ATB

ANNUAL REPORT 2023

POWERING POSSIBILITY

POWERING POSSIBILITY TODAY AND TOMORROW

Alberta is wonderfully diverse. And though we are all at different points in our personal and financial journeys, we are all united by a desire for the brightest possible future for our province.

ATB Financial is committed to fostering that growth by helping to navigate the ever-evolving financial landscape, with innovative solutions and expert guidance. We pride ourselves on being able to uphold our promise to power possibility for our clients, putting them on a path to reach their goals and realize their aspirations.

As we look ahead, we are optimistic, and committed to making a lasting difference in the communities we serve. Together, we can continue to rise above challenges, demonstrate our collective resilience and build a future where everyone will prosper and thrive.

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CURTIS STANGE

As the sun rises on summer in Alberta, it brings with it renewed energy and positivity—and serves as a powerful reminder that opportunities ahead are as boundless as its rays.

At ATB Financial, we believe in the art of the possible, with each day offering us a chance to guide our clients toward what matters most to them. As the largest finanical institution headquartered in Western Canada—serving Alberta since 1938—ATB Financial is positioned to meet our clients exactly where they are at and provide them with the right expertise to see and realize their own unique possibility.

When I reflect on our last revolution around the sun—fiscal year 2023—I am humbled and incredibly proud. One of the world's leaders in consumer insights, advisory services and data and analytics—J.D. Power—ranked ATB Financial #2 among midsize Canadian banks, in retail banking satisfaction study.[1] This is significant to us. Trust is the foundation of any relationship, as is our commitment to consistently deliver a differentiated experience to our our nearly 800,000 clients and business owners.

At the heart of each of those experiences is an ATB team member, engaging with intense curiosity and deep expertise, to help our clients achieve their goals. As an organization, we recognize that, to be our best, we need to attract the best. We celebrated when Best Workplaces™ again named ATB Financial a top workplace in Canada and showcased us as a great place to work for women and for having a culture of giving back.[2] These recognitions are important proof-points that, as an organization, we are set up strongly for the future. A future we believe is full of hope, opportunity and, above all, possibility. This past fall, we launched our new brand promise: Powering Possibility. It serves as our compass as we navigate the exciting and uncertain future ahead for Albertans and their businesses, legacies and livelihoods.

[1] J.D. Power, 2022 Canada Retail Banking Satisfaction Study,℠, October 2022
[2] Great Place to Work®, Best Workplaces™ in Canada, April 2023

> **Trust is the foundation of any relationship, as is our commitment to consistently deliver a differentiated experience to our our nearly 800,000 clients and business owners.**
>
> **—Curtis Stange, President and CEO**

Throughout the year, as our clients navigated through high inflation and interest rates, we adapted to a rapidly changing banking environment. We created new in-person and digital offerings, leveraged cutting-edge data analysis and provided expert insights to help our clients capitalize on opportunities and avoid pitfalls. We invested in Alberta's growth with $23.1 billion in new and renewed lending, offering tailored advice with the capital for businesses to grow and prosper. We began the expansion of our highly trusted and award-winning ATB Wealth offerings into other provinces, starting with Saskatchewan and British Columbia. And we deepened our presence across North America, by connecting institutional investors with Alberta companies and related economic opportunities curated by our ATB Capital Markets team.

While Alberta is our home, the impact of ATB Financial's presence is far-reaching. For us, impact is the foundation of how we do business. It's about providing advice and expertise to our clients and acting as a catalyst for economic growth in a way that only ATB Financial can.

We know the opportunities ahead are boundless, and we are ready and eager to help our clients discover them!

Curtis Stange
President and CEO

JOAN HERTZ

There's been a lot of talk about the headwinds facing the Alberta economy. When pressure presents challenges, I tend to heed the words of Winston Churchill:

"Kites rise highest against the wind, not with it."

This past year, we saw economic forces that normally come at us in spoonfuls being doled out in barrels. Inflation, interest rates and geopolitical forces hit all of us, hard.

And yet, ATB was able to build our long-term value and propel Alberta businesses forward, by differentiating our services and serving with deep expertise. We also strengthened our balance sheet, which ensures ATB is well-capitalized and able to weather volatility.

We are dedicated to powering possibilities for our clients, during boom times and tough times. Despite the complexities of the past year, our team members never lost sight of the importance of collaborating with clients and providing data-driven solutions.

We see this reflected in our investment in Alberta's growth, with billions in new and renewed lending and our transition to a new banking system—SAP Transactional Banking—which will better serve clients with uninterrupted service.

Our work, of course, extends beyond our financial and business performance. Driven by our purpose, we understand that our ultimate role is to create value for, and be valued by, Albertans.

At ATB, we focus on doing the right things well. Over the past fiscal year, we evolved our ESG policy and its governance. This updated approach is a response to our rapidly changing environment, while allowing our commitment to being in business for the greater good to be at the forefront of all we do. We took a seat at national tables, bringing our unique perspective to issues like measurement and financial reporting on ESG standards that will affect all of us.

ATB also advanced our strategy to support diversity, inclusion and belonging and strengthened our engagement with Indigenous Peoples in Alberta. We partnered with Alberta Indigenous Opportunities Corporation to finance a $250 million loan supporting Indigenous ownership of major developments in Canada.

We know this has been a tremendously challenging time for all Albertans, so we continued to invest in the communities where we live and work. We have been honoured to offer meaningful resources through partnerships that support mental well-being and financial literacy. We were also thrilled to see an increase in utilization for our ATB Uplift initiative, which creates an opportunity for ATB team members to support a cause of their choice.

In response to the wave of technological disruption in the financial industry, we continued to develop digital tools that matter to clients and developed partnerships like Alberta Machine Intelligence Institute one of just three AI institutes in Canada. Access to AI is shaping the future, and ATB is using it in a number of ways to strengthen our performance and client experience.

Looking to the future, we see potential in braving the headwinds and rising to meet the challenges they present, as we transform our client experience and build a sustainable ATB that all Albertans are proud of.

Joan Hertz
Board Chair

OUR STRATEGIC LEADERSHIP TEAM

CURTIS STANGE

President and CEO

Curtis Stange was appointed President and Chief Executive Officer of ATB Financial on June 30, 2018. With courage, disciplined thought and precise action, he leads a team of more than 5,000 team members who are dedicated to ATB's purpose—to *make it possible* for nearly 800,000 clients and business owners.

With more than 35 years of experience in financial services in Canada, Curtis has led teams across diverse geographic markets and through various economic cycles—always with an inquisitive nature and a desire to get to know the people and places around him. Under his tenure, ATB Financial has grown to become the eighth largest financial institution in the country by assets, providing expert advice and capital to businesses to grow and prosper, with strong expertise and market share in energy, agriculture and real estate. Curtis has helped to shape ATB's client-focused culture—to become a financial partner that's proactive, collaborative and excited to share expertise and explore new ways to bring possibilities to life. Through this dedication, ATB is consistently named as one of the best workplaces in Canada and one of the top financial institutions in the country when it comes to differentiating on client experience through our people.

Before becoming CEO, Curtis held a number of senior leadership roles at ATB Financial, as well as at one of Canada's big five banks. He successfully led large-scale retail, wealth management and commercial banking throughout British Columbia, Alberta, Saskatchewan and Ontario; headed up a complex and massive conversion of a core banking system; created a new line of business focused on entrepreneurs and served as a Chief Client Officer. If there's one thing that his career has taught him, it's that people are at the heart of everything. Curtis is highly respected for his banking expertise, but more importantly, he is known as a great listener, communicator and committed advocate for team members and clients.

Curtis is a Stanford alumnus and member of the Alberta Business Council and the Canadian Chamber of Commerce Western Executive Council. He also chairs ATB Capital Markets and ATB Investor Services boards, serves on advisory boards for the Edmonton International Airport, Visa Canada and Advancing Women Executives in Western Canada and co-chairs the STARS Air Ambulance board. As a strong advocate for mental health, Curtis is a driving force behind reducing stigma, building peer support and creating psychologically safe and healthy workplaces. He believes deeply in raising the collective well-being of society, both to strengthen our social fabric as well as improve our economic future.

CAMILLE WELESCHUK

Vice President, Office of the CEO

Camille Weleschuk is a purpose-driven, eternally optimistic and high-achieving member of ATB Financial's Strategic Leadership Team. She serves as the Chief of Staff to the President and CEO and leads the organization's government relations and service excellence teams.

Camille began her career in newsrooms across Alberta, taking complex information and translating it into compelling stories for television and radio. She later advised senior management and elected officials as a member of the Alberta Public Affairs Bureau, serving in the Emergency Operations Centre for the Slave Lake wildfire response and the High River flood response. In her time at ATB, Camille has led the corporate communications, strategic coordination and economics and research teams and served as the organization's first-ever Managing Director of Client Obsession. She has been a strategic communicator for nearly 25 years and is strongly committed to mentorship and lifelong learning.

Camille has a Master's in Business Administration, is a certified sustainability (ESG) practitioner and is an official member of the Forbes Communications Council. She has served as an ATB Executive Sponsor for the United Way Campaign and was a member of the SingularityU Canada Summit Advisory Board. Camille is a two-time recipient of the Premier of Alberta's Award of Excellence and was a Gold Ribbon Award Finalist with the Canadian Association of Broadcasters.

CHRIS TURCHANSKY

Group Head, ATB Business

As Group Head, ATB Business, Chris Turchansky leads a team who supports clients in business, corporate banking and capital markets. He understands the need to put the client at the centre of everything we do at ATB and that an exceptional client experience begins with exceptional team members who take the time to engage clients with intense curiosity, serve them with deep expertise, build trust and deliver value.

Chris' 25-year financial career has been fuelled by a passion for providing clients with advice and solutions fostered through a deep level of engagement. Prior to his current role, his journey at ATB has allowed him to connect with clients across several positions, from the President of ATB Wealth to the Chief Experience Officer. Having grown up in a small Alberta town, Chris understands and appreciates the province's strong sense of community, and he draws on that life experience to help team members come together. Being Métis, he hopes to continue to promote and support public and private sector partnerships that will improve the economic circumstances and quality of life of Métis people. Chris holds a Commerce degree from the University of Alberta, an MBA from Athabasca University, a Chartered Financial Advisor designation and an Accredited Investment Fiduciary. He is also on the board of the Hockey Alberta Foundation.

DAN HUGO

Chief Financial Officer

Dan Hugo is an accomplished financial service executive and corporate officer with expertise in financial and commercial business operations, financial planning and reporting, forecasting, expense management, corporate development and strategy.

He was drawn to ATB by our balanced approach to social responsibility and profitability and to our relentless focus on purpose. He believes that ATB's "why" aligns with his own desire to genuinely affect positive change in the lives of Albertans. Originally from South Africa, Dan is a Chartered Accountant and a Certified Public Accountant who has spent significant time in senior leadership at companies that include Bank of America, Capital One and Ernst & Young. He is actively involved with the fintech community and was a part of eBay at the height of the internet revolution.

Dan earned his reputation as a sage business advisor over 30 years of weighing stakeholder needs against those of the business. He has demonstrated an aptitude for growing businesses and for finding innovative solutions to modern-day business challenges. He currently sits on the Board of Governors for NorQuest College and the Board of Directors for the Edmonton Humane Society.

