CANADIAN WESTERN BANK GROUP
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**NEWS RELEASE**

# CWB reports record earnings for the fourth quarter and fiscal 2014

## Fourth Quarter 2014 Highlights[1] (compared to the same period in the prior year)

- Record net income available to common shareholders of $58.2 million, up 14%.
- Record diluted earnings per common share of $0.72, up 13%, and adjusted cash earnings per common share of $0.73, up 12%.
- Stable Basel III regulatory capital ratios using the *Standardized* approach for calculating risk-weighted assets of 8.0% common equity Tier 1 (CET1), 9.3% Tier 1 and 12.8% total ratio.
- On December 3, 2014, declared a quarterly dividend of $0.21 per CWB common share, an increase of 5% over the prior quarter and 11% over the dividend declared a year earlier.

(1) Highlights include certain non-IFRS measures – refer to definitions following the table of Selected Financial Highlights on page 2.

## Fiscal 2014 Highlights (compared to the prior year)

- Record net income available to common shareholders of $218.5 million, up 17%.
- Record diluted earnings per common share of $2.70 and adjusted cash earnings per common share of $2.76, both up 15%.
- Strong loan growth of 12% with stable credit quality.
- Net interest margin (teb) of 2.59%, down 7 basis points.
- Issued $125 million of 4.40% preferred shares and redeemed $209 million of 7.25% preferred shares.
- Recognized for a ninth consecutive year as one of the *Best Employers in Canada* by *Aon Hewitt*.

## Fiscal 2014 Performance versus Target Ranges

| 2014 Performance Target Ranges | 2014 Performance | |
|---|---|---|
| Adjusted cash earnings per share growth of 12 - 16% | 15% | ☑ |
| Total revenues (teb) growth of 10 - 12% | 11% | ☑ |
| Loan growth of 10 - 12% | 12% | ☑ |
| Provision for credit losses between 0.18 - 0.23% of average loans | 0.15% | ☑ |
| Efficiency ratio (teb) of 46% or less | 46.0% | ☑ |
| Return on common shareholders' equity of 14 - 15% | 14.8% | ☑ |
| Return on assets of 1.05 – 1.15% | 1.10% | ☑ |

"Strong fourth quarter financial performance closed out a record year for CWB Group," said Chris Fowler, President and Chief Executive Officer. "We delivered double-digit loan growth for the 24th time in 25 years and achieved all of our fiscal 2014 performance targets. Our expectations for 2015 reflect ongoing confidence in our client-focused strategy while acknowledging the realities of persistent low interest rates and competitive influences."

"Our vision is *to be seen as crucial to our clients' futures,* and we know that our ability to achieve this starts with our people. We're determined to build on the strong foundation of CWB Group's unique, results-oriented culture as we continue to expand and enhance our product and service offerings. CWB's placement as one of the *Best Employers in Canada* for a ninth consecutive year confirms our ongoing commitment to employees."

"Looking ahead, our current pipeline for new loans is strong and we remain confident about the opportunities within our chosen core western Canadian geographic footprint, despite recent commodity price declines. Our ongoing belief that we will successfully execute our growth strategies is underpinned by the combination of our experience and past performance through economic cycles."

"Notwithstanding the current challenges, CWB Group's prospects for profitable growth remain promising over both the short and long term. We will diligently manage expenses as we continue to invest in our capacity to efficiently and profitably deliver the financial services our clients want. We're confident that the significant strategic investments we're making in people, technology and infrastructure will yield positive long-term benefits for all of our stakeholders," added Mr. Fowler."

