on the Bank's future consolidated financial statements.

Controls and Procedures

There were no changes in the Bank's internal controls over financial reporting that occurred during the quarter ended January 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Bank's internal controls over financial reporting.

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

Updated Share Information

As at March 1, 2013, there were 79,023,342 CWB common shares outstanding. Also outstanding were employee stock options, which are or will be exercisable for up to 3,786,946 common shares for maximum proceeds of $97 million.

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 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 www.cwbankgroup.com/investor_relations/drip. At the current time, for the purposes of the Plan, the Bank has elected to issue common shares from treasury at a 2% discount from the average market price (as defined in the Plan).

Normal Course Issuer Bid

On February 27, 2013, CWB received approval from the Toronto Stock Exchange for a Normal Course Issuer Bid (NCIB) to purchase, for cancellation, up to up to 826,120 Non-Cumulative 5-Year Rate Reset Preferred Shares Series 3 ("preferred shares"). The NCIB commenced March 1, 2013 and will expire February 28, 2014. To date, no preferred shares have been purchased or cancelled under the NCIB. Security holders may contact the Bank to obtain, without charge, a copy of the notice filed with the TSX. Additionally, a copy of the news release is available on the Bank's website and on SEDAR at www.sedar.com.

Summary of Quarterly Financial Information

	2013	2012				2011		
($ thousands)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenues (teb)	**$ 137,128**	$ 133,178	$ 138,150	$ 127,854	$ 126,300	$ 119,673	$ 122,753	$ 119,766
Total revenues	**135,213**	131,199	136,064	125,396	123,680	116,540	119,956	117,381
Net income	**51,062**	48,616	53,578	45,212	47,051	41,474	44,393	42,440
Net income available to common shareholders	**45,482**	43,046	48,004	39,669	41,478	35,921	38,824	36,941
Earnings per common share								
Basic	**0.58**	0.55	0.62	0.52	0.55	0.48	0.52	0.52
Diluted	**0.57**	0.55	0.61	0.52	0.54	0.47	0.50	0.48
Adjusted cash	**0.58**	0.56	0.63	0.55	0.57	0.53	0.54	0.55
Total assets ($ millions)	**17,161**	16,873	16,033	15,713	15,484	14,849	14,097	13,726

The financial results for each of the last eight quarters are summarized above. In general, CWB's performance reflects a relatively consistent trend although the second quarter contains three fewer revenue earning days, or two fewer days in a leap year such as 2012.

The Bank's quarterly financial results are subject to some fluctuation due to its exposure to property and casualty insurance. Insurance operations, which are primarily reflected in other income, are subject to seasonal weather conditions, cyclical patterns of the industry and natural catastrophes. Mandatory participation in the Alberta auto risk sharing pools can also result in unpredictable quarterly fluctuations.

Among other things, quarterly results can also fluctuate from the recognition of periodic income tax items.

For additional details on variations between the prior quarters, refer to the summary of quarterly results section of the Bank's MD&A for the year ended October 31, 2012 and the individual quarterly reports to shareholders which are available on SEDAR at www.sedar.com and on CWB's website at www.cwbankgroup.com.

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 IFRS 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-IFRS Measures

Taxable equivalent basis, adjusted cash earnings per common share, return on common shareholders' equity, return on assets, efficiency ratio, net interest margin, common equity Tier 1, Tier 1 and total capital adequacy ratios, and average balances do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other financial institutions. The non-IFRS measures used in this MD&A are calculated as follows:

- taxable equivalent basis – described above;
- adjusted cash earnings per common share – diluted earnings per common share excluding the after-tax amortization of acquisition-related intangible assets and the non-tax deductible change in fair value of contingent consideration. These exclusions represent non-cash charges mainly related to the acquisition of National Leasing Group Inc. and are not considered to be indicative of ongoing business performance;
- return on common shareholders' equity – annualized net income available to common shareholders divided by average common shareholders' equity;
- return on assets – annualized net income available to common shareholders divided by average total assets;
- efficiency ratio – non-interest expenses divided by total revenues excluding the non-tax deductible change in fair value of contingent consideration;
- net interest margin – net interest income divided by average total assets;
- Basel II 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 guidelines issued by OSFI; and
- average balances – average daily balances.

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 2013 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 2013, 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 global macroeconomic uncertainty. Management's assumptions at the end of the first quarter remained relatively unchanged compared to those at the 2012 fiscal year end.

Potential risks that would have a material adverse impact on the Bank's economic expectations and forecasts include a global economic recession spurred by unfavourable developments in the euro zone, a recession in the United States, a meaningful slowdown in China's economic growth, or a significant and sustained deterioration in Canadian residential real estate prices. At the end of the first quarter, management's expectations and view of the potential risks were relatively consistent with the fiscal year end. However, significant and ongoing oil price differentials owing to capacity challenges for exporting Canadian crude oil may have a greater than expected impact on both the overall level of capital investment and government fiscal flexibility.