JOHN TARNOWSKI

Chief Client Experience and Technology Officer

John Tarnowski is a high-performing senior executive with a talent for growing businesses. Throughout his career, he has led digital transformations, executed complex strategic programs and disrupted conventional thinking to deliver results.

John has spent the last 25 years in the financial services industry. Prior to creating the combined Client Experience and Technology group, John led Everyday Financial Services, where he spent five years streamlining and focusing the business to achieve profitability. He has spent his career transforming digital, payment and financial service experiences by placing the client at the centre of everything he and his team does. He leads change by leveraging creative problem solving and disruptive technologies to help organizations compete and thrive.

He is committed to the continuous development of the more than 1,500 team members who are part of the team he leads. As a former competitive ski racing coach, John leads with a strong coaching philosophy, investing in the development of his teams to help them grow as leaders and high-performing collaborators to achieve results. John has an educational background in investments and economics and currently sits on the Mastercard Canada Advisory Board. Whether he's dealing with high-performance athletes or his teammates at ATB, John takes every opportunity to motivate, inspire and bring out peak performance in everyone he deals with.

LISA MCDONALD

Group Head, Everyday Financial Services

Lisa McDonald leads the Everyday Financial Services (EFS) team at ATB Financial, leading the more than 1,800 team members who serve ATB's retail and small business clients. Her portfolio is the largest gateway between Albertans and all that ATB has to offer and includes the oversight of over 280 locations and ATB's Client Care team. Lisa's passion for people ensures that clients and team members are at the centre of every decision made in EFS, resulting in a highly engaged workforce and exceptional client experiences.

Prior to being appointed Group Head of Everyday Financial Services, Lisa held the position of Chief Risk Officer (CRO) for ATB, supporting the company's performance through the strategic oversight of risk-taking activity and management of risk and compliance across the organization. In her five years as CRO, Lisa played a key role in managing through a number of crises, including ATB's response to COVID-19 and supporting clients through both the Calgary/High River floods and the Fort McMurray wildfires.

With more than 25 years of professional experience in the banking, oil and gas and pharmaceutical industries, Lisa knows that success is attainable by focusing on client experience, an inclusive workplace culture and clear goals. She holds an MBA from the Schulich School of Business at York University and a Bachelor of Business Commerce from Memorial University.

RENEE OXLEY

Chief Risk Officer

As Chief Risk Officer, Renee Oxley has overall responsibility for ATB Financial's risk management and compliance functions. Renee strongly believes that risk-taking is an important part of any worthy pursuit. She leads risk management professionals with expertise spanning multiple enterprise risk disciplines, including credit, market/liquidity, operational, regulatory compliance, financial crime and strategy.

Together, these teams support and elevate organizational performance through expertise and advice, conducting independent oversight of risk-taking and management of risk and compliance activities. Prior to joining ATB, Renee built finance, risk, compliance and assurance expertise across a variety of industries, at both private and publicly traded companies. She possesses a breadth of knowledge that enables her to drive value across diverse risk disciplines. Renee has empowered ATB's Risk Management team to be innovative, dynamic and insightful, inspiring the organization to challenge the status quo while also cultivating strong risk management practices.

Renee holds Chartered Accountant and Chartered Professional Accountant designations and has a Bachelor of Commerce degree from the University of Alberta.

STUART MCKELLAR, KC, ICD.D, GCB.D

Chief Legal and Sustainability Officer & Corporate Secretary

Stuart McKellar leads ATB's sustainability journey. He is accountable for environmental, social and governance (ESG) integration, third-party relationships and directing the legal affairs of ATB. He works closely with ATB's Board of Directors and serves as a board member of ATB's Wealth and Capital Markets subsidiaries.

Stuart has more than 30 years of experience as a lawyer and governance professional. He is a member of various executive committees providing oversight and strategic guidance in areas of ESG, ethics, capital deployment and enterprise risk. He led the establishment of whistleblower protection and introduced board policies on issues of diversity and inclusion, conflicts of interest and the directors' Code of Conduct and Ethics.

He has a Bachelor of Arts from the University of Calgary and a Bachelor of Laws from the University of Alberta. He holds an Institute of Corporate Directors Designation and a Global ESG Designation and is qualified by the Canadian Securities Institute to act as a Partner, Director and Officer. In 2014, Stuart was appointed Queen's Counsel in the Province of Alberta. In 2019, he was recognized as the Governance Professional of the Year by the Governance Professionals of Canada. In 2022, he received a lifetime achievement award from the Western Canada General Counsel Association.

TARA LOCKYER

Chief People, Culture, Brand and Communications Officer

Tara Lockyer oversees ATB's human resources and team member programs, change management, communications, marketing and brand functions. Collectively, these teams activate ATB's unique culture, enhance the employee experience and help ATB realize our differentiated experience for the benefit of clients and Alberta.

Prior to joining ATB, Tara was the Head of Enterprise Business Engagement and Implementation for global human resources at CIBC and the Global Head of Talent, Leadership and Organizational Effectiveness at Manulife. In those roles, she developed and oversaw a wide variety of human resources programs and initiatives to promote learning, culture, talent management, leadership and professional development.

Tara also has experience developing strategies for complex business transformation. An adventurer at heart, Tara followed a career path from Eastern Canada to Asia before settling with her family in the mountains of Alberta. She holds a Bachelor of Arts in business communications from the University of Windsor, a diploma in Adult Education from St. Francis Xavier and a Certified Insurance Professional designation from the Insurance Institute of Canada. Tara also sits on Alberta's Premier's Council on Skills.

URSULA HOLMSTEN

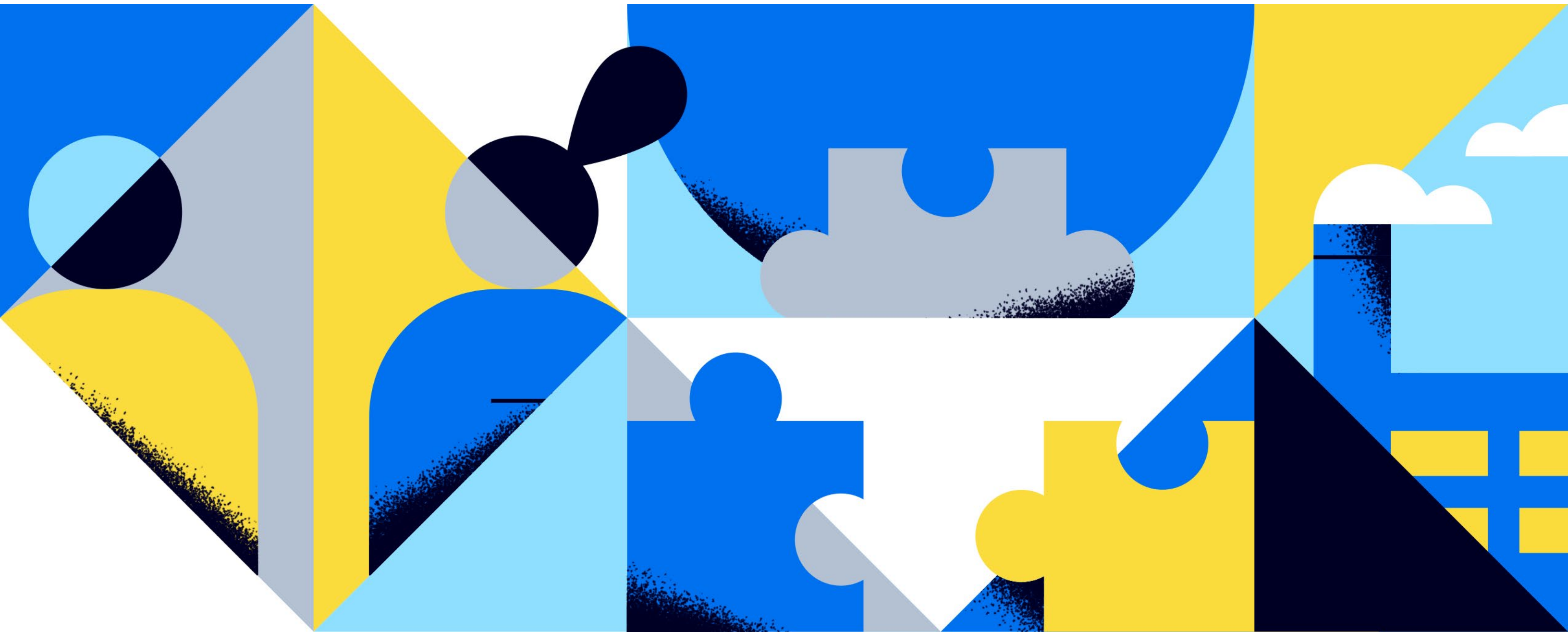
CEO, ATB Wealth, and EVP, ATB Financial

Ursula Holmsten leads ATB Wealth and its three subsidiaries: ATB Investment Management Inc., ATB Securities Inc. and ATB Insurance Advisors. She has 25 years of experience in the investment industry and 14 years of experience at ATB.

Since joining ATB, Ursula has been instrumental in designing, incubating and building a unique wealth and investment management offer for Albertans and their individual wealth needs. She has contributed to the organic growth of ATB Wealth—from $4 billion to over $25 billion in assets under administration—and has helped to carve a path forward to an enterprise value that is approaching $1 billion.

Ursula was born in Finland and grew up with gender parity not experienced in many other countries. This continued during her time at Neste Oil, a Finnish National Oil Company where women play an equal role in driving value. Those experiences made Ursula passionate about pushing for the same gender parity in Canada's wealth industry.

Ursula holds an Honours Degree in Public Administration from Carleton University and a Chartered Professional Accountant designation. She is qualified by the Canadian Securities Institute to act as a Chief Financial Officer, Partner, Director and Officer. Ursula sits on the Board of the Investment Industry Association of Canada and is a member of Women Get on Board.