# Selected Financial Highlights

| (unaudited)<br>($ thousands, except per share amounts) | For the three months ended<br>**October 31**<br>**2014** | <br>July 31<br>2014 | <br>October 31<br>2013 | Change from<br>October 31<br>2013 | For the year ended<br>**October 31**<br>**2014** | <br>October 31<br>2013 | Change from<br>October 31<br>2013 |
|---|---|---|---|---|---|---|---|
| **Results of Operations** | | | | | | | |
| Net interest income (teb – see below) | **$ 132,479** | $ 131,751 | $ 124,775 | 6 % | **$ 513,196** | $ 470,757 | 9 % |
| Less teb adjustment | **1,709** | 1,888 | 2,062 | (17) | **7,676** | 8,138 | (6) |
| Net interest income per financial statements | **130,770** | 129,863 | 122,713 | 7 | **505,520** | 462,619 | 9 |
| Non-interest income | **27,057** | 28,027 | 26,181 | 3 | **113,409** | 94,982 | 19 |
| Total revenues (teb) | **159,536** | 159,778 | 150,956 | 6 | **626,605** | 565,739 | 11 |
| Total revenues | **157,827** | 157,890 | 148,894 | 6 | **618,929** | 557,601 | 11 |
| Net income available to common shareholders | **58,150** | 56,580 | 51,210 | 14 | **218,549** | 187,163 | 17 |
| Earnings per common share | | | | | | | |
| Basic[(1)] | **0.72** | 0.71 | 0.64 | 13 | **2.73** | 2.36 | 16 |
| Diluted[(2)] | **0.72** | 0.70 | 0.64 | 13 | **2.70** | 2.35 | 15 |
| Adjusted cash[(3)] | **0.73** | 0.71 | 0.65 | 12 | **2.76** | 2.39 | 15 |
| Return on common shareholders' equity[(4)] | **15.0%** | 14.9 % | 14.9 % | 10 bp | **14.8%** | 14.2 % | 60 bp[(5)] |
| Return on assets[(6)] | **1.12** | 1.11 | 1.11 | 1 | **1.10** | 1.06 | 4 |
| Efficiency ratio (teb)[(7)] | **47.2** | 45.9 | 45.5 | 170 | **46.0** | 46.4 | (40) |
| Efficiency ratio | **47.7** | 46.4 | 46.1 | 160 | **46.6** | 47.1 | (50) |
| Net interest margin (teb)[(8)] | **2.56** | 2.58 | 2.72 | (16) | **2.59** | 2.66 | (7) |
| Net interest margin | **2.53** | 2.54 | 2.67 | (14) | **2.55** | 2.62 | (7) |
| Provision for credit losses as a percentage of average loans | **0.09** | 0.16 | 0.19 | (10) | **0.15** | 0.19 | (4) |
| **Per Common Share** | | | | | | | |
| Cash dividends | **$ 0.20** | $ 0.20 | $ 0.18 | 11 % | **$ 0.78** | $ 0.70 | 11 % |
| Book value | **19.52** | 19.03 | 17.45 | 12 | **19.52** | 17.45 | 12 |
| Closing market value | **37.75** | 41.62 | 33.44 | 13 | **37.75** | 33.44 | 13 |
| Common shares outstanding (thousands) | **80,369** | 80,270 | 79,620 | 1 | **80,369** | 79,620 | 1 |
| **Balance Sheet and Off-Balance Sheet Summary** | | | | | | | |
| Assets | **$ 20,608,656** | $ 20,522,735 | $ 18,513,340 | 11 % | | | |
| Loans | **17,510,099** | 17,141,881 | 15,567,440 | 12 | | | |
| Deposits | **17,373,014** | 17,457,554 | 15,631,040 | 11 | | | |
| Debt | **1,036,990** | 939,204 | 820,650 | 26 | | | |
| Shareholders' equity | **1,693,527** | 1,652,708 | 1,598,507 | 6 | | | |
| Assets under administration | **10,101,698** | 10,278,307 | 8,423,972 | 20 | | | |
| Assets under management | **1,795,975** | 1,788,500 | 1,901,146 | (6) | | | |
| **Capital Adequacy**[(9)] | | | | | | | |
| Common equity Tier 1 ratio | **8.0%** | 8.0 % | 8.0 % | - bp | | | |
| Tier 1 ratio | **9.3** | 9.3 | 9.7 | 40 | | | |
| Total ratio | **12.8** | 12.9 | 13.9 | 110 | | | |

(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 and are not considered indicative of ongoing business performance. Management believes the adjusted results provide the reader with a better understanding about how they view CWB's performance.
(4) Return on common shareholders' equity is calculated as net income available to common shareholders divided by average common shareholders' equity.
(5) bp – basis point change.
(6) Return on assets is calculated as 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 charge for the fair value of contingent consideration.
(8) Net interest margin is calculated as net interest income divided by average total assets.
(9) Capital adequacy is calculated in accordance with Basel III guidelines issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).

## *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 financial institutions. Total revenues, net interest income and income taxes are discussed on a taxable equivalent basis throughout this quarterly report to shareholders.

## *Non-IFRS Measures*

CWB uses a number of financial measures to assess its performance. These measures provide readers with an enhanced understanding of how management views the results. Non-IFRS measures may also provide readers the ability to analyze trends and provide comparisons with our competitors. 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.

### *Forward-looking Statements*

From time to time, CWB 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 CWB's objectives and strategies, targeted and expected financial results and the outlook for CWB's businesses or for the Canadian or U.S. 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 CWB'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 CWB's markets, the occurrence of weather-related and other natural catastrophes, changes in accounting standards and policies, the accuracy of and completeness of information CWB 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 CWB'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 CWB's actual results to differ materially from the expectations expressed in such forward looking statements. Unless required by securities law, CWB 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 2015 and how it will affect CWB's businesses are material factors considered when setting organizational objectives and targets. Performance target ranges for fiscal 2015 consider the following management assumptions:

- Moderate economic growth in Canada and relatively stronger performance in the four western provinces;
- A relatively stable net interest margin (teb) compared to the level achieved in the fourth quarter of 2014, primarily attributed to treasury management strategies and shifts in asset mix that help to offset impacts from the very low interest rate environment, a flat interest rate curve and competitive factors;
- Sound credit quality with actual losses remaining within CWB's historical range of acceptable levels.