Consolidated Balance Sheets

(unaudited) ($ thousands)		As at January 31 2013	As at October 31 2012	As at January 31 2012	Change from January 31 2012
Assets					
Cash Resources					
Cash and non-interest bearing deposits with financial institutions		**$ 36,298**	$ 33,690	$ 44,745	(19)%
Interest bearing deposits with regulated financial institutions	(Note 4)	**170,998**	177,028	182,427	(6)
Cheques and other items in transit		**229**	26,265	1,792	(87)
		207,525	236,983	228,964	(9)
Securities	(Note 4)				
Issued or guaranteed by Canada		**881,434**	980,200	680,933	29
Issued or guaranteed by a province or municipality		**537,782**	478,622	415,166	30
Other securities		**890,209**	877,278	983,692	(10)
		2,309,425	2,336,100	2,079,791	11
Securities Purchased Under Resale Agreements		**-**	-	119,999	nm
Loans	(Notes 5 and 7)				
Personal		**2,315,616**	2,292,388	2,095,429	11
Business		**12,059,864**	11,743,021	10,724,018	12
		14,375,480	14,035,409	12,819,447	12
Allowance for credit losses	(Note 6)	**(76,368)**	(81,723)	(74,556)	2
		14,299,112	13,953,686	12,744,891	12
Other					
Property and equipment		**63,915**	68,938	61,274	4
Goodwill		**45,536**	45,536	45,691	-
Intangible assets		**50,608**	49,959	46,296	9
Insurance related		**60,259**	57,650	56,058	7
Derivative related	(Note 8)	**2,776**	1,951	-	nm
Other assets		**122,281**	122,466	101,084	21
		345,375	346,500	310,403	11
Total Assets		**$ 17,161,437**	$ 16,873,269	$ 15,484,048	11 %
Liabilities and Shareholders' Equity					
Deposits					
Personal		**$ 8,968,461**	$ 8,960,118	$ 8,476,551	6 %
Business and government		**5,172,978**	5,184,719	4,484,378	15
		14,141,439	14,144,837	12,960,929	9
Other					
Cheques and other items in transit		**43,479**	54,030	32,874	32
Insurance related		**154,606**	160,302	144,468	7
Derivative related	(Note 8)	**14**	10	539	(97)
Securities sold under repurchase agreements		**125,075**	70,089	-	nm
Other liabilities		**224,498**	239,503	258,330	(13)
		547,672	523,934	436,211	26
Debt					
Debt securities		**185,661**	209,273	140,049	33
Subordinated debentures	(Note 9)	**675,000**	425,000	545,000	24
		860,661	634,273	685,049	26
Equity					
Preferred shares	(Note 10)	**209,750**	209,750	209,750	-
Common shares	(Note 10)	**495,587**	490,218	412,120	20
Retained earnings		**765,392**	733,298	639,004	20
Share-based payment reserve		**22,943**	22,468	22,079	4
Other reserves		**12,766**	9,247	13,681	(7)
Total Shareholders' Equity		**1,506,438**	1,464,981	1,296,634	16
Non-controlling interests		**105,227**	105,244	105,225	0
Total Equity		**1,611,665**	1,570,225	1,401,859	15
Total Liabilities and Equity		**$ 17,161,437**	$ 16,873,269	$ 15,484,048	11 %

nm - not meaningful

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

Consolidated Statements of Income

(unaudited) ($ thousands, except per share amounts)		For the three months ended January 31 2013	October 31 2012	January 31 2012	Change from January 31 2012
Interest Income					
Loans		**$ 179,041**	$ 177,191	$ 166,300	8 %
Securities		**11,224**	10,135	11,821	(5)
Deposits with regulated financial institutions		**437**	567	1,025	(57)
		190,702	187,893	179,146	6
Interest Expense					
Deposits		**70,215**	70,022	66,255	6
Debt		**7,653**	6,604	8,002	(4)
		77,868	76,626	74,257	5
Net Interest Income		**112,834**	111,267	104,889	8
Provision for Credit Losses	(Note 6)	**6,327**	5,962	6,429	(2)
Net Interest Income after Provision for Credit Losses		**106,507**	105,305	98,460	8
Other Income					
Credit related		**5,434**	5,284	4,967	9
Insurance, net	(Note 3)	**5,202**	946	4,402	18
Trust and wealth management services		**5,043**	4,725	4,769	6
Gains on securities, net		**2,662**	5,433	1,938	37
Retail services		**2,468**	2,310	2,356	5
Foreign exchange gains		**502**	965	669	(25)
Contingent consideration fair value change		**-**	-	(1,200)	nm
Other		**1,068**	269	890	20
		22,379	19,932	18,791	19
Net Interest and Other Income		**128,886**	125,237	117,251	10
Non-Interest Expenses					
Salaries and employee benefits		**41,355**	39,826	36,407	14
Premises and equipment		**10,254**	10,404	9,433	9
Other expenses		**10,278**	11,790	9,702	6
Provincial capital taxes		**180**	156	125	44
		62,067	62,176	55,667	11
Net Income before Income Taxes		**66,819**	63,061	61,584	9
Income Taxes		**15,757**	14,445	14,533	8
Net Income		**$ 51,062**	$ 48,616	$ 47,051	9 %
Net Income Attributable to Non-Controlling Interests		**1,778**	1,768	1,771	-
Net Income Attributable to Shareholders of the Bank		**$ 49,284**	$ 46,848	$ 45,280	9 %
Preferred share dividends	(Note 10)	**3,802**	3,802	3,802	-
Net Income Available to Common Shareholders		**$ 45,482**	$ 43,046	$ 41,478	10 %
Average number of common shares (in thousands)		**78,801**	78,506	75,528	4
Average number of diluted common shares (in thousands)		**79,266**	78,911	76,288	4
Earnings Per Common Share					
Basic		**$ 0.58**	$ 0.55	$ 0.55	5 %
Diluted		**0.57**	0.55	0.54	6