BUSINESS HIGHLIGHTS

> At ATB Financial, we believe in the art of the possible, with each day bringing with it the chance to guide our clients toward what matters most to them.
>
> —Curtis Stange, President and CEO

Achieved our highest ever total revenue—over **$1.9 billion**

Invested in Alberta's growth, with **$23.1 billion** in new and renewed lending

Contributed **$1.4 billion** in shared value directly to Albertans and the province

Partnered with Alberta Indigenous Opportunities Corporation to finance a **$250 million loan to 23 Indigenous communities**

J.D. POWER

Ranked #2 among midsize banks in the J.D. Power 2022 Canada Retail Banking Satisfaction Study, scoring high for problem resolution, brand trust and people

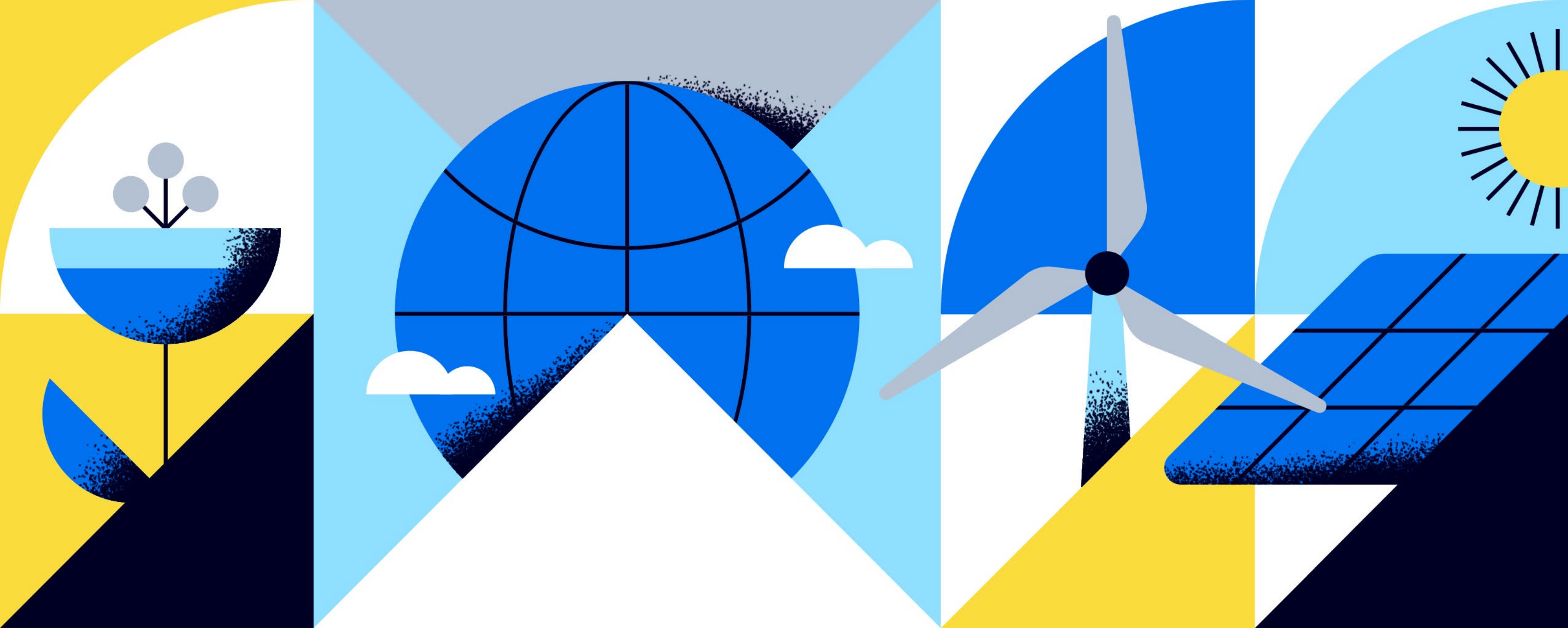
Began the **expansion of ATB Wealth's advice and award-winning investment products** into British Columbia and Saskatchewan

Introduced ATB's new brand promise: **Powering Possibility**

Published ATB's first dedicated **Sustainability Update**

Recognized on eight Best Workplaces™ lists, including Best Workplaces in Canada — 1,000+ Employees, Best Workplaces for Women and Best Workplaces for Giving Back

Invested in the future of modern banking by **upgrading to SAP Transactional Banking** and unlocking new possibilities for our clients



SUSTAINABILITY UPDATE

APPROACH TO SUSTAINABILITY

Rationale for Focusing on Sustainability

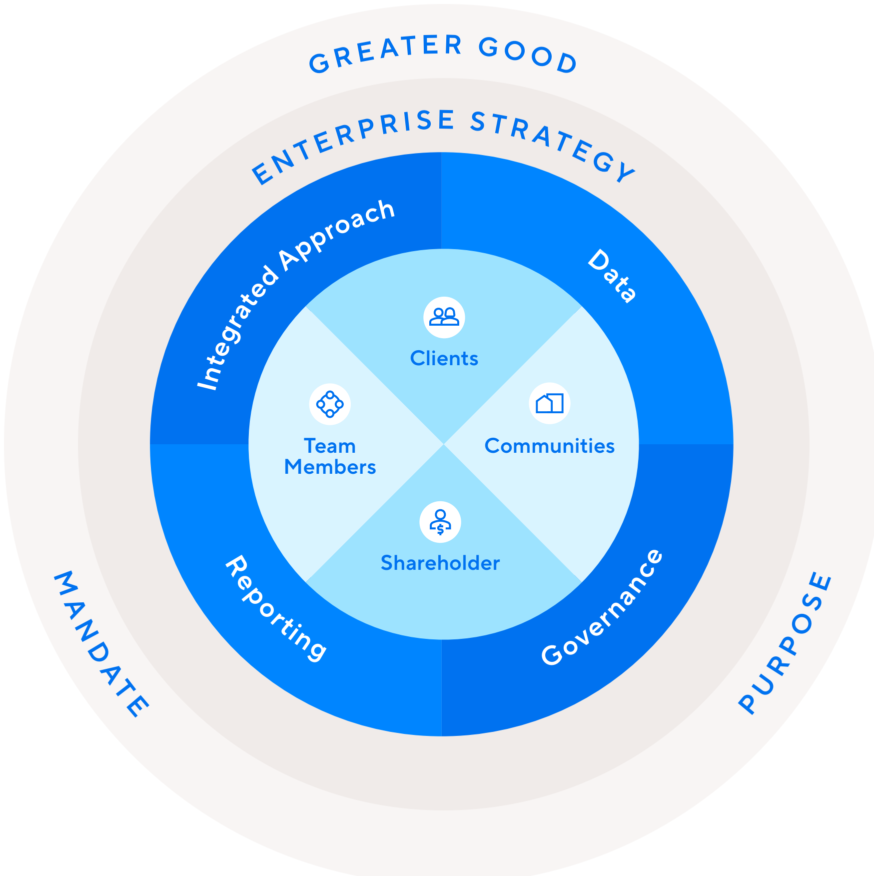
Evolving stakeholder expectations, policies, regulations and economic shifts are influencing environment, social and governance considerations. Through the lens of our stakeholders, ATB must consider our material sustainability-related risks and opportunities and how they might translate into forward-looking financial and non-financial performance.

We see similar considerations being made by our clients and partners, as they evaluate their own sustainability practices, and by our team members, as they find alignment between their values and ATB's sustainability approach.

> "ATB has an interwoven history of doing good business and doing good for society. Our mandate of being an economic engine for Alberta and Albertans becomes the golden thread in our responsibility in the environment, social and governance space."
>
> —Stuart McKellar, Chief Legal and Sustainability Officer and Corporate Secretary

Sustainability Update

This year, ATB has published a separate Sustainability Update. For a comprehensive overview of our efforts during FY2023, visit www.atb.com/company/atb-annual-report-2023.



Our Approach

ATB's approach to sustainability will be authentic, transparent and pragmatic. An ESG mindset will be integrated into ATB's culture and decision-making across the organization, so we can create long-term shared and sustainable value for our stakeholders.

We know this will be a multiyear journey. ATB began building foundational capabilities during FY2023, with a focus on:

- **Governance** to ensure clarity and transparency regarding roles, accountabilities and oversight.
- **Integration** with ATB's enterprise strategy, in consideration of our internal and external stakeholders.
- **ESG-related data** to understand current state and forward-looking requirements.
- **Reporting** and evolving our current state to provide comparable and decision-useful information for stakeholders.

FY2023 FINANCIAL HIGHLIGHTS

> This past year has seen a number of challenges, including geopolitical upheaval, spiking inflation and rapidly increasing interest rates. Albertans have shown incredible strength, with Alberta outperforming the broader Canadian economy.
>
> —Dan Hugo, Chief Financial Officer

For the year ended March 31	FY2023	FY2022
Operating results *($ in thousands)*		
Net interest income	$ 1,319,293	$ 1,242,315
Other income	616,238	661,566
Total revenue	1,935,531	1,903,881
Provision for (recovery of) loan losses	24,633	(203,879)
Non-interest expenses	1,354,493	1,346,228
Income before payment in lieu of tax	556,405	761,532
Payment in lieu of tax	127,973	175,152
Net income	**$ 428,432**	**$ 586,380**
Adjusted net income (1)	$ 428,432	$ 614,995
Income before provisions (2)		
Total revenue	$ 1,935,531	$ 1,903,881
Less: non-interest expenses	1,354,493	1,346,228
Income before provisions	**$ 581,038**	**$ 557,653**

(1) A non-GAAP (Generally Accepted Accounting Principles) measure.
(2) Refer to the glossary for a definition of our key performance metrics.

FY2023 FINANCIAL HIGHLIGHTS

For the year ended March 31	2023	2022
Financial position *($ in thousands)*		
Net loans	$ 47,234,083	$ 45,928,704
Total assets	57,470,857	57,052,035
Total risk-weighted assets (2)	38,526,125	37,462,503
Total deposits	39,473,493	37,319,482
Equity	4,816,920	4,452,194
Key performance measures (%) (2)		
Return on average assets	0.7	1.0
Return on average risk-weighted assets	1.1	1.6
Total revenue change	1.7	7.1
Other income to total revenue	31.8	34.7
Total expense change	0.6	9.1
Adjusted total expense change (1)	3.5	6.1
Efficiency ratio	70.0	70.7
Adjusted efficiency ratio (1)	70.0	68.8
Net interest margin	2.37	2.32
Provision for (recovery of) loan losses to average loans	0.1	(0.4)
Net loan change	2.8	3.0
Total asset change	0.7	2.3
Total deposit change	5.8	(1.2)
Change in assets under administration	(1.1)	5.3
Tier 1 capital ratio	12.9	12.1
Total capital ratio	16.6	16.5
Other information		
ATB Wealth's assets under administration *($ in thousands)*	$ 25,905,220	$ 26,189,359
Total clients	799,183	801,648
Team members (3)	5,239	5,024

(1) A non-GAAP (generally accepted accounting principles) measure.
(2) Refer to the glossary for a definition of our key performance metrics.
(3) Reported as full-time equivalents.