Potential risks that may have a material adverse impact on current economic expectations and forecasts include a sustained period of materially lower energy and other commodity prices compared to average levels observed in fiscal 2014, a slowing rate of economic growth in the U.S., a significant and sustained deterioration in Canadian residential real estate prices, or a significant disruption in major global economies. Greater than expected pricing competition and/or disruptions in domestic or global financial markets that meaningfully impact loan yields and/or funding costs may also contribute to adverse financial results compared to expectations.

# Financial Summary

This financial summary should be read in conjunction with Canadian Western Bank's (CWB) unaudited interim consolidated financial statements for the period ended October 31, 2014 and the audited consolidated financial statements and Management's Discussion and Analysis (MD&A) for the year ended October 31, 2013, available on SEDAR at www.sedar.com and the Bank's website at www.cwb.com. An electronic copy of the 2014 Annual Report, including MD&A and audited consolidated financial statements, for the year ended October 31, 2014 is expected to be available on both SEDAR and CWB's website during the week of December 8, 2014. Hardcopies of the 2014 Annual Report will be distributed to shareholders in January 2015.

## Overview

*Q4 2014 vs. Q4 2013*

Strong fourth quarter financial performance was marked by record earnings and double-digit loan growth. Record net income available to common shareholders of $58.2 million was up 14% from a year ago, while diluted earnings per common share increased 13% to $0.72. Adjusted cash earnings per common share, which excludes the after-tax amortization of acquisition-related intangible assets and the non-tax deductible change in fair value of contingent consideration, was a record $0.73, up 12%. Earnings growth was based on a 6% increase in total revenues (teb - see definition following the Financial Highlights table) to $159.5 million, a decrease in preferred share dividends and a lower provision for credit losses, partially offset by higher non-interest expenses. Higher total revenues primarily resulted from the benefit of strong 12% loan growth and 3% higher non-interest income, partially offset by a 16 basis point decrease in net interest margin (teb) to 2.56%. Growth in almost all categories of non-interest income more than offset notable declines in both net insurance revenues and net gains on securities. 'Other' non-interest income was $4.5 million higher, primarily due to a gain on the sale of CWB's former Edmonton Main Branch location. Credit related fee income and trust and wealth management fees increased $1.0 million and $0.9 million respectively, while net insurance revenues were $3.6 million lower due to the impact of claims expense related to severe hailstorms in Alberta. Net gains on securities were $1.8 million lower. Higher non-interest expenses primarily relate to increases in salaries and benefits, as well as premises and equipment expense to facilitate business growth.

*Q4 2014 vs. Q3 2014*

Net income available to common shareholders increased 3% from last quarter mainly due to a lower provision for credit losses and higher 'other' non-interest income, partially offset by a $3.6 million decline in net gains on securities, a $2.0 million reduction in net insurance revenues and higher non-interest expenses. Changes in 'other' non-interest income and net insurance revenues primarily resulted from the same factors discussed above. Diluted and adjusted cash earnings per common share both increased 3%.

*2014 vs. 2013*

Record net income available to common shareholders for the full year of $218.5 million increased 17%, while diluted and adjusted cash earnings per common share were both up 15% to $2.70 and $2.76, respectively. Earnings growth primarily resulted from the achievement of record total revenues (teb) of $626.6 million, up 11%, lower preferred share dividends and a decrease in the provision for credit losses, partially offset by a 10% increase in non-interest expenses. Higher total revenues reflect 9% growth in net interest income (teb) and 19% higher non-interest income. Growth in net interest income was driven by strong loan growth, partially offset by the impact of a seven basis point reduction in net interest margin (teb) to 2.59%.

*ROE and ROA*

The quarterly return on common shareholders' equity (ROE) of 15.0% increased 10 basis points from both a year earlier and the prior quarter. ROE for the year of 14.8% was up from 14.2% in 2013. Fourth quarter return on assets (ROA) was 1.12%, compared to 1.11% both last year and in the previous quarter. ROA for the year was 1.10%, up four basis points from 2013.

*Net Interest Margin*

Net interest margin (teb) of 2.56% declined 16 basis points compared to the fourth quarter last year primarily due to lower loan yields and higher balances of cash and securities. Net interest margin (teb) was down two basis points from the prior quarter as the positive influence of lower balances of cash and securities only partially offset lower loan yields. Annual net interest margin (teb) of 2.59% was down seven basis points as the benefit of lower deposit costs was more than offset by lower asset yields.

Looking forward, meaningful improvement in this key metric from the level achieved in the fourth quarter is not expected in the absence of increases in the prime lending interest rate and/or a sustained steepening of the interest rate curve.

*Efficiency ratio*

The quarterly efficiency ratio (teb), which measures non-interest expenses as a percentage of total revenues (teb), excluding the non-tax deductible charge for the fair value of contingent consideration, was 47.2%, up from 45.5% a year earlier, primarily reflecting the revenue impact of lower net interest margin. The annual efficiency ratio (teb) of 46.0% improved from 46.4% in 2013.

*Core banking system implementation*

Work toward implementation of a new core banking system proceeded through the fourth quarter. Following completion of the analysis and design phases, management established a capital budget of $62 million, revised from an initial estimate of $50 million, and scheduled implementation for early fiscal 2016.