nm – not meaningful

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

Consolidated Statements of Comprehensive Income

(unaudited) ($ thousands)	For the three months ended January 31 2013	 January 31 2012
Net Income	**$ 51,062**	$ 47,051
Other Comprehensive Income (Loss), net of tax		
Available-for-sale securities:		
Gains (losses) from change in fair value[1]	**5,324**	7,355
Reclassification to net income[2]	**(1,942)**	(1,424)
	3,382	5,931
Derivatives designated as cash flow hedges:		
Gains (losses) from change in fair value[3]	**618**	(395)
Reclassification to net income[4]	**(481)**	296
	137	(99)
	3,519	5,832
Comprehensive Income for the Period	**$ 54,581**	$ 52,883
Comprehensive income for the period attributable to:		
Shareholders of the Bank	**$ 52,803**	$ 51,112
Non-controlling interests	**1,778**	1,771
Comprehensive Income for the Period	**$ 54,581**	$ 52,883

(1) Net of income tax of $1,989 (2012 - $2,610).
(2) Net of income tax of $720 (2012 - $514).
(3) Net of income tax of $207 (2012 - $138).
(4) Net of income tax of $161 (2012 - $104).

All items presented in other comprehensive income will be reclassified to the Consolidated Statement of Income in subsequent periods.

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

Consolidated Statements of Changes in Equity

(unaudited) ($ thousands)		For the three months ended January 31 2013	 January 31 2012
Retained Earnings			
Balance at beginning of period		**$ 733,298**	$ 608,848
Net income attributable to shareholders of the Bank		**49,284**	45,280
Dividends – Preferred shares		**(3,802)**	(3,802)
– Common shares		**(13,388)**	(11,322)
Balance at end of period		**765,392**	639,004
Other Reserves			
Balance at beginning of period		**9,247**	7,849
Changes in available-for-sale securities		**3,382**	5,931
Changes in derivatives designated as cash flow hedges		**137**	(99)
Balance at end of period		**12,766**	13,681
Preferred Shares	(Note 10)		
Balance at beginning and end of period		**209,750**	209,750
Common Shares	(Note 10)		
Balance at beginning of period		**490,218**	408,282
Issued under dividend reinvestment plan		**3,761**	2,492
Transferred from share-based payment reserve on the exercise or exchange of options		**983**	967
Issued on exercise of options		**625**	379
Balance at end of period		**495,587**	412,120
Share-based Payment Reserve			
Balance at beginning of period		**22,468**	21,884
Amortization of fair value of options	(Note 11)	**1,458**	1,162
Transferred to common shares on the exercise or exchange of options		**(983)**	(967)
Balance at end of period		**22,943**	22,079
Total Shareholders' Equity		**1,506,438**	1,296,634
Non-Controlling Interests			
Balance at beginning of period		**105,244**	105,225
Net income attributable to non-controlling interests		**1,778**	1,771
Dividends to non-controlling interests		**(1,795)**	(1,771)
Balance at end of period		**105,227**	105,225
Total Equity		**$ 1,611,665**	$ 1,401,859

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 January 31 2013	January 31 2012
Cash Flows from Operating Activities			
Net income		**$ 51,062**	$ 47,051
Adjustments to determine net cash flows:			
Provision for credit losses		**6,327**	6,429
Depreciation and amortization		**5,159**	4,941
Current income taxes receivable and payable		**(9,521)**	509
Amortization of fair value of employee stock options	(Note 11)	**1,458**	1,162
Accrued interest receivable and payable, net		**(1,118)**	(931)
Deferred income taxes, net		**(354)**	37
Gain on securities, net		**(2,662)**	(1,938)
Change in operating assets and liabilities:			
Deposits, net		**(3,398)**	566,240
Loans, net		**(351,753)**	(458,038)
Securities sold under repurchase agreements, net		**54,986**	-
Securities purchased under resale agreements, net		**-**	(119,999)
Other items, net		**(11,446)**	(9,957)
		(261,260)	35,506
Cash Flows from Financing Activities			
Common shares issued	(Note 10)	**4,386**	2,871
Debentures issued		**250,000**	-
Debt securities issued		**-**	86,550
Debt securities repaid		**(23,611)**	(36,379)
Dividends		**(17,190)**	(15,124)
Distributions to non-controlling interests		**(1,795)**	(1,771)
		211,790	36,147
Cash Flows from Investing Activities			
Interest bearing deposits with regulated financial institutions, net		**6,025**	51,655
Securities, purchased		**(1,703,525)**	(1,018,273)
Securities, sale proceeds		**1,228,771**	298,641
Securities, matured		**507,020**	579,603
Property, equipment and software costs		**(1,699)**	(2,001)
		36,592	(90,375)
Change in Cash and Cash Equivalents		**(12,878)**	(18,722)
Cash and Cash Equivalents at Beginning of Period		**5,926**	32,385
Cash and Cash Equivalents at End of Period *		**$ (6,952)**	$ 13,663
* Represented by:			
Cash and non-interest bearing deposits with financial institutions		**$ 36,298**	$ 44,745
Cheques and other items in transit (included in Cash Resources)		**229**	1,792
Cheques and other items in transit (included in Other Liabilities)		**(43,479)**	(32,874)
Cash and Cash Equivalents at End of Period		**$ (6,952)**	$ 13,663
Supplemental Disclosure of Cash Flow Information			
Interest and dividends received		**$ 199,621**	$ 183,805
Interest paid		**81,726**	75,591
Income taxes paid		**25,481**	13,926