FY2023 FINANCIAL HIGHLIGHTS

Deposits

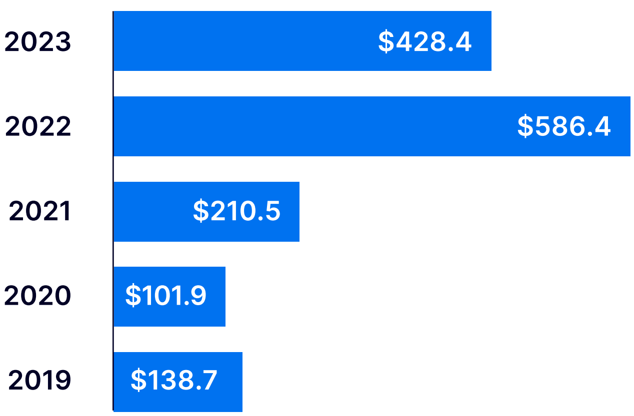
($ in billions)

Income before provisions

($ in millions)

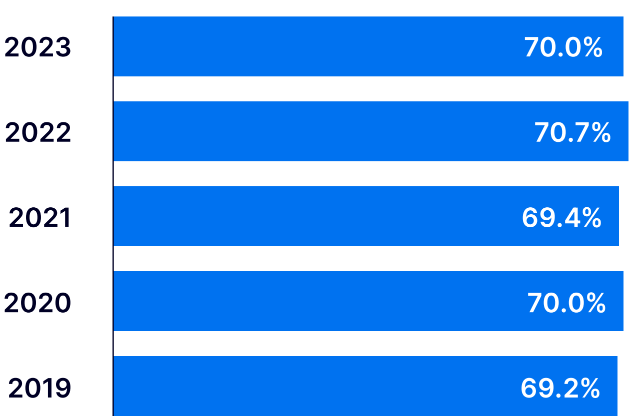
Net income

($ in millions)



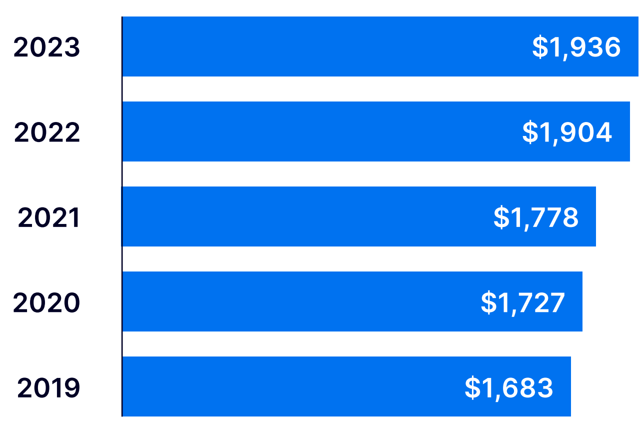
Net interest margin

Efficiency ratio



Total revenue

($ in millions)

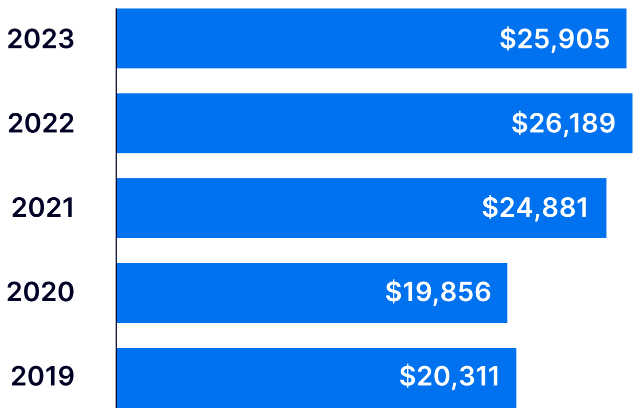


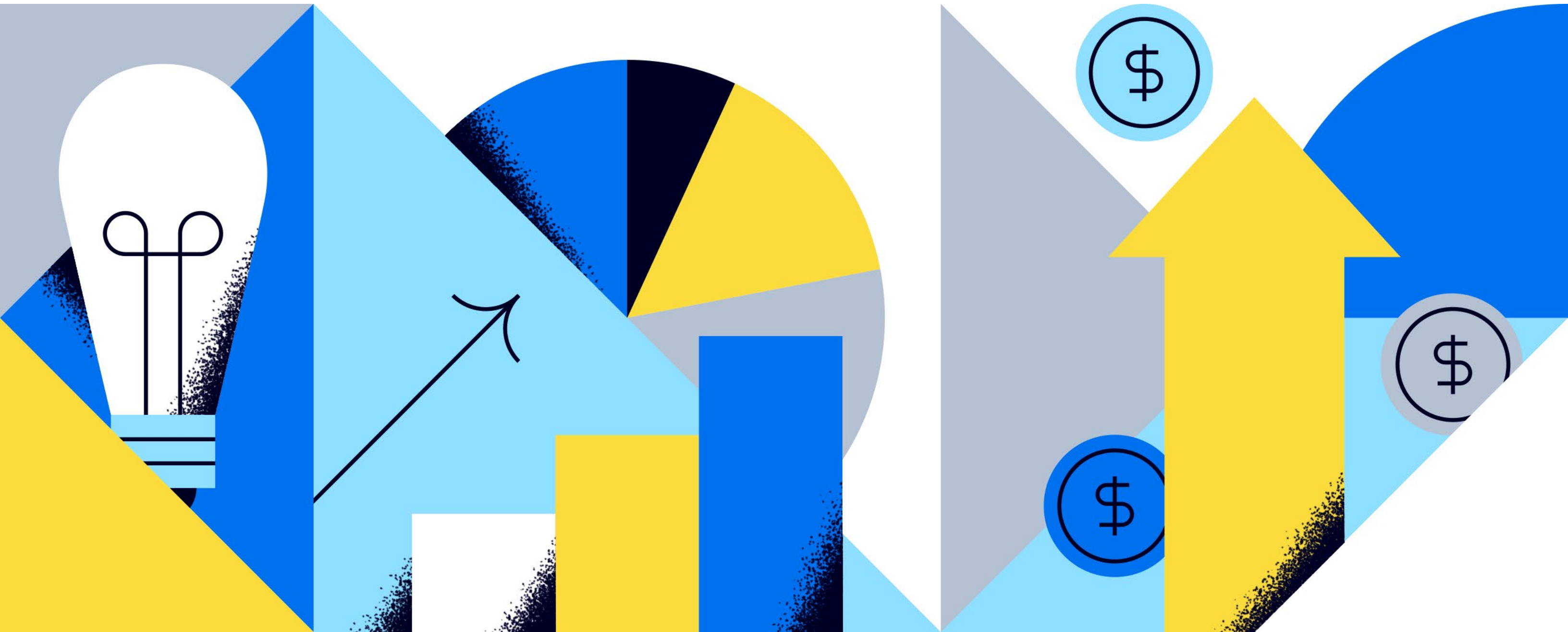
FY2023 FINANCIAL HIGHLIGHTS

Revenue earned by area of expertise

Assets under administration

($ in millions)





DAN HUGO

"Like tiny seeds with potent power to push through tough ground and become mighty trees, we hold innate reserves of unimaginable strength. We are resilient."

—Catherine DeVrye

Resiliency has been the core tenet of the Alberta and ATB story for ages and it has never been more true than over the last number of years. This past year has seen a number of challenges, including geopolitical upheaval, spiking inflation and rapidly increasing interest rates. Albertans have shown incredible strength, with Alberta outperforming the broader Canadian economy.

ATB has mirrored this strength and resiliency and delivered record revenues of over $1.9 billion. Overall market conditions created a challenging environment for other income, but strong loan growth and improved net interest income more than offset these challenges. At the same time, we remained diligent in monitoring expenses, resulting in our efficiency ratio improving to 70.0%, from 70.7% in the prior year. With this backdrop, I am proud that we have been able to achieve record net income before provisions of $581 million.

Net income of $428 million has decreased from the prior year as loan loss provision has started to normalize, given the uncertainty surrounding the economic outlook. The global economy remains vulnerable to various risks and uncertainties, including elevated interest rates and sticky inflation.

ATB has continued our position as a bastion of trust and safety with strong liquidity and record capital levels. As we look forward to FY2024, the strength of our balance sheet and dedication from our team members allow us to be confident in our ability to navigate the uncertain future and achieve our long-term goals.

From our resilient roots, we will continue to grow, expanding our reach and managing a safe and sound financial institution that our clients can depend upon—just as we have done since 1938.

Dan Hugo
Chief Financial Officer

ABOUT THIS REPORT

Scope

ATB operates mainly in Alberta. Our ATB Capital Markets Inc., ATB Capital Markets USA Inc. and ATB Private Equity GP Inc. subsidiaries operate through our Business area of expertise, while ATB Investment Management Inc., ATB Securities Inc. and ATB Insurance Advisors Inc. operate through our Wealth area of expertise.

Reporting period

All activities described in this report were undertaken within fiscal year 2023 (April 1, 2022, to March 31, 2023), unless otherwise noted. This report and its contents are updated in May of each year.

LOCATIONS

ATB provides expert advice, services and products through our many branches and agencies, our 24-hour Client Care Centre, four entrepreneur centres and our digital banking options. We're everywhere you need us to be. To find a location near you, visit atb.com/branchlocator.

Our Branches

Airdrie (2)
Andrew
Athabasca
Banff
Barrhead
Beaverlodge
Black Diamond
Bonnyville
Bow Island
Boyle
Breton
Brooks
Calgary (21)
Camrose
Canmore
Cardston
Caroline
Carstairs
Castor
Chestermere
Claresholm
Coaldale
Cochrane
Cold Lake
Consort
Coronation
Crossfield
Diamond Valley
Didsbury
Drayton Valley
Drumheller
Edmonton (18)
Edson
Elk Point
Fairview
Falher
Foremost
Forestburg
Fort Macleod
Fort McMurray (2)
Fort Saskatchewan
Fort Vermillion
Grande Prairie (2)
Granum
Grimshaw
Hanna
High Level
High Prairie
Hinton
Hythe
Innisfail
Jasper
Killam
La Crete
Lac La Biche
Lacombe
Lamont
Leduc
Lethbridge (3)
Linden
Lloydminster
Magrath
Manning
Mayerthorpe
Medicine Hat (2)
Milk River
Nanton
Okotoks
Olds
Onoway
Oyen
Peace River
Picture Butte
Pincher Creek
Ponoka
Provost
Raymond
Red Deer (2)
Redwater
Rimbey
Rocky Mountain House
Rycroft
Sherwood Park (2)
Slave Lake
Smoky Lake
Spirit River
Spruce Grove
St. Albert (2)
St. Paul
Stettler
Stony Plain
Strathmore
Sundre
Sylvan Lake
Taber
Thorsby
Three Hills
Tofield
Trochu
Two Hills

Our Agencies

Acadia Valley
Alberta Beach
Alder Flats
Altario
Amisk
Arrowwood
Bashaw
Bassano
Bawlf
Beaumont
Berwyn
Big Valley
Blackfalds
Blackie
Blairmore
Bon Accord
Bonanza
Bowden
Bragg Creek
Bruce
Calmar
Carmangay
Carseland
Cereal
Chauvin
Cleardale
Clive
Coutts
Delburne
Delia
Devon
Dewberry
Duchess
Eaglesham
Eckville
Edberg
Edgerton
Edmonton Argyll Agency
Edmonton Capilano
Edmonton Centre 39
Edmonton Century Park Agency
Edmonton Four Directions Financial Services
Edmonton Kingsway
Edmonton Lynnwood
Edmonton Mayfield
Empress
Evansburg
Fox Creek
Gibbons
Glendon
Grande Cache
Halkirk
Hardisty
Heisler
High River
Hines Creek
Holden
Innisfree
Irma
Irricana
Islay
Kinuso
Lake Louise
Lougheed
Mallaig
Mannville
Marwayne
Millet
Milo
Mirror
Morinville
Morrin
Mundare
Myrnam
Nampa
New Sarepta
Newbrook
Nobleford
Paradise Valley
Penhold
Plamondon
Rainbow Lake
Red Earth Creek
Rockyford
Rolling Hills
Sangudo
Sedgewick
Sexsmith
Sherwood Park Emerald Hills Agency
Spruce Grove Agency
St. Albert Boudreau
Standard
Stavely
Stirling
Strome
Swan Hills
Tangent
Thorhild
Vauxhall
Veteran
Vilna
Wabamun
Wabasca
Wandering River
Warburg
Warner
Waskatenau
Wembley
Westerose
Willingdon
Winfield
Worsley
Youngstown

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This is Management's Discussion and Analysis (MD&A) of the consolidated results of operations and the financial position of ATB Financial (ATB) for the year ended March 31, 2023. (See the Glossary and Acronyms for our defined terms.) The MD&A is current as at May 18, 2023. All amounts are reported in millions of Canadian dollars (CDN), except where otherwise stated, and are derived from the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). For further details about the amounts reported, see the Consolidated Financial Statements.