## Loan Growth

Total loans of $17,606 million grew 2% in the quarter and 12% over the past twelve months. Very strong performance in real estate project loans, equipment financing and leasing, and personal loans and mortgages made the greatest contribution to annual loan growth measured in dollars. Fourth quarter growth was led by equipment financing and leasing, real estate project loans, and personal loans and mortgages. Growth was achieved across all lending sectors on both a year-over-year and quarterly basis, with the exception of declines in oil and gas production loans in both periods and lower general commercial loans compared to the prior quarter. With respect to real estate project loans, CWB has continued to finance well-capitalized developers on the basis of sound loan structures and acceptable pre-sale/lease levels. Although recent growth in this area has been very strong, total exposure to real estate remains within CWB's established risk appetite. CWB's promising pipeline of new commercial loans and a strategic focus on a customized training program for commercial relationship managers support management's expectations for higher growth in this portfolio over time. As the overall outlook for loan growth remains positive, management has established a 10 – 12% performance target range for fiscal 2015.

| (unaudited)<br>($ millions) | **October 31 2014** | July 31 2014 | October 31 2013 | % change from October 31 2013 |
|---|---|---|---|---|
| Commercial mortgages | **$ 3,574** | $ 3,548 | $ 3,311 | 8 % |
| General commercial loans | **3,525** | 3,538 | 3,428 | 3 |
| Equipment financing and leasing | **3,394** | 3,281 | 2,932 | 16 |
| Real estate project loans | **2,871** | 2,768 | 2,304 | 25 |
| Personal loans and mortgages | **2,841** | 2,768 | 2,502 | 14 |
| Corporate lending (1) | **1,147** | 1,069 | 902 | 27 |
| Oil and gas production loans | **254** | 263 | 274 | (7) |
| Total loans outstanding (2) | **$ 17,606** | $ 17,235 | $ 15,653 | 12 % |

(1) Corporate lending represents 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.

### Credit Quality

Overall credit quality continued to reflect sound underwriting, secured lending practices and strong economic activity in CWB's key geographic markets. Gross impaired loans totaled $62.1 million at quarter end, compared to $58.1 million last quarter and $64.2 million a year earlier. The quarterly provision for credit losses represented nine basis points of average loans, compared to 16 basis points in the prior quarter and 19 basis points last year. Despite the sequential decline, the dollar provision for credit losses exceeded net new specific provisions and led to a slight increase in the level of the collective allowance for credit losses compared to last quarter. Better than expected credit quality as evidenced by very low write-offs, coupled with an annual provision for credit losses of $25.1 million, or 15 basis points of average loans, contributed to a $13.9 million (18%) year-over-year increase in the collective allowance for credit losses to reach $90.1 million. The total provision for credit losses at October 31, 2014 of $95.6 million represented 154% of total gross impaired loans.

### Fiscal 2015 Performance Target Ranges and Outlook

CWB's performance target ranges established for fiscal 2015 are presented in the following table:

| | 2015 Target Ranges |
|---|---|
| Adjusted cash earnings per common share growth[(1)] | 5 – 8% |
| Loan growth | 10 – 12% |
| Provision for credit losses as a percentage of average loans | 0.17 – 0.22% |
| Efficiency ratio (teb)[(2)] | 47% or less |
| Return on common shareholders' equity[(3)] | 14.0 – 15.0% |
| Return on assets[(4)] | 1.07 – 1.12% |

(1) Adjusted cash earnings per common share calculated as net income available to common shareholders, excluding the after-tax amortization of acquisition-related intangible assets and the non-tax deductible charge for the fair value of contingent consideration, divided by the average number of common shares outstanding adjusted for the dilutive effects of stock options.
(2) Efficiency ratio (teb) calculated as non-interest expenses divided by total revenues (teb).
(3) Return on common shareholders' equity calculated as net income available to common shareholders divided by average common shareholders' equity.
(4) Return on assets calculated as net income available to common shareholders divided by average total assets.

Fiscal 2015 performance target ranges, as shown in the table above, are based on expectations for moderate economic growth in Canada and comparatively stronger performance within key western Canadian markets. Achievement of 2015 targets for the important shareholder value metrics of adjusted cash earnings per share growth and profitability ratios will be largely driven by management's commitment to deliver ongoing strong loan growth, stable credit quality and effective expense management. Lower preferred share dividends compared to 2014 will also benefit earnings and profitability. CWB will maintain its focus on further enhancing its funding base and growing secured loans that offer a fair and profitable return in an environment where net interest margin pressure is expected to persist as a result of very low interest rates, a flat interest rate curve and competitive influences. The provision for credit losses is targeted between 17 and 22 basis points of average loans and reflects expectations that overall credit quality will remain sound. In consideration of constrained revenues owing to net interest margin pressure and strategic investment necessary to support CWB's long-term growth, the 2015 efficiency ratio (teb) target is 47% or less. While this represents an increase from 2014, management remains committed to disciplined control of all discretionary expenses, and expects the efficiency ratio will show improvement over the medium term. The most notable incremental expense contributing to the higher efficiency ratio target relates to changes in non-executive compensation to align the level and structure of CWB's employee offering with industry benchmarks. Profitability targets measured by the return on common shareholders' equity and return on assets are relatively consistent with 2014.