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

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

1. Basis of Presentation and Significant Accounting Policies

These unaudited condensed interim consolidated financial statements of Canadian Western Bank (CWB or the Bank) have been prepared in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies as the audited consolidated financial statements for the year ended October 31, 2012. These interim consolidated financial statements of CWB, domiciled in Canada, have been prepared in accordance with subsection 308 (4) of the Bank Act and the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). Under IFRS, additional disclosures are required in annual financial statements and accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2012 as set out on pages 64 to 109 of the Bank's 2012 Annual Report.

The interim consolidated financial statements were authorized for issue by the Board of Directors on March 6, 2013.

2. Future Accounting Changes

CWB continues to monitor the IASB's proposed changes to accounting standards. Although not expected to materially impact the Bank's 2013 consolidated financial statements, these proposed changes may have a significant impact on future financial statements. Additional discussion on certain accounting standards that may impact the Bank is included in the audited consolidated financial statements within the Bank's 2012 Annual Report.

3. Insurance Revenues, Net

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

	For the three months ended		
	January 31 2013	October 31 2012	January 31 2012
Net earned premiums	**$ 31,495**	$ 31,239	$ 30,454
Commissions and processing fees	**437**	433	455
Net claims and adjustment expenses	**(20,685)**	(24,849)	(20,327)
Policy acquisition costs	**(6,045)**	(5,877)	(6,180)
Total, net	**$ 5,202**	$ 946	$ 4,402

4. Securities

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

	As at January 31 2013	As at October 31 2012	As at January 31 2012
Interest bearing deposits with regulated financial institutions	**$ 471**	$ 482	$ 477
Securities issued or guaranteed by			
Canada	**157**	176	(210)
A province or municipality	**(60)**	(67)	(82)
Other debt securities	**1,605**	1,637	1,588
Equity securities			
Preferred shares	**8,411**	6,971	16,091
Common shares	**5,422**	2,114	892
Unrealized gains, net	**$ 16,006**	$ 11,313	$ 18,756

The securities portfolio is primarily comprised of high quality debt instruments, preferred shares and common shares that are not held for trading purposes and, where applicable, are typically held until maturity. Fluctuations in value are generally attributed to changes in interest rates, market credit spreads and shifts in the interest rate curve. Volatility in equity markets also leads to fluctuations in value, particularly for common shares. The Bank has assessed the securities with unrealized losses and, based on available objective evidence, no impairment charges (2012 – nil) were included in gains on securities, net.

5. Loans

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

($ millions)	BC	AB	ON	SK	MB	Other	Total	Composition Percentage January 31 2013	October 31 2012	January 31 2012
Personal	$ 810	$ 985	$ 301	$ 154	$ 65	$ 1	$ 2,316	16 %	16 %	16 %
Business										
Commercial	1,272	1,858	414	189	93	104	3,930	28	28	26
Construction and real estate	2,313	2,144	310	329	108	22	5,226	36	36	38
Equipment financing and energy[1]	496	1,321	500	218	92	276	2,903	20	20	20
	4,081	5,323	1,224	736	293	402	12,059	84	84	84
Total Loans[2]	$ 4,891	$ 6,308	$ 1,525	$ 890	$ 358	$ 403	$ 14,375	100 %	100 %	100 %
Composition Percentage										
January 31, 2013	34 %	44 %	11 %	6 %	2 %	3 %	100 %			
October 31, 2012	33 %	45 %	10 %	6 %	3 %	3 %	100 %			
January 31, 2012	33 %	46 %	10 %	6 %	3 %	2 %	100 %			

(1) Includes securitized leases reported on-balance sheet of $214 (October 31, 2012 – $238; January 31, 2012 – $150).
(2) This table does not include an allocation for credit losses.

6. Allowance for Credit Losses

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

	For the three months ended January 31, 2013			For the three months ended October 31, 2012		
	Specific Allowance	**Collective Allowance for Credit Losses**	**Total**	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	**$ 14,379**	**$ 67,344**	**$ 81,723**	$ 12,762	$ 67,033	$ 79,795
Provision for credit losses	**3,970**	**2,357**	**6,327**	5,651	311	5,962
Write-offs	**(13,172)**	**-**	**(13,172)**	(4,622)	-	(4,622)
Recoveries	**1,490**	**-**	**1,490**	588	-	588
Balance at end of period	**$ 6,667**	**$ 69,701**	**$ 76,368**	$ 14,379	$ 67,344	$ 81,723