ATB is not a chartered bank under the *Bank Act of Canada* but a financial institution incorporated under an Alberta statute that operates mainly in Alberta. Any reference to the term *banking* in this report is intended to convey a general description of the services provided by ATB to our clients.

Caution Regarding Forward-Looking Statements

This annual report includes forward-looking statements. ATB may also from time to time make forward-looking statements in other written or verbal communications. These statements may involve, but are not limited to, comments relating to ATB's objectives or targets for the short and medium terms, our planned strategies or actions to achieve those objectives and the outlook for our operations or the Alberta economy. Forward-looking statements typically use the words *anticipate, believe, estimate, expect, intend, may, plan* or other similar expressions or future or conditional verbs, such as *could, should, would* or *will*.

By their very nature, forward-looking statements require ATB's management to make numerous assumptions and are subject to inherent risks and uncertainties, both general and specific. A number of factors could cause actual future results, conditions, actions or events to differ materially from the expectations, estimates or intentions expressed in the forward-looking statements. Such factors include, but are not limited to, changes in our legislative or regulatory environment; changes in ATB's markets; technological changes; changes in general economic conditions, including fluctuations in interest rates, commodity prices, currency value and liquidity conditions; the ongoing impacts on the global economy due to the COVID-19 pandemic and the current geopolitical uncertainty; and other developments, including the degree to which ATB anticipates and successfully manages the risks implied by such factors.

ATB cautions readers that the aforementioned list is not exhaustive. Anyone reading and relying on forward-looking statements should carefully consider these and other factors that could adversely affect ATB's future results, as there is a significant risk that forward-looking statements will not be accurate.

ABOUT ATB

History and Mandate

ATB was established by the Government of Alberta (GoA) in 1938 to provide much-needed financial services to Albertans during the Great Depression. ATB became a provincial Crown corporation on October 8, 1997, under the authority of the *ATB Financial Act* and *ATB Financial Regulation* (the *ATB Act* and *ATB Regulation*, respectively).

ATB's legislative mandate, as established in the *ATB Act* and *ATB Regulation*, is to provide Albertans with access to financial services and to enhance competition in the financial services marketplace in Alberta—with the objective of earning a risk-adjusted return that is similar to or better than those of comparable financial institutions, in both the short and long terms. The President of Treasury Board and Minister of Finance of Alberta (the Minister) and ATB have entered into an agreement formalized in a Mandate and Roles document that reflects a common understanding of each party's respective roles and responsibilities in fulfilling ATB's mandate.

As Crown corporations, ATB and our subsidiaries operate under a regulatory framework established pursuant to the provisions of the *ATB Act* and *ATB Regulation*. This legislation was modelled on the statutes and regulations governing other Canadian financial institutions, is updated periodically and establishes that the Minister is responsible for supervising ATB.

ATB also operates within the legal framework established by provincial legislation generally applying to provincial Crown corporations, such as the *Financial Administration Act, Fiscal Planning and Transparency Act* and *Alberta Public Agencies Governance Act* (APAGA), as well as applicable legislation governing consumer protection and privacy. Under APAGA, ATB is recognized as a government commercial enterprise and remains operationally independent from the provincial government. ATB's legal framework also includes certain applicable federal legislation governing money laundering. ATB strives to hold ourself to the standards of our financial services peers and implements industry best practices. As such, ATB voluntarily adopts certain federal requirements and guidelines that apply to our activities.

With the responsibility of overseeing ATB's activities and performance, the Minister holds powers that include examining the business and affairs of ATB to ensure compliance with legislation and applicable guidelines, to ensure ATB is in sound financial condition and to require ATB to implement any measures the Minister considers necessary to maintain or improve ATB's financial safety and soundness.

The Minister has also implemented the *Legislative Compliance Management* guideline for financial institutions, pursuant to which the Board of Directors (the Board) has adopted a regulatory compliance management policy. The key aim of this guideline and policy is to ensure ATB establishes and maintains an enterprise-wide framework of regulatory risk management controls and practices that enable compliance with regulatory requirements. Our dedicated Compliance department is responsible for identifying and monitoring regulatory risk across ATB and for ensuring all areas have implemented key day-to-day controls that promote compliance with applicable legislation.

The Minister has also approved a number of guidelines for ATB similar to those issued by the Office of the Superintendent of Financial Institutions (OSFI), which supervises federally regulated deposit-taking institutions. Regulatory oversight of these guidelines is the responsibility of the Alberta Superintendent of Financial Institutions (ASFI)—the regulatory governing body that supervises ATB. The ASFI's activities are established in the *ATB Act* and described in the *ASFI Supervisory Framework*, which is modelled on OSFI standards.

Among ATB's voluntary compliance activities is compliance with the international capital measurement framework promoted by the Bank of International Settlements—known widely as the Basel capital framework—which includes internal capital adequacy assessment process (ICAAP) practices.

ATB subsidiaries that provide wealth management and investment banking services are also subject to regulatory oversight by the Canadian Investment Regulatory Organization (CIRO), formerly Investment Industry Regulatory Organization of Canada (ATB Securities Inc. and ATB Capital Markets Inc.), and the Alberta Securities Commission (ATB Investment Management Inc., ATB Securities Inc. and ATB Capital Markets Inc.).

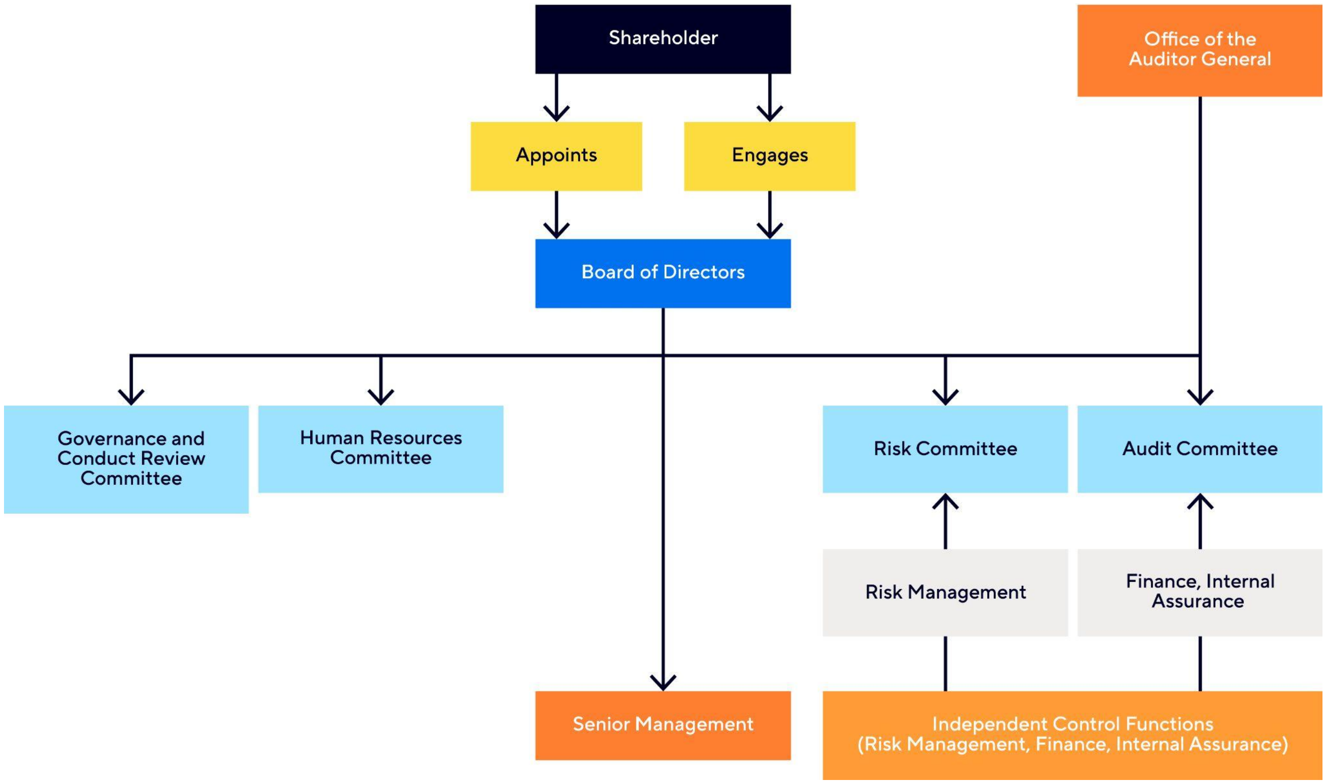
ATB and our subsidiaries pursue compliance with all applicable laws and regulations. Annually, ATB provides the Minister with a formal report on compliance, pursuant to the *ATB Regulation*.

Corporate Governance

ATB's Board is committed to excellence in corporate governance. Our corporate governance policies and procedures exceed those required of us by law and are consistent with both relevant public company securities and regulatory requirements and those set out in OSFI's corporate governance guidelines. ATB's governance framework includes the terms of reference for the Board and each of its committees. Additional governance information is contained in the following documents, which are all available on atb.com:

→ Mandate and Roles document
→ Board of Directors' Code of Conduct and Ethics
→ Key policies related to corporate governance practices approved by the Board
→ Chair of the Board position description
→ Board Committee Chair position description
→ Board Member position description

Governance Structure



Board of Directors and Committees

ATB operates under a Board of Directors appointed by the Lieutenant-Governor in Council (LGIC). By setting the tone at the top, the Board promotes strong governance that is entrenched in ATB's culture. The Board has overall stewardship of ATB, oversees ATB's strategic direction, monitors ATB's performance in executing strategy and meeting objectives, oversees implementation of an effective risk management culture and actively monitors ATB's risk profile relative to risk appetite. The Board employs governance practices and business policies broadly comparable to those of other Canadian financial institutions. With its diverse range of expertise and experience, the Board acts independently of government and management in governing the business and affairs of ATB.

Each committee chair reports to the Board after each committee meeting. Committee responsibilities are set out in terms of reference and reviewed annually by the Governance and Conduct Review Committee. From time to time, various special purpose committees are formed. All committees can engage outside advisors at ATB's expense.