Ongoing assessment and development of each of CWB Group's core businesses will remain a key priority, while potential strategic acquisitions continue to be evaluated. With its solid capital position under the more conservative *Standardized* approach for calculating risk-weighted assets, CWB remains well positioned to support continued growth and manage unforeseen challenges. Management will maintain its focus on creating value for shareholders over the long term. Although the overall outlook for 2015 is positive, a sustained period of materially lower energy and other commodity prices compared to average levels observed in fiscal 2014 could have an adverse impact on economic expectations.

### Dividends

On December 3, 2014, CWB's Board of Directors declared a cash dividend of $0.21 per common share, payable on January 8, 2015 to shareholders of record on December 16, 2014. This quarterly dividend represents a 5% increase over the previous quarter and is 11% higher than the quarterly dividend declared one year ago. The Board of Directors also declared a cash dividend of $0.275 per Series 5 Preferred Share payable on January 31, 2015 to shareholders of record on January 23, 2015.

*Dividend Reinvestment Plan*

CWB common shares (TSX: CWB) and preferred shares (TSX: CWB.PR.B) are deemed eligible to participate in CWB's dividend reinvestment plan (the Plan). The Plan provides holders of eligible shares of CWB the opportunity to direct cash dividends toward the purchase of CWB common shares. Further details for the Plan are available on CWB's website. For dividends declared commencing in December 2014, CWB has elected to issue common shares for the Plan from treasury with no discount from the average market price (as defined in the Plan), compared to a 2% discount in prior periods.

## Fiscal 2014 Fourth Quarter and Annual Results Conference Call

CWB's fourth quarter and annual results conference call is scheduled for Thursday, December 4, 2014 at **1:30 p.m. ET (11:30 a.m. MT**). The Bank's executives will comment on financial results and respond to questions from analysts and institutional investors.

The conference call may be accessed on a listen-only basis by dialing 647-788-4922 or toll-free 1-877-223-4471. The call will also be webcast live on the Bank's website, www.cwb.com.

A replay of the conference call will be available until December 18, 2014 by dialing 416-621-4642 (Toronto) or 1-800-585-8367 (toll-free) and entering passcode 34177374.

## 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, Canadian Western Trust, Valiant Trust, Canadian Direct Insurance, Canadian Western Financial, Adroit Investment Management, and McLean & Partners Wealth Management, collectively offer a diversified range of financial services across Canada and are together known as the CWB Group. The common shares of Canadian Western Bank are listed on the Toronto Stock Exchange under the trading symbol "CWB". The Bank's Series 5 Preferred Shares trade on the Toronto Stock Exchange under the trading symbol "CWB.PR.B". Refer to www.cwb.com for additional information.

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# Consolidated Balance Sheets

| (unaudited)<br>($ thousands) | As at<br>October 31<br>2014 | As at<br>July 31<br>2014 | As at<br>October 31<br>2013 | Change from<br>October 31<br>2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Cash Resources** | | | | |
| Cash and non-interest bearing deposits with financial institutions | **$ 13,320** | $ 45,626 | $ 83,856 | (84) % |
| Interest bearing deposits with regulated financial institutions | **491,255** | 418,220 | 258,466 | 90 |
| Cheques and other items in transit | **3,839** | 2,697 | 5,673 | (32) |
| | **508,414** | 466,543 | 347,995 | 46 |
| **Securities** | | | | |
| Issued or guaranteed by Canada | **764,213** | 1,074,895 | 927,077 | (18) |
| Issued or guaranteed by a province or municipality | **560,482** | 676,319 | 410,984 | 36 |
| Other securities | **764,510** | 774,703 | 894,271 | (15) |
| | **2,089,205** | 2,525,917 | 2,232,332 | (6) |
| **Securities Purchased Under Resale Agreements** | **99,566** | - | - | nm |
| **Loans** | | | | |
| Personal | **2,841,154** | 2,768,458 | 2,502,295 | 14 |
| Business | **14,764,543** | 14,466,926 | 13,150,931 | 12 |
| | **17,605,697** | 17,235,384 | 15,653,226 | 12 |
| Allowance for credit losses | **(95,598)** | (93,503) | (85,786) | 11 |
| | **17,510,099** | 17,141,881 | 15,567,440 | 12 |
| **Other** | | | | |
| Property and equipment | **66,257** | 67,111 | 66,647 | (1) |
| Goodwill | **50,408** | 50,408 | 49,424 | 2 |
| Intangible assets | **85,137** | 80,698 | 70,197 | 21 |
| Insurance related | **65,764** | 63,557 | 64,365 | 2 |
| Derivative related | **5,420** | 6,616 | 4,509 | 20 |
| Other assets | **128,386** | 120,004 | 110,431 | 16 |
| | **401,372** | 388,394 | 365,573 | 10 |
| **Total Assets** | **$ 20,608,656** | $ 20,522,735 | $ 18,513,340 | 11 % |
| | | | | |
| **Liabilities and Equity** | | | | |
| **Deposits** | | | | |
| Personal | **$ 9,832,669** | $ 10,293,130 | $ 9,420,754 | 4 % |
| Business and government | **7,540,345** | 7,164,424 | 6,210,286 | 21 |
| | **17,373,014** | 17,457,554 | 15,631,040 | 11 |
| **Other** | | | | |
| Cheques and other items in transit | **54,826** | 52,922 | 55,290 | (1) |
| Insurance related | **165,903** | 159,291 | 167,816 | (1) |
| Derivative related | **386** | 178 | 36 | nm |
| Other liabilities | **282,944** | 260,119 | 238,939 | 18 |
| | **504,059** | 472,510 | 462,081 | 9 |
| **Debt** | | | | |
| Subordinated debentures | **625,000** | 625,000 | 625,000 | - |
| Debt securities | **411,990** | 314,204 | 195,650 | 111 |
| | **1,036,990** | 939,204 | 820,650 | 26 |
| **Equity** | | | | |
| Preferred shares | **125,000** | 125,000 | 208,815 | (40) |
| Common shares | **533,038** | 529,283 | 510,282 | 4 |
| Retained earnings | **1,011,147** | 969,066 | 858,167 | 18 |
| Share-based payment reserve | **25,339** | 24,048 | 24,632 | 3 |
| Other reserves | **(997)** | 5,311 | (3,389) | (71) |
| **Total Shareholders' Equity** | **1,693,527** | 1,652,708 | 1,598,507 | 6 |
| Non-controlling interests | **1,066** | 759 | 1,062 | - |
| **Total Equity** | **1,694,593** | 1,653,467 | 1,599,569 | 6 |
| **Total Liabilities and Equity** | **$ 20,608,656** | $ 20,522,735 | $ 18,513,340 | 11 % |