	For the three months ended January 31, 2012		
	Specific Allowance	Collective Allowance for Credit Losses	Total
Balance at beginning of period	$ 10,650	$ 61,330	$ 71,980
Provision for credit losses	5,088	1,341	6,429
Write-offs	(4,524)	-	(4,524)
Recoveries	671	-	671
Balance at end of period	$ 11,885	$ 62,671	$ 74,556

7. 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 January 31, 2013				As at October 31, 2012			
	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Personal	$ 2,315,616	$ 14,999	$ 530	$ 14,469	$ 2,292,388	$ 13,404	$ 459	$ 12,945
Business								
Real estate[1]	5,226,547	16,954	1,253	15,701	5,001,041	23,022	2,605	20,417
Equipment financing and energy	2,903,173	8,683	3,879	4,804	2,874,423	8,133	3,570	4,563
Commercial	3,930,144	15,098	1,005	14,093	3,867,557	22,281	7,745	14,536
Total[2]	$ 14,375,480	$ 55,734	$ 6,667	49,067	$ 14,035,409	$ 66,840	$ 14,379	52,461
Collective allowance[3]				(69,701)				(67,344)
Net impaired loans after collective allowance				$ (20,634)				$ (14,883)

	As at January 31, 2012			
	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Personal	$ 2,095,429	$ 19,924	$ 1,206	$ 18,718
Business				
Real estate[1]	4,809,796	44,221	3,130	41,091
Equipment financing and energy	2,549,898	10,851	4,551	6,300
Commercial	3,364,324	15,861	2,998	12,863
Total[2]	$ 12,819,447	$ 90,857	$ 11,885	78,972
Collective allowance[3]				(62,671)
Net impaired loans after collective allowance				$ 16,301

(1) Multi-family residential mortgages are included in real estate loans.
(2) Gross impaired loans include foreclosed assets with a carrying value of $9,160 (October 31, 2012 – $10,462 and January 31, 2012 – $4,683) which are held for sale. The Bank pursues timely realization on foreclosed assets and does not use the assets for its own operations.
(3) The collective allowance for credit risk is not allocated by loan type.

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

	As at January 31, 2013			As at October 31, 2012		
	Gross Impaired Amount	Specific Allowance	Net Impaired Loans	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	$ 23,576	$ 3,159	$ 20,417	$ 36,769	$ 9,711	$ 27,058
British Columbia	23,576	848	22,728	22,629	2,190	20,439
Ontario	4,672	1,347	3,325	3,081	1,167	1,914
Saskatchewan	1,877	455	1,422	2,309	456	1,853
Manitoba	463	205	258	615	203	412
Other	1,570	653	917	1,437	652	785
Total	$ 55,734	$ 6,667	49,067	$ 66,840	$ 14,379	52,461
Collective allowance[1]			(69,701)			(67,344)
Net impaired loans after collective allowance			$ (20,634)			$ (14,883)

	As at January 31, 2012		
	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Alberta	$ 45,362	$ 6,150	$ 39,212
British Columbia	38,434	2,199	36,235
Ontario	2,282	1,439	843
Saskatchewan	2,545	760	1,785
Manitoba	845	265	580
Other	1,389	1,072	317
Total	$ 90,857	$ 11,885	78,972
Collective allowance[1]			(62,671)
Net impaired loans after collective allowance			$ 16,301

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

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

	As at January 31, 2013				
	1 – 30 days	31 – 60 days	61 – 90 days	More than 90 days	Total
Personal	$ 11,833	$ 8,360	$ 2,111	$ 1,003	$ 23,307
Business	19,026	17,980	2,618	10,910	50,534
	$ 30,859	$ 26,340	$ 4,729	$ 11,913	$ 73,841
Total as at October 31, 2012	$ 25,849	$ 27,799	$ 4,194	$ 375	$ 58,217
Total as at January 31, 2012	$ 30,069	$ 34,320	$ 4,301	$ 620	$ 69,310

8. Derivative Financial Instruments

The Bank designates certain derivative financial instruments as either a hedge of the fair value of recognized assets or liabilities or firm commitments (fair value hedges), or a hedge of highly probable future cash flows attributable to a recognized asset or liability or a forecasted transaction (cash flow hedges). On an ongoing basis, the 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.

For the three months ended January 31, 2013, $618 of net unrealized after tax gains (2012 – $395 after tax losses) were recorded in other comprehensive income for changes in fair value of the effective portion of equity and interest rate swap derivatives designated as cash flow hedges, and no amounts (2012 – nil) were recorded in other income for changes in fair value of the ineffective portion of derivatives classified as cash flow hedges. Amounts accumulated in other comprehensive income are reclassified to net income in the same period that the hedged items affects income. For the three months ended January 31, 2013, $481 of net gains after tax (2012 – $296 net losses after tax) were reclassified to net income.