Board and Committee Structure

Board of Directors (Chair: Joan Hertz) Terms of reference	**Audit Committee** Terms of reference	• Oversees the integrity of ATB's financial reporting and internal control systems and our internal assurance and finance functions • Facilitates communication between the Board and its internal and external auditors **Members:** Barry James (Chair), Andy Fraser, Wendy Henkelman, Mary Ellen Neilson, Don Smitten, Jill Matthew and Maryse Saint-Laurent
	Risk Committee Terms of reference	• Oversees ATB's compliance with regulatory requirements • Reviews, approves and oversees compliance to corporate risk management policies **Members:** Mary Ellen Neilson (Chair), Jim Davidson, Barry James, Rob Logan, Robert Pearce, Michael Kelly and Diane Pettie
	Human Resources Committee Terms of reference	• Oversees human resources (HR) policies, procedures and compensation programs, including pension plans • Oversees talent management and executive succession and compensation **Members:** Wendy Henkelman (Chair), Jim Davidson, Andy Fraser, Rob Logan, Manjit Minhas, Jill Matthew and Michael Kelly
	Governance and Conduct Review Committee Terms of reference	• Develops governance policies and procedures, including those related to team member conduct and ethics, ESG, client feedback and board effectiveness • Oversees Board and committee evaluations **Members:** Diane Pettie (Chair), Manjit Minhas, Robert Pearce, Maryse Saint-Laurent and Don Smitten

Chair of the Board

The Chair of the Board is an independent director. The Chair enables the Board to operate independently of management and gives its directors an independent leadership contact.

Joan Hertz was initially appointed Chair effective January 1, 2019, by the Lieutenant-Governor in Council and reappointed January 2022. The roles of Chair and Chief Executive Officer (CEO) are separate.

The Chair is responsible for the management, development and effective functioning of the Board and provides leadership for the Board. Their role is to:

- Represent the Board and its interests, as well as the interests of ATB, in dealing with the Minister, CEO, stakeholders and community.
- Provide leadership to the Board and CEO, including participation in the orientation of new directors and the continuing professional development of current directors.
- Facilitate the functioning of the Board independently of management and maintain and enhance the quality of ATB's corporate governance.
- Ensure effective and open communication between and among the Board and its committees, directors and senior management.
- Chair every meeting of the Board (including in camera sessions).

The Chair's key responsibilities are set out in the Chair position description and Mandate and Roles document. The Governance and Conduct Review Committee approves any amendments to the position description and annually reviews the Chair's effectiveness in fulfilling the requirements of the role.

Board Mandate

ATB is a Crown corporation with regulatory requirements similar to those of chartered banks and credit unions. Pursuant to APAGA, ATB and the Minister agree, via the Mandate and Roles document, on the respective roles and responsibilities of each party in fulfilling ATB's mandate.

The roles and responsibilities of the Board are detailed in the *ATB Act, ATB Regulation,* Mandate and Roles document, bylaws, Board terms of reference and those of its various committees. The Board, either directly or through its committees, is responsible for supervising and managing the business and affairs of ATB. Team members execute ATB's strategy under the direction of the CEO and management, with the Board's oversight.

In performing its role, the Board makes major policy decisions, participates in strategic planning, delegates to management the authority and responsibility for day-to-day affairs and reviews management's performance and effectiveness. Some of the Board's other key responsibilities are described below:

Strategic oversight and planning: The Board is responsible for overseeing ATB's strategic planning processes and oversight functions. This includes approving the strategic plan and monitoring its implementation and effectiveness and reviewing and approving ATB's enterprise-wide objectives and our capital, financial and liquidity plans (including specific requests for major capital expenditures).

Identification of risks and oversight of risk management: The Board approves ATB's risk appetite statement and framework and is assisted by the Risk Committee in ensuring that processes are in place to identify, measure and monitor ATB's key risks; that appropriate policies are implemented and evaluated to manage risk and that ATB complies with legal and regulatory requirements.

Succession planning: The Board approves succession planning processes for the Board, CEO and senior executives. The Governance and Conduct Review Committee reviews the Board succession plan, and the HR Committee oversees CEO and executive succession planning through its review of succession plans and ATB's structure at the executive level.

Governance: The Board establishes ATB's approach to corporate governance and is assisted by the Governance and Conduct Review Committee in reviewing leading governance practices; oversees and approves governance policies related to ESG issues, in conducting evaluations of the performance of the Board, committees, Chair and individual directors and in reviewing terms of reference of the Board and its committees.

Integrity of internal controls: The Board satisfies itself that a culture of integrity is maintained throughout the organization. The Audit Committee oversees implementation of effective internal controls to ensure reliable financial reporting.

Communications and disclosure: The Board oversees communications with the Government of Alberta, which is ATB's Shareholder, and other stakeholders. This includes the Audit Committee reviewing and/or approving key disclosure documents, such as the quarterly and annual reports.

Pension governance: The HR Committee assists the Board in ensuring ATB has appropriate pension governance policies and procedures in place.

Position Descriptions

The Board has approved a written position description for the Chair, committee chairs and directors. The Governance and Conduct Review Committee periodically reviews these position descriptions.

The roles and responsibilities of the CEO are set out in the Mandate and Roles document, as agreed between ATB and the Minister. The HR Committee, in consultation with the Board Chair, also annually reviews the CEO's corporate goals and objectives, which include performance indicators and key milestones relevant to the CEO's compensation. The Board approves such goals and objectives on the committee's recommendation.

Codes of Conduct and Ethics

The Board endorses the principles expressed in two written codes of conduct and ethics (one for directors and one for team members), which are reviewed annually by the Ethics Committee and at least once every three years by the Governance and Conduct Review Committee and are ultimately approved by the Board.

The codes apply at all levels of the organization, from major decisions made by the Board to day-to-day transactions in branches. Both the codes of conduct and ethics are available at atb.com. (See the links above.)

The codes establish the standards that govern the way directors and team members deal with one another, ATB's Shareholder, clients, suppliers, competitors and communities. Within this framework, directors and team members are expected to exercise good judgment and be accountable for their actions. The code for team members is founded on the following six principles:

- Conduct yourself with honesty and integrity.
- Act objectively.
- Respect confidentiality and privacy.
- Honour your commitments.
- Behave in a professional manner.
- Uphold the law, rules and regulations.

Compliance with the team member code is part of the terms and conditions of employment for every team member at ATB. The Board, along with the Governance and Conduct Review Committee, oversees ATB team members' compliance. The Chair is ultimately responsible for monitoring Board members' compliance with the directors' code of conduct and ethics. All directors and team members receive online code training and are required to review and attest to compliance with the relevant code when they join ATB and annually thereafter.

During fiscal year (FY) 2023, the Board had no occasion to consider any waiver from the relevant code for the benefit of any director or executive officer of ATB. The Board also had no occasion to determine that any conduct by an ATB director or executive officer was a material departure from the relevant code as defined in National Instrument 51-102 Continuous Disclosure Obligations*.*

Conflicts of Interest

The codes, *ATB Act, ATB Regulation* and Board Bylaw No. 2 set out processes by which the Board may ensure directors and executive officers exercise independent judgment in considering transactions and agreements in which a director or executive officer has, or may have, a material interest. Pursuant to the Board's conflict of interest policy, each director annually confirms that they have no conflicts of interest that could create a material risk and that they are able to discharge their duties both with integrity and in the best interests of ATB. Directors and executive officers are also under an obligation to disclose actual or potential conflicts of interest. At each Board and committee meeting, directors are obliged to disclose any actual or potential conflict with any item appearing on the agenda. In the event of a conflict of interest, the director must leave the relevant portion of the meeting and not vote or participate in the decision. Should a conflict become incompatible with service as a director, the director must offer their resignation.

Safe Disclosure and Whistleblower Protection

As a Crown corporation, ATB is subject to the *Public Interest Disclosure (Whistleblower Protection) Act* (PIDA). To meet ATB's obligations under PIDA and to further enhance our commitment to ethical behaviour, ATB has a whistleblower policy that is periodically reviewed by the Board. The policy governs ATB's whistleblower program, which provides team members, directors, clients and vendors with a method by which they can confidentially—and without fear of reprisal—report good faith concerns about unethical or inappropriate activity (including wrongdoing) of team members or directors in the conduct of ATB's business. Under this program, ATB has arrangements with an external service provider to manage anonymous email, telephone and web-based reports regarding alleged improper activity and wrongdoing. Such reports are reviewed and managed in accordance with the applicable framework.

In FY2023, no disclosures of wrongdoing were made or referred to the designated officer under PIDA, and the designated officer did not commence any investigations related to wrongdoing under PIDA.

Independence

The Board has determined that every member of the Board is "independent" within the meaning of ATB's director independence policy and the relevant Canadian Securities Administrators (CSA) guidelines. Each Audit Committee member meets additional independence criteria for audit committees under the director independence policy and applicable law.

The Board believes it needs to operate independently of management to be effective. To this end, Board and committee members are not part of management and do not have relationships with ATB that may, or may be seen to, interfere with the exercise of their independent judgment. The Board adopted a director independence policy based on the requirements of the CSA guidelines for determining whether a director is "independent" and whether each member of the Audit Committee meets the applicable Canadian criteria for membership on that committee. The Governance and Conduct Review Committee reviews the director independence policy at least once every three years, makes annual determinations concerning each director's independence and reports to the Board on the directors' independence status.

Pursuant to the director independence policy, a director is deemed independent if the Governance and Conduct Review Committee affirms the director has no direct or indirect material relationship with ATB. In making its determination, the committee considers such matters as the nature and importance of the director's connections to ATB and the people or organizations the director is related to (such as a spouse). ATB collects such information through an annual due-diligence process that includes:

- Each director's comprehensive written disclosure attesting to their independence, related-party matters and potential conflicts of interest.
- Each director's biographical information.
- Privately held meetings between the Chair and each director and a full report of these meetings to the Board.
- Internal records and reports on relationships between directors, entities affiliated with directors and ATB.

The Governance and Conduct Review Committee then considers whether the director could reasonably be expected to be objective about management's recommendations and performance.

In addition, the Board has implemented the following policies and practices:

- At each regularly scheduled Board meeting, including those of Board committees, the Board and each committee meet in camera without management. Time to do so is provided at each regular Board and committee meeting. During FY2023, the Board held 4 regular meetings and the committees held 30 meetings in total.
- The Board and each committee may engage their own independent advisors at the expense of ATB. This is considered an important tool to ensure the Board's independence from management.

To ensure directors have sufficient time and energy to devote to their responsibilities, and that no conflicts or circumstances arise that could impact independent thinking, ATB monitors other boards on which our directors serve. An "interlock" occurs when two or more directors of ATB are also directors of another company. Although ATB does not set a formal limit on the number of boards or interlocking board and committee memberships, the Governance and Conduct Review Committee reviews these memberships as part of the annual director attestation process.

In FY2023, there was one interlocking directorship among ATB's Board of Directors.

Diversity and Inclusion

Board Diversity Policy and Diversity in Board Positions

The Board recognizes the benefits of promoting a corporate culture that supports diversity and inclusion in the composition and operation of the Board and throughout ATB. In support of the Board's effectiveness framework, the Board has approved a diversity policy to promote an environment conducive to the recruitment of highly qualified directorial candidates with diverse backgrounds, who will provide diversity of thought at the Board table.

While the diversity profile is considered in the recruitment of qualified Board candidates, director recruitment is based on merit and the expected contributions the selected candidate will bring to the Board. From 2015 to 2017, the Board's target for female representation on the Board was 25%, and that target was achieved in each of those years. In November 2017, the Board revised its target to have 50% female representation. *As of March 31, 2023, 7 of the 14 Board members (50%)—including the Chair—were women, and three of the four committees were chaired by women.* The diversity policy was last reviewed in FY2022. At that time, the Board decided not to set any specific targets related to any other diversity factors.