nm - not meaningful.

# Consolidated Statements of Income

| (unaudited)<br>($ thousands, except per share amounts) | For the three months ended<br>**October 31 2014** | <br>July 31 2014 | <br>October 31 2013 | Change from October 31 2013 | For the year ended<br>**October 31 2014** | <br>October 31 2013 | Change from October 31 2013 |
|---|---|---|---|---|---|---|---|
| **Interest Income** | | | | | | | |
| Loans | **$ 207,148** | $ 206,251 | $ 191,784 | 8 % | **$ 799,909** | $ 735,404 | 9 % |
| Securities | **11,508** | 11,454 | 10,934 | 5 | **44,096** | 44,952 | (2) |
| Deposits with regulated financial institutions | **1,544** | 1,516 | 492 | 214 | **5,142** | 1,609 | 220 |
| | **220,200** | 219,221 | 203,210 | 8 | **849,147** | 781,965 | 9 |
| **Interest Expense** | | | | | | | |
| Deposits | **80,649** | 81,086 | 72,499 | 11 | **311,075** | 286,913 | 8 |
| Debt | **8,781** | 8,272 | 7,998 | 10 | **32,552** | 32,433 | - |
| | **89,430** | 89,358 | 80,497 | 11 | **343,627** | 319,346 | 8 |
| **Net Interest Income** | **130,770** | 129,863 | 122,713 | 7 | **505,520** | 462,619 | 9 |
| **Provision for Credit Losses** | **4,017** | 6,958 | 7,344 | (45) | **25,057** | 27,846 | (10) |
| **Net Interest Income after Provision for Credit Losses** | **126,753** | 122,905 | 115,369 | 10 | **480,463** | 434,773 | 11 |
| **Non-Interest Income** | | | | | | | |
| Trust and wealth management services | **8,140** | 8,611 | 7,272 | 12 | **33,866** | 24,511 | 38 |
| Credit related | **6,702** | 6,359 | 5,723 | 17 | **25,014** | 21,685 | 15 |
| Insurance, net | **3,530** | 5,505 | 7,101 | (50) | **20,914** | 16,279 | 28 |
| Gains on securities, net | **563** | 4,211 | 2,338 | (76) | **13,999** | 15,094 | (7) |
| Retail services | **2,865** | 2,830 | 2,657 | 8 | **11,399** | 10,272 | 11 |
| Other | **5,257** | 511 | 1,090 | nm | **8,217** | 7,141 | 15 |
| | **27,057** | 28,027 | 26,181 | 3 | **113,409** | 94,982 | 19 |
| **Net Interest and Non-Interest Income** | **153,810** | 150,932 | 141,550 | 9 | **593,872** | 529,755 | 12 |
| **Non-Interest Expenses** | | | | | | | |
| Salaries and employee benefits | **47,867** | 47,477 | 44,557 | 7 | **187,871** | 172,237 | 9 |
| Premises and equipment | **12,909** | 12,955 | 10,941 | 18 | **49,065** | 42,825 | 15 |
| Other expenses | **14,646** | 13,065 | 13,146 | 11 | **52,036** | 47,435 | 10 |
| | **75,422** | 73,497 | 68,644 | 10 | **288,972** | 262,497 | 10 |
| **Net Income before Income Taxes** | **78,388** | 77,435 | 72,906 | 8 | **304,900** | 267,258 | 14 |
| **Income Taxes** | **18,510** | 19,147 | 17,574 | 5 | **73,601** | 64,052 | 15 |
| **Net Income** | **$ 59,878** | $ 58,288 | $ 55,332 | 8 % | **$ 231,299** | $ 203,206 | 14 % |
| **Net Income Attributable to Non-Controlling Interests** | **353** | 333 | 331 | 7 | **1,240** | 824 | 50 |
| **Net Income Attributable to Shareholders of CWB** | **$ 59,525** | $ 57,955 | $ 55,001 | 8 % | **$ 230,059** | $ 202,382 | 14 % |
| Preferred share dividends | **1,375** | 1,375 | 3,785 | (64) | **11,510** | 15,183 | (24) |
| Premium paid on purchase of preferred shares for cancellation | **-** | - | 6 | nm | **-** | 36 | nm |
| **Net Income Available to Common Shareholders** | **$ 58,150** | $ 56,580 | $ 51,210 | 14 % | **$ 218,549** | $ 187,163 | 17 % |
| Average number of common shares (in thousands) | **80,312** | 80,141 | 79,463 | 1 | **80,034** | 79,147 | 1 |
| Average number of diluted common shares (in thousands) | **81,301** | 81,121 | 79,879 | 2 | **80,955** | 79,544 | 2 |
| **Earnings Per Common Share** | | | | | | | |
| Basic | **$ 0.72** | $ 0.71 | $ 0.64 | 13 % | **$ 2.73** | $ 2.36 | 16 % |
| Diluted | **0.72** | 0.70 | 0.64 | 13 | **2.70** | 2.35 | 15 |