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

	As at January 31, 2013			As at October 31, 2012		
	Notional Amount	**Positive Fair Value**	**Negative Fair Value**	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps designated as hedges[1]	**$ 350,000**	**$ 147**	**$ (7)**	$ 225,000	$ 154	$ -
Equity swaps designated as hedges[2]	**15,445**	**2,610**	**-**	15,445	1,778	-
Foreign exchange contracts[3]	**3,746**	**19**	**(7)**	2,450	19	(10)
Derivative related amounts	**$ 369,191**	**$ 2,776**	**$ (14)**	$ 242,895	$ 1,951	$ (10)

	As at January 31, 2012		
	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps designated as hedges	$ -	$ -	$ -
Equity swaps designated as hedges	14,214	-	(533)
Foreign exchange contracts	3,517	-	(6)
Derivative related amounts	$ 17,731	$ -	$ (539)

(1) Interest rate swaps designated as hedges outstanding at January 31, 2013 mature between March 2013 and January 2014.
(2) Equity swaps designated as hedges outstanding at January 31, 2013 mature between June 2013 and June 2015. Equity swaps are used to reduce the earnings volatility from restricted share units linked to the Bank's common share price.
(3) Foreign exchange contracts outstanding at January 31, 2013 mature between February and September 2013.

There were no forecasted transactions that failed to occur during the three months ended January 31, 2013.

9. Subordinated Debentures

On December 17, 2012, the Bank issued $250,000 of subordinated debentures with a fixed interest rate of 3.463% until December 17, 2019. Thereafter, the rate will be set quarterly at the 3-month Canadian dollar CDOR rate plus 160 basis points until maturity on December 17, 2024. The Debentures are redeemable by the Bank on or after December 17, 2019, subject to the prior written consent of OSFI.

10. Capital Stock

Share Capital

	For the three months ended			
	January 31, 2013		January 31, 2012	
	Number of Shares	**Amount**	Number of Shares	Amount
Preferred Shares - Series 3				
Outstanding at beginning and end of period[1]	**8,390,000**	**$ 209,750**	8,390,000	$ 209,750
Common Shares				
Outstanding at beginning of period	**78,742,812**	**490,218**	75,461,981	408,282
Issued under dividend reinvestment plan[2]	**133,439**	**3,761**	97,693	2,492
Issued on exercise or exchange of options	**115,645**	**625**	134,116	379
Transferred from contributed surplus on exercise or exchange of options	**-**	**983**	-	967
Outstanding at end of period	**78,991,896**	**495,587**	75,693,790	412,120
Share Capital		**$ 705,337**		$ 621,870

(1) Holders of the Preferred Shares – Series 3 are entitled to receive non-cumulative quarterly fixed dividends for the initial five-year period ending April 30, 2014 of 7.25% per annum, payable quarterly, as and when declared. For further information on dividend rates after April 30, 2014, refer to Note 17 of the audited consolidated financial statements for the year ended October 31, 2012 (see page 87 of the 2012 Annual Report).
(2) Shares were issued at a 2% discount from the average closing price of the five trading days preceding the dividend payment date.

Preferred Share Normal Course Issuer Bid

On February 27, 2013, CWB received approval from the Toronto Stock Exchange for a Normal Course Issuer Bid (NCIB) to purchase, for cancellation, up to up to 826,120 Non-Cumulative 5-Year Rate Reset Preferred Shares Series 3 ("preferred shares"). The NCIB commenced March 1, 2013 and will expire February 28, 2014. To date, no preferred shares have been purchased or cancelled under the NCIB.

11. Share-based Payments

Stock Options

	For the three months ended			
	January 31, 2013		January 31, 2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Options				
Balance at beginning of period	**3,441,100**	**$ 24.51**	3,542,072	$ 21.36
Granted	**824,667**	**28.09**	729,830	25.46
Exercised or exchanged	**(236,526)**	**18.19**	(326,880)	16.70
Expired	**(162,075)**	**31.18**	-	-
Forfeited	**(9,852)**	**27.88**	(25,574)	23.49
Balance at end of period	**3,857,314**	**$ 25.37**	3,919,448	$ 22.50

The terms of the share incentive plan allow the holders of vested options a cashless settlement alternative whereby the option holder can either (i) elect to receive shares by delivering cash to the Bank in the amount of the option exercise price or (ii) elect to receive 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. Of the 236,526 (2012 – 326,880) options exercised or exchanged in the three months ended January 31, 2013, option holders exchanged the rights to 203,281 (2012 – 300,580) options and received 82,400 (2012 – 107,816) shares in return under the cashless settlement alternative.

For the three months ended January 31, 2013, salary expense of $1,458 (2012 - $1,162) was recognized relating to the estimated fair value of options granted. The fair value of options granted was estimated using a binomial option pricing model with the following variables and assumptions: (i) risk-free interest rate of 1.4% (2012 – 1.1%), (ii) expected option life of 4.0 (2012 – 4.0) years, (iii) expected annual volatility of 25% (2012 – 31%), and (iv) expected annual dividends of 2.5% (2012 – 2.4%). The weighted average fair value of options granted was estimated at $4.61 (2012 – $4.70) per share.

Further details relating to stock options outstanding and exercisable at January 31, 2013 follow:

	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 8.58 to $11.76	193,540	0.9	$ 11.70	193,540	$ 11.70
$16.89 to $21.45	249,200	1.4	16.94	249,200	16.94
$22.09 to $26.40	1,881,611	3.3	24.93	377,013	22.84
$28.09 to $30.76	1,532,963	3.8	29.02	-	-
Total	3,857,314	3.3	$ 25.37	819,753	$ 18.42

Restricted Share Units

For the three months ended January 31, 2013, salary expense of $2,182 (2012 – $1,275) was recognized related to the Restricted Share Units (RSUs). As at January 31, 2013, the liability for the RSUs held under this plan was $11,719 (2012 – $10,064). At the end of each period, the liability and salary expense are adjusted to reflect changes in the fair value of the RSUs. As at January 31, 2013, 591,196 RSUs were outstanding (2012 – 535,014).