Fiscal Year	Diversity target	Gender representation
2023	50% female	50.0% female
2022	50% female	50.0% female
2021	50% female	46.2% female
2017–20	50% female	50.0% female

In FY2023, all ATB directors participated in a survey to obtain a baseline of the diversity of the Board. The survey included questions that assessed the diversity of background and experience, with the goal of understanding diversity of thought. After reviewing the results, the Governance and Conduct Review Committee ascertained that the Board possessed adequate diversity of thought to be effective.

ATB Diversity Policy and Diversity in Executive Officer Positions

In 2015, ATB set an enterprise goal to strengthen the diversity of team members by considering factors such as gender balance, diversity in leadership roles and inclusion of Indigenous and disabled team members. The first step was identifying and reporting on the diversity of ATB's team member population. ATB's current focus is on ensuring that we offer an inclusive work environment.

Through our talent management and succession planning processes, ATB regularly monitors and reviews the number of women in executive and senior leadership positions. The executive team and HR Committee of the Board review the results of these processes, including year-over-year changes, and discuss both the number of women who currently hold executive officer positions and the gender balance of the succession pipeline.

The following table shows the number and percentage of men and women in executive officer and executive roles at ATB, as of March 31, 2023. The phrase "executive officer" is used in the regulations related to the gender diversity of executive officer staff across companies, whereas "executive" is ATB's preferred term for our executive staff. The executive officers also include officers of ATB Wealth subsidiaries and ATB Capital Markets Inc.

Gender	Number of executive officers	Percentage of executive officers	Number of executives	Percentage of executives
Men	10	56%	30	58%
Women	8	44%	22	42%
Total	**18**	**100%**	**52**	**100%**

While the best candidate for each role will ultimately be chosen, ATB reviews a diverse slate of candidates when seeking potential team members for executive positions. At the executive level, ATB has chosen to not set targets for the representation of women nor for other diversity factors. While increasing diversity at senior levels in the company is considered integral to succession planning, ATB will continue to hire based on merit. ATB will continue to work toward increasing the diversity of our team, including executive officers and executives.

Effectiveness and Evaluations

In FY2023, the Board approved a Board Effectiveness Framework that recognizes the need for the Board to continually enhance its effectiveness in order to facilitate the long-term sustainability of ATB. The framework identifies a board evaluation process among six key interdependent processes the Board uses in assessing and enhancing effectiveness. The following outlines how the framework supports the board evaluation process:

- The Board and each of its committees annually evaluate their effectiveness, and directors regularly participate in a peer review. These evaluations allow ATB to identify gaps in skills and expertise, update our Skills Matrix and provide targeted development opportunities to directors.
- The Board annually evaluates the effectiveness of the Board and its Chair, its committees and their chairs, its individual directors and the CEO.
- The results of the effectiveness review also inform whether any changes are required to the structure or terms of reference of the committees.
- The Board and its committees annually review whether they have completed their responsibilities under their terms of reference and work plans and report their findings to the Governance and Conduct Review Committee. The Board Chair collects, analyzes and actions relevant information related to individual directors, with the objective of performance improvement.
- The Board periodically engages a third party to conduct the evaluation.

For FY2023, the Board and its committees determined they had met their key accountabilities. An independent third-party evaluation and assessment, led by the Governance and Conduct Review Committee, was conducted in FY2023. The Board engaged National Growth Partners, who assessed the Board as highly effective.

Succession and Director Nomination/Appointment

The Governance and Conduct Review Committee, composed entirely of independent directors, oversees director succession and nomination in conjunction with the Board Chair. The recruitment process is an opportunity for the Board to seek eligible qualified candidates who possess the skills and competencies identified in the Directors' Skills Matrix and determined through the annual evaluation.

The Board Chair and Governance and Conduct Review Committee Chair work with the Province of Alberta's Public Agency Secretariat and Executive Search branch, as well as representatives of the Minister, to assist the Governance and Conduct Review Committee in nominating candidates for the Board based on an inventory of the Board's overall skill-set requirements and competencies. Recommendations are based on a careful examination of the Board's size, composition and director tenure, while balancing factors such as age and geographical, professional and industry representation—with consideration of ATB's diversity policy.

The Governance and Conduct Review Committee ensures that Board selection complies with APAGA and the Mandate and Roles document. The committee also ensures that director recruitment is publicly advertised and considers general qualifications, legal requirements, business experience, independence and the Board's diversity profile and future needs.

With the assistance of the Governance and Conduct Review Committee, the Board monitors succession requirements and the Skills Matrix and provides an inventory of director competencies to the Minister. When a vacancy occurs, the Board identifies the required competencies and provides these to the Executive Search branch of the Province, which assists in recruitment. The Executive Search branch and the Governance and Conduct Review Committee then review the applications. A selection and interview panel consisting of the Board Chair, the Governance and Conduct Review Committee Chair and representatives of the Province screens and interviews potential candidates with the required competencies and values. A short list of selected candidates is then reviewed and the search team conducts background checks. The selection and interview panel provides its recommendations to the Minister, who recommends appointments to the Lieutenant-Governor in Council. The Mandate and Roles document sets forth the Minister's expectations with respect to director selection.

Director Tenure

The Board reflects a balance between experience and the need for renewal and fresh perspectives. Director appointments are for a fixed term of up to 3 years with, upon recommendation by the Chair, the possibility of extending tenure to a maximum of 10 years total.

Board Size

There is no minimum or maximum required number of directors for the Board. Annually, the Governance and Conduct Review Committee reviews the Board size. In considering this, it balances the competing goals of keeping the Board small enough for effective discussions and offering adequate representation to meet the demands of Board and committee work, in the context of ATB's business and operating environment.

Orientation and Professional Development

The Governance and Conduct Review Committee oversees the process to assist new directors with understanding the nature and operation of ATB's business, the role of the Board and its committees and the contribution individual directors are expected to make.

To enhance Board effectiveness, directors must be fully engaged as soon as possible. Directors meet with key individuals to learn about the Board, its committees and each director. Meetings with the Chair and CEO enable new directors to learn about ATB's strategy and business.

The program includes comprehensive education sessions, at which the CEO and other executive members present and answer questions about how ATB is managed, our key businesses, strategic direction, HR, information technology (IT), the regulatory environment, directors' responsibilities and the significant issues and key risks ATB faces. Committee chairs also meet with new directors appointed to serve on the committees.

All new directors receive a digital Board member handbook, which includes:

- Key corporate governance and public disclosure documents, including Board and committee charters.
- Information about the evaluation process for the Board, its committees and chairs and individual directors.
- Important policies and procedures, including the codes of conduct and ethics.
- Organizational charts and other business materials, including financial statements and regulatory information.

The Governance and Conduct Review Committee oversees continuing education for directors. ATB's professional development guideline encourages directors to improve their skills and deepen their understanding of ATB, our environment and our corporate governance practices. All directors are eligible for continuing training and education through external seminars, educational materials and participation in the Institute of Corporate Directors (ICD). Periodically, the Board participates in tours of ATB branches and other facilities to gain a better understanding of ATB's operations. ATB also conducts ongoing information sessions for directors—hosted by senior executives and industry participants—about significant or new aspects of the business.

In FY2023, individual Board members participated in the following training, conferences and courses, among others:

- ASC: LIFE and Self Certified Investor Session
- ASC: Securities Laws Updates and Trends
- ATB Business Summit
- Board Ready Women: Effective Year-End Governance for Boards
- CPA: ESG Symposium
- CPA/ICD Ethical Leadership in an Age of AI
- Creative Destruction Lab: Simple Economics of Blockchain
- Creative Destruction Lab: The Simple Economics of Fintech
- Deloitte: Tech Savvy Boards—Tech Strategies for Economic Slowdown
- Deloitte: The Davos 2023: Lessons for Directors
- FEI Canada: Virtual Interchange Symposium
- Hugessen: 2022 Proxy Season
- ICD: National Director Conference
- ICD: Enterprise Risk Oversight for Directors
- ICD: Human resources course
- ICD: Event on Indigenous relations
- ICD: Oversight of Energy Transition
- ICD: What All Directors Need to Prepare for the Transition to Net Zero
- ICD: Climate and Social Insights
- ICD: Governance in Uncertain Times
- ICD: Issues Management

- ICD: Future of Work
- ICD: The Board's Role in CEO Transitions
- ICD: Digital Transformation
- ICD: Navigating Rising Expectations for Canadian Boards
- Inventures
- KPMG: Year End Enterprise Update
- One ATB Leadership Conference
- Russell Reynolds-McKinsey: Leadership for a Sustainable Future Conference
- University of Alberta: Indigenous Canada
- What Works Summit

In FY2023, Board and committee members participated in the following presentations, which were organized by management:

ATB Ventures, Data and Cybersecurity
ATB Wealth Expansion
Annual Board Retreat—Path to 2030
Open Banking
Pension Education Session

Subsidiary Governance

The Board plays a key role in overseeing the governance of ATB's wholly owned subsidiaries. Oversight is led by the Governance and Conduct Review Committee. The Board approved a subsidiary governance policy that categorizes ATB's subsidiaries and sets out Board composition for subsidiaries and governance standards. The Board and committees receive regular reporting on the subsidiaries' governance, risk and compliance.

A Closer Look at Our Directors

The following summaries describe the careers, education and competencies of ATB's directors, who work diligently to honour ATB's governance values. Their commitment to ATB matters is demonstrated through their strong attendance record.

Joan Hertz

LLB, KC, ICD.D, GCB.D in ESG

Edmonton
Age 50–59
Director since 2019
ATB committees
Chair of the Board
Employment status
Owner

Career and education summary

Joan Hertz chairs ATB Financial's Board of Directors. She previously served as a director at ATB from 2008 to 2018 and as Chair of the Governance and Conduct Review Committee. Joan was previously Interim President and CEO of NorQuest College, and she is currently a corporate commercial lawyer and strategic consultant. She serves as Board Chair for the Edmonton International Airport.

Joan sits as a public member on the Chartered Professional Accountants of Canada Board. She also serves on the Alberta Machine Intelligence Institute Board, leading research and development of AI, as well as numerous other private company boards.

Current directorships

- Edmonton International Airport
- CPA Canada Board
- Silvacom Holdings Corp.
- Alberta Machine Intelligence Institute
- FortisAlberta

Past directorships

- Judicial Council
- Edmonton Police Foundation
- Kids Kottage Foundation
- Edmonton Catholic Cemeteries
- Institute of Chartered Accountants of Alberta
- CPA Alberta Joint Venture
- Alberta Promise
- Covenant Health
- Canadian Accelerators and Incubators Network

Barry James

BCom, FCPA, FCA, ICD.D

Edmonton
Age 60–69
Director since 2014
ATB committees
Board Vice Chair, Audit (Chair), Risk
Employment status
Corporate Director

Career and education summary

Barry James is Vice-Chair of the Board, chairs the Audit Committee and is a member of the Risk Committee. Barry has extensive and comprehensive financial acumen and literacy from his time as a partner at PwC, which included 10 years as managing partner of the Edmonton office. He actively serves on the fiduciary and advisory boards of public and private companies, foundations, Crown corporations and other organizations. He recently retired as the Chief Corporate Development Officer at Lloyd Sadd Navacord Insurance.