nm - not meaningful.

# Consolidated Statements of Comprehensive Income

| (unaudited)<br>($ thousands) | For the three months ended<br>October 31<br>2014 | <br>October 31<br>2013 | For the year ended<br>October 31<br>2014 | <br>October 31<br>2013 |
|---|---|---|---|---|
| **Net Income** | **$ 59,878** | $ 55,332 | **$ 231,299** | $ 203,206 |
| **Other Comprehensive Income (Loss), net of tax** | | | | |
| Available-for-sale securities: | | | | |
| Gains (losses) from change in fair value[1] | **(5,740)** | (22) | **12,882** | (2,553) |
| Reclassification to net income[2] | **(348)** | (1,721) | **(10,287)** | (11,160) |
| | **(6,088)** | (1,743) | **2,595** | (13,713) |
| Derivatives designated as cash flow hedges: | | | | |
| Gains from change in fair value[3] | **(787)** | 2,536 | **3,372** | 2,332 |
| Reclassification to net income[4] | **567** | (1,154) | **(3,575)** | (1,255) |
| | **(220)** | 1,382 | **(203)** | 1,077 |
| | **(6,308)** | (361) | **2,392** | (12,636) |
| **Comprehensive Income for the Period** | **$ 53,570** | $ 54,971 | **$ 233,691** | $ 190,570 |
| Comprehensive income for the period attributable to: | | | | |
| Shareholders of CWB | **$ 53,217** | $ 54,640 | **$ 232,451** | $ 189,746 |
| Non-controlling interests | **353** | 331 | **1,240** | 824 |
| **Comprehensive Income for the Period** | **$ 53,570** | $ 54,971 | **$ 233,691** | $ 190,570 |

(1) Net of income tax of $1,868 and $4,697 for the quarter and year ended October 31, 2014, respectively (2013 - $8 and $866).
(2) Net of income tax of $214 and $3,712 for the quarter and year ended October 31, 2014, respectively (2013 - $617 and $3,934).
(3) Net of income tax of $266 and $1,139 for the quarter and year ended October 31, 2014, respectively (2013 - $857 and $788).
(4) Net of income tax of $191 and $1,208 for the quarter and year ended October 31, 2014, respectively (2013 - $390 and $424).