Deferred Share Units

For the three months ended January 31, 2013, non-interest expenses "other expenses" included $303 (2012 – $90 recovery) related to the Deferred Share Units (DSUs). As at January 31, 2013, the liability for DSUs held under this plan was $2,454 (2012 – $1,377). At the end of each period, the liability and expense are adjusted to reflect changes in the fair value of the DSUs. As at January 31, 2013, 79,556 DSUs were outstanding (2012 – 51,745).

12. Contingent Liabilities and Commitments

In the normal course of business, the Bank enters into various commitments and has contingent liabilities, which are not reflected in the consolidated balance sheets. At January 31, 2013, these items include guarantees and standby letters of credit of $290,538 (October 31, 2012 - $286,676). Significant contingent liabilities and commitments, including guarantees provided to third parties, are discussed in Note 20 of the Bank's audited consolidated financial statements for the year ended October 31, 2012 (see page 91 of the 2012 Annual Report).

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

13. Fair Value of Financial Instruments

The Bank categorizes its fair value measurements of financial instruments recorded on the consolidated balance sheets according to a three-level hierarchy. Level 1 fair value measurements reflect published market prices quoted in active markets. Level 2 fair value measurements were estimated using a valuation technique based on observable market data. Level 3 fair value measurements were determined using a valuation technique based on unobservable market data.

Further information on how the fair value of financial instruments is determined is included in Note 29 of the October 31, 2012 consolidated audited financial statements (see page 99 of the 2012 Annual Report).

The following table presents the Bank's financial assets and liabilities that are carried at fair value, categorized by level under the fair value hierarchy:

		Valuation Technique		
As at January 31, 2013	Fair Value	Level 1	Level 2	Level 3
Financial assets				
Cash resources	**$ 207,525**	**$ 207,525**	**$ -**	**$ -**
Securities	**2,309,425**	**2,309,425**	**-**	**-**
Derivative related	**2,776**	**-**	**2,776**	**-**
	$ 2,519,726	**$ 2,516,950**	**$ 2,776**	**$ -**
Financial liabilities				
Securities sold under repurchase agreements	**$ 125,075**	**$ -**	**$ 125,075**	**$ -**
Derivative related	**14**	**-**	**14**	**-**
	$ 125,089	**$ -**	**$ 125,089**	**$ -**

		Valuation Technique		
As at October 31, 2012	Fair Value	Level 1	Level 2	Level 3
Financial assets				
Cash resources	$ 236,983	$ 236,983	$ -	$ -
Securities	2,336,100	2,336,100	-	-
Derivative related	1,951	-	1,951	-
	$ 2,575,034	$ 2,573,083	$ 1,951	$ -
Financial liabilities				
Derivative related	$ 10	$ -	$ 10	$ -

		Valuation Technique		
As at January 31, 2012	Fair Value	Level 1	Level 2	Level 3
Financial assets				
Cash resources	$ 228,964	$ 206,883	$ 22,081	$ -
Securities	2,079,791	2,079,791	-	-
Securities purchased under resale agreements	119,999	-	119,999	-
	$ 2,428,754	$ 2,286,674	$ 142,080	$ -
Financial liabilities				
Other liability	$ 62,211	$ -	$ -	$ 62,211
Derivative related	539	-	539	-
	$ 62,750	$ -	$ 539	$ 62,211

14. Interest Rate Sensitivity

The Bank's exposure to interest rate risk as a result of a difference or gap between the maturity or repricing behavior of interest sensitive assets and liabilities, including derivative financial instruments, is discussed in Note 28 of the audited consolidated financial statements for the year ended October 31, 2012 (see page 98 of the 2012 Annual Report). The following table shows the gap position for selected time intervals.