Barry received a BCom degree with distinction from the University of Alberta and a CPA designation from the Chartered Professional Accountants of Canada. He is a Fellow of the Chartered Professional Accountants of Alberta and has an ICD.D designation from the Institute of Corporate Directors.

Current fiduciary directorships

- Corus Entertainment Inc. (Audit Committee Chair)
- AutoCanada Inc. (Audit Committee Chair)
- Edmonton Galleria Foundation
- Norseman Group
- Kipnes Foundation
- Inuvialuit Investment Corp.
- Treadmark Properties
- University of Alberta Properties Trust Inc.

Past directorships/roles

- Stollery Children's Hospital Foundation
- Edmonton Convention Centre Authority
- Forest Industry Suppliers' Association of Alberta
- Edmonton Space and Science Foundation
- Support Network Foundation
- University of Alberta Board of Governors
- Government of Alberta (Audit Committee Chair)
- University of Alberta Hospital Foundation

Jim Davidson

BES, ICD.D

Calgary
Age 60–69
Director since 2020
ATB committees
Risk, Human Resources
Employment status
Corporate Director

Career and education summary

Jim Davidson cofounded FirstEnergy Capital Corp.—Canada's leading energy-focused investment bank—in 1993 and retired from the organization in 2018. In 2022, he was awarded the Queen Elizabeth Platinum Jubilee Award in Alberta. In 2016, he was inducted into the Investment Industry Association of Canada Hall of Fame and was awarded a lifetime achievement award by the Oil & Gas Council. Jim is also a recipient of the Queen Elizabeth II Diamond Jubilee Medal awarded by the Governor General of Canada.

Under Jim's leadership, FirstEnergy won numerous awards for business leadership and community service. FirstEnergy was recognized as one of Canada's 50 Best Managed Companies and the Best Workplace for Volunteerism and Community Involvement. In 2014, FirstEnergy was awarded the Generosity of Spirit Corporate Philanthropist award during National Philanthropy Week. Jim's stewardship includes tenure as governor of the former Alberta Stock Exchange and sat on the board of trustees of The Fraser Institute.

Current directorships

- Business Council of Alberta
- Creative Destruction Lab (CDL West)
- Economic Futures Council of the Junior Achievement of Southern Alberta
- Fraser Institute
- Modern Miracle Network
- TOPAZ Energy
- Alliston at Home

Past directorships

- Alberta Stock Exchange
- Business Council of Canada
- Calgary Economic Development
- Calgary Humane Society
- Parks Foundation Calgary

Andrew Fraser
BA, MBA, ICD.D

Stony Plain
Age 60–69
Director since 2020
ATB committees
Audit, Human Resources
Employment status
Corporate Director

Career and education summary

Andrew (Andy) Fraser is the former CEO and Executive Chair of NCSG Crane and Heavy Haul and the previous CEO of Camex Equipment Sales and Rentals. During his 30 years of experience with Finning International, he held a variety of executive roles across the company's Canadian and International operations. Andy brings a wealth of executive management experience in sales, marketing, operations and customer relations. Over the past 15 years, Andy has also served as a director on various boards, both locally and internationally, in energy, manufacturing and distribution. He also completed the Directors Education Program at the Institute of Corporate Directors, University of Alberta/Rotman, where he received his ICD.D designation. Andy completed the Stanford Directors' College Program in 2021.

Andy received his BA in Economics at Wilfrid Laurier University in Waterloo, Ontario, majoring in International Trade Theory. He then attended Royal Roads University in Victoria, BC, where he received a Master's in Business Administration with a major in Project Research in Culture Change during Mergers and Acquisitions.

Current directorships

- Aquatera Utilities

Past directorships

- Cougar Drilling Ltd.
- Business Council of British Columbia
- Pipeline Machinery International
- Energyst
- OEM Remanufacturing
- Edmonton YMCA
- Careers: The Next Generation

Wendy Henkelman
BCom, CPA, CA

Edmonton
Age 50–59
Director since 2014
ATB committees
HR (Chair), Audit
Employment status
Corporate Director

Career and education summary

Wendy Henkelman is a finance professional specializing in the areas of finance, taxation and accounting. She has held leadership positions at Penn West Exploration as Vice President of Treasury and Compliance and served as the executive in charge of tax and royalties at Shell Canada.

Wendy holds a BCom with distinction from the University of Alberta, has CPA and CA designations and has completed the In-Depth Income Tax program through the Chartered Professional Accountants of Canada and an executive leadership program from Wharton School of Business at the University of Pennsylvania.

Current directorships

- Postmedia Network Canada Corp. (Audit Committee Chair)
- TriSummit Utilities (Audit Committee Chair)

Past directorships

- Shell Canada Pension Trust (Chair)
- Albian Sands Pension Trust (Chair)
- Cervus Equipment Corporation (Audit Committee Chair)
- Canadian Petroleum Tax Society (President)
- Cochrane and Area Humane Society

Michael Kelly

CPA, CA, ICD.D

Calgary
Age 50–59
Director since 2022
ATB committees
Risk, Human Resources
Employment status
Owner

Career and education summary

Michael Kelly is a business leader with over 30 years of experience working with growth-oriented businesses in Canadian and international markets. Michael held various executive roles for Trican Well Service Ltd. from 1997 to 2013. During that time, he helped the company grow from a regional Canadian service company to a global presence, with operations spanning North America, MENA, Australia, Russia and Kazakhstan.

Michael currently chairs the boards of Habitat Life Science and Enersoft Inc., and he has extensive board experience in the private and public sectors, in industries that include oil field services, AgTech, cannabis and digital technology.

Michael is an experienced finance professional who holds a CPA, CA designation and a certified director with an ICD.D designation.

Current directorships

- Habitat Life Science
- Enersoft Inc.
- Interra Energy Services Ltd.
- Lil'E Coffee Cafe

Past directorships

- STEP Energy Services Ltd.
- Dixie Energy Ltd.
- HSE Integrated Ltd.
- Decibel Cannabis Company

J. Robert Logan

Hons. B.Sc., MBA, ICD.D

Calgary
Age 60–69
Director since 2020
ATB committees
Human Resources, Risk
Employment status
Corporate Director

Career and education summary

Rob Logan gained comprehensive experience in all aspects of the finance industry while serving as an executive at both Canadian and US multinational banks. He is the retired CEO of Osprey Informatics, a Calgary-based AI company. Rob brings a unique combination of experience to the Board, having been CEO of two Alberta-based technology companies, an advisor to a small- and medium-sized enterprise acquisition fund and a member of several public and private boards. During his career, Rob's leadership assisted three successful corporate turnarounds, two world-class business builds and the adoption of game-changing AI technologies at Osprey.

Currently, Rob is active as a mentor and investor at Galatea Technologies and in the Alberta technology community. He holds a Jt. Hons. B.Sc. degree from the University of Waterloo, an MBA from the University of Western Ontario and an ICD.D designation.

Current directorships

- Galatea Technologies

Past directorships

- Osprey Informatics
- CanElson Drilling
- Orvana Minerals
- Carmanah Technologies
- AZ Technology Investors

Jill Matthew

CPA, CA, CMC, ICD.D

Calgary
Age 60—69
Director since 2022
ATB committees
Audit, Human Resources
Employment status
Employed

Career and education summary

Jill Matthew is the Vice President, Administration and Chief Financial Officer at NorQuest College and is its former Chief Customer Experience Officer. She brings comprehensive financial acumen and literacy and a deep understanding of client experience to the Board, which she gained during her 30 years in the private and public sectors.

She has expert knowledge of strategic planning, performance management, risk management, corporate development, customer service and retail energy operations, having served for over 9 years with NorQuest College and 13 years with EPCOR, in various executive roles.

Jill is the Chair of the Alberta Safety Codes Council. She was previously the Chair for the Bissell Centre, the Audit Committee Chair for Athabasca University, and in 2013 she was inducted into the university. She is a CPA, CA, Certified Management Consultant and holds an Institute of Corporate Directors designation.

Current directorships

- Alberta Safety Codes Council (Chair)

Past directorships

- Alberta Ballet
- Athabasca University
- Canadian Foundation for Ileitis and Colitis (Edmonton Chapter)
- Bissell Centre
- uDigit Systems

Manjit Minhas

B.Sc.

Calgary
Age 40–49
Director since 2017
ATB committees
Human Resources, Governance and Conduct Review
Employment status
Owner

Career and education summary

Manjit Minhas is an entrepreneur and venture capitalist in the liquor industry. She also appears as a television personality on the Canadian reality series Dragons' Den, where she has invested in dozens of Canadian businesses. Manjit's unique experience has given her a range of knowledge in brand development, marketing, sales management and retail negotiation.

Manjit has enjoyed a variety of board experiences, including serving as former co-chair of the United Way campaign, and she has a strong connection to Alberta through her numerous philanthropic endeavours.

Current directorships

- YYC Calgary Airport Authority
- Alberta Brewers Association (ESG Committee chair)
- Decibel Cannabis Company
- Hull Services Mental Health Charity

Past directorships

- West Island College
- TransCanada Trail
- United Way (Campaign Chair)
- Inner Spirit Holdings (Spiritleaf Cannabis)

Mary Ellen Neilson

BCom, CPA, CMA, MBA, ICD.D

Calgary
Age 60–69
Director since 2017
ATB committees
Risk (Chair), Audit
Employment status
Corporate Director

Career and education summary

Mary Ellen Neilson had a successful career in financial services, where she held various senior executive positions in a national bank with extensive experience in banking, financial services, credit and loan losses. She served on and chaired various boards, committees and organizations. Mary Ellen is an elected senator for the University of Calgary and was a member of the Board of Governors, where she served as vice-chair of the Investment Committee and chair of the Finance and Property Committee. Mary Ellen was an Executive Director at the Association for Rehabilitation of the Brain Injured until early 2020.

Mary Ellen has her BCom from the University of Calgary, her MBA from York University, her CMA and CPA from the Chartered Professional Accountants of Ontario and Alberta and her ICD.D from the Institute of Corporate Directors.

Current directorships

- Law Society of Alberta

Past directorships

- University of Calgary Senate and Board of Governors
- Art Gallery of Alberta
- Glenbow Museum Board of Governors
- Society of Management Accountants of Alberta
- YWCA of Calgary
- Association for the Rehabilitation of the Brain Injured

Robert Pearce

B.A.Sc., MBA, ICD.D

Calgary
Age 60–69
Director since 2014
ATB committees
Risk, Governance and Conduct Review
Employment status
Corporate Director

Career and education summary

Robert Pearce gained his experience through various advisory and C-suite roles in the energy business. He worked as President, CEO and Co-founder of North West Upgrading, as Treasurer of PanCanadian Energy and as Chief Operating Officer of Harvest Operation Corp. He is the past chair of Prospect Human Services.

Robert has a B.A.Sc. degree in Geological Engineering from the University of British Columbia, an MBA