# Consolidated Statements of Changes in Equity

| (unaudited)<br>($ thousands) | For the year ended<br>October 31<br>2014 | <br>October 31<br>2013 |
|---|---|---|
| **Retained Earnings** | | |
| Balance at beginning of year | **$ 858,167** | $ 726,378 |
| Net income attributable to shareholders of CWB | **230,059** | 202,382 |
| Dividends – Preferred shares | **(11,510)** | (15,183) |
| – Common shares | **(62,408)** | (55,374) |
| Issuance costs on preferred shares | **(3,161)** | - |
| Premium paid on purchase of preferred shares for cancellation | **-** | (36) |
| Balance at end of year | **1,011,147** | 858,167 |
| **Other Reserves** | | |
| Balance at beginning of year | **(3,389)** | 9,247 |
| Changes in available-for-sale securities | **2,595** | (13,713) |
| Changes in derivatives designated as cash flow hedges | **(203)** | 1,077 |
| Balance at end of year | **(997)** | (3,389) |
| **Preferred Shares** | | |
| Balance at beginning of year | **208,815** | 209,750 |
| Issued | **125,000** | - |
| Redeemed | **(208,815)** | - |
| Purchased for cancellation | **-** | (935) |
| Balance at end of year | **125,000** | 208,815 |
| **Common Shares** | | |
| Balance at beginning of year | **510,282** | 490,218 |
| Issued under dividend reinvestment plan | **16,467** | 14,404 |
| Transferred from share-based payment reserve on the exercise or exchange of options | **5,223** | 3,986 |
| Issued on exercise of options | **1,066** | 1,674 |
| Balance at end of year | **533,038** | 510,282 |
| **Share-based Payment Reserve** | | |
| Balance at beginning of year | **24,632** | 22,468 |
| Amortization of fair value of options | **5,930** | 6,150 |
| Transferred to common shares on the exercise or exchange of options | **(5,223)** | (3,986) |
| Balance at end of year | **25,339** | 24,632 |
| **Total Shareholders' Equity** | **1,693,527** | 1,598,507 |
| **Non-Controlling Interests** | | |
| Balance at beginning of year | **1,062** | 244 |
| Net income attributable to non-controlling interests | **1,240** | 824 |
| Dividends to non-controlling interests | **(1,139)** | (322) |
| Partial ownership increase | **(97)** | - |
| Business acquisition | **-** | 316 |
| Balance at end of year | **1,066** | 1,062 |
| **Total Equity** | **$ 1,694,593** | $ 1,599,569 |

# Consolidated Statements of Cash Flow

| (unaudited)<br>($ thousands) | For the year ended<br>October 31<br>2014 | <br>October 31<br>2013 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net income | **$ 231,299** | $ 203,206 |
| Adjustments to determine net cash flows: | | |
| Provision for credit losses | **25,057** | 27,846 |
| Depreciation and amortization | **21,685** | 21,572 |
| Current income taxes receivable and payable | **10,254** | (7,444) |
| Amortization of fair value of employee stock options | **5,930** | 6,150 |
| Accrued interest receivable and payable, net | **6,604** | 2,816 |
| Deferred income taxes, net | **(5,014)** | 5,507 |
| Gain on securities, net | **(13,999)** | (15,094) |
| Gain on disposal of property, plant and equipment | **(4,698)** | - |
| Change in operating assets and liabilities: | | |
| Deposits, net | **1,741,974** | 1,381,203 |
| Loans, net | **(1,967,717)** | (1,651,053) |
| Securities purchased under resale agreements, net | **(99,566)** | - |
| Securities sold under repurchase agreements, net | **-** | (70,089) |
| Other items, net | **13,327** | 934 |
| | **(34,864)** | (94,446) |
| **Cash Flows from Financing Activities** | | |
| Common shares issued | **17,533** | 16,078 |
| Preferred shares issued, net of issuance costs | **121,839** | - |
| Preferred shares redeemed | **(208,815)** | - |
| Debt securities issued | **363,187** | 90,596 |
| Debt securities repaid | **(146,848)** | (104,219) |
| Dividends | **(73,918)** | (70,557) |
| Distributions to non-controlling interests | **(1,139)** | (322) |
| Debentures issued | **-** | 250,000 |
| Debentures redeemed | **-** | (50,000) |
| Preferred shares purchased and cancelled | **-** | (971) |
| | **71,839** | 130,605 |
| **Cash Flows from Investing Activities** | | |
| Interest bearing deposits with regulated financial institutions, net | **(232,766)** | (81,284) |
| Securities, purchased | **(6,779,305)** | (6,004,062) |
| Securities, sale proceeds | **4,329,567** | 3,839,290 |
| Securities, matured | **2,604,572** | 2,275,813 |
| Proceeds on disposal of property and equipment | **7,263** | |
| Property, equipment and intangibles | **(38,212)** | (27,504) |
| Business acquisition | **-** | (10,098) |
| | **(108,881)** | (7,845) |
| **Change in Cash and Cash Equivalents** | **(71,906)** | 28,314 |
| **Cash and Cash Equivalents at Beginning of Year** | **34,239** | 5,925 |
| **Cash and Cash Equivalents at End of Year *** | **$ (37,667)** | $ 34,239 |
| * Represented by: | | |
| Cash and non-interest bearing deposits with financial institutions | **$ 13,320** | $ 83,856 |
| Cheques and other items in transit (included in Cash Resources) | **3,839** | 5,673 |
| Cheques and other items in transit (included in Other Liabilities) | **(54,826)** | (55,290) |
| **Cash and Cash Equivalents at End of Year** | **$ (37,667)** | $ 34,239 |
| | | |
| Supplemental Disclosure of Cash Flow Information | | |
| Interest and dividends received | **$ 845,603** | $ 785,643 |
| Interest paid | **333,479** | 313,463 |
| Income taxes paid | **68,362** | 65,989 |