Asset Liability Gap Positions

($ millions)	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Non-interest Sensitive	Total
January 31, 2013								
Assets								
Cash resources and securities	**$ 290**	**$ 569**	**$ 843**	**$ 1,702**	**$ 555**	**$ 163**	**$ 97**	**$ 2,517**
Loans	**6,648**	**703**	**1,767**	**9,118**	**5,173**	**76**	**(68)**	**14,299**
Other assets	**-**	**-**	**-**	**-**	**-**	**-**	**345**	**345**
Derivative financial instruments(1)	**-**	**50**	**307**	**357**	**8**	**-**	**4**	**369**
Total	**6,938**	**1,322**	**2,917**	**11,177**	**5,736**	**239**	**378**	**17,530**
Liabilities and Equity								
Deposits	**5,053**	**1,432**	**3,123**	**9,608**	**4,549**	**-**	**(16)**	**14,141**
Other liabilities	**129**	**6**	**29**	**164**	**39**	**9**	**336**	**548**
Debt	**5**	**14**	**109**	**128**	**482**	**250**	**-**	**860**
Equity	**-**	**-**	**-**	**-**	**105**	**-**	**1,507**	**1,612**
Derivative financial instruments(1)	**365**	**-**	**-**	**365**	**-**	**-**	**4**	**369**
Total	**5,552**	**1,452**	**3,261**	**10,265**	**5,175**	**259**	**1,831**	**17,530**
Interest Rate Sensitive Gap	**$ 1,386**	**$ (130)**	**$ (344)**	**$ 912**	**$ 561**	**$ (20)**	**$ (1,453)**	**$ -**
Cumulative Gap	**$ 1,386**	**$ 1,256**	**$ 912**	**$ 912**	**$ 1,473**	**$ 1,453**	**$ -**	**$ -**
Cumulative Gap as a Percentage of Total Assets	**7.9 %**	**7.2 %**	**5.2 %**	**5.2 %**	**8.4 %**	**8.3 %**	**- %**	**- %**
October 31, 2012								
Cumulative Gap	$ 1,560	$ 1,586	$ 773	$ 773	$ 1,211	$ 1,437	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	9.1 %	9.3 %	4.5 %	4.5 %	7.1 %	8.4 %	- %	- %
January 31, 2012								
Cumulative Gap	$ 1,381	$ 1,717	$ 490	$ 490	$ 1,174	$ 1,300	$ -	$ -
Cumulative Gap as a Percentage of Total Assets	8.9 %	11.1 %	3.2 %	3.2 %	7.6 %	8.4 %	- %	- %

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

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

January 31, 2013	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	More than 5 Years	Total
Total assets	**3.8 %**	**2.5 %**	**3.7 %**	**3.6 %**	**5.0 %**	**5.0 %**	**4.0 %**
Total liabilities	**1.3**	**2.0**	**2.3**	**1.7**	**2.5**	**3.3**	**2.0**
Interest rate sensitive gap	**2.5 %**	**0.5 %**	**1.4 %**	**1.9 %**	**2.5 %**	**1.7 %**	**2.0 %**
October 31, 2012							
Total assets	3.8 %	2.7 %	3.7 %	3.6 %	5.0 %	5.0 %	4.1 %
Total liabilities	1.3	2.1	2.3	1.7	2.5	-	2.0
Interest rate sensitive gap	2.5 %	0.6 %	1.4 %	1.9 %	2.5 %	5.0 %	2.1 %
January 31, 2012							
Total assets	3.9 %	2.4 %	4.5 %	3.8 %	5.3 %	5.3 %	4.3 %
Total liabilities	1.2	2.4	2.4	1.7	2.7	5.0	2.1
Interest rate sensitive gap	2.7 %	- %	2.1 %	2.1 %	2.6 %	0.3 %	2.2 %

Based on the current interest rate gap position, it is estimated that a one-percentage point increase in all interest rates would increase net interest income by approximately 3.4% or $13,916 (October 31, 2012 – 3.8% or $15,086) and decrease other comprehensive income $11,674 (October 31, 2012 – $12,594) net of tax, respectively over the following twelve months. A one-percentage point decrease in all interest rates would decrease net interest income by approximately 5.3% or $21,386 (October 31, 2012 – 5.4% or $21,534) and increase other comprehensive income $11,674 (October 31, 2012 – $12,594) net of tax.

15. Capital Management

Beginning this quarter, capital for Canadian financial institutions is managed and reported in accordance with a capital management framework specified by OSFI commonly called Basel III. Further details are available in the Capital Management section in the Q1 2013 Management's Discussion and Analysis.

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

Additional information about the Bank's capital management practices is provided in Note 31 to the fiscal 2012 audited consolidated financial statements within 2012 Annual Report.

Capital Structure and Regulatory Ratios

	As at January 31 2013	As at October 31 2012 (1)	As at January 31 2012 (1)
Regulatory capital, net of deductions			
Common equity Tier 1	**$ 1,192,981**	$ n/a	$ n/a
Tier 1	**1,450,377**	1,460,776	1,289,705
Total	**2,118,614**	1,903,790	1,854,871
Capital ratios			
Common equity Tier 1	**8.0 %**	n/a	n/a
Tier 1	**9.7**	10.6 %	10.2 %
Total	**14.2**	13.8	14.6
Asset to capital multiple	**7.9 x**	8.8 x	8.3 x

(1) Capital ratios prior to fiscal 2013 have been calculated using the previous capital framework, Basel II. Capital ratios calculated under Basel III are not directly comparable to the equivalent Basel II measures.

During the quarter ended January 31, 2013, the Bank complied with all internal and external capital requirements.

During the quarter, the Bank issued $250 million of conventional subordinated debentures which qualify as Total capital (refer to Note 9), subject to a transitional allowance.

16. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

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

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Eligible Dividends Designation

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

Dividend Reinvestment Plan

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

Investor Relations

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Online Investor Information

Additional investor information including supplemental financial information and corporate presentations are available on CWB's website at www.cwbankgroup.com.

Quarterly Conference Call and Webcast

CWB's quarterly conference call and live audio webcast took place on March 7, 2013 at 1:30 p.m. ET. The webcast will be archived on the Bank's website at www.cwbankgroup.com for sixty days. A replay of the conference call will be available until March 21, 2013 by dialing (416) 849-0833 or toll-free (855) 859-2056 and entering passcode 95951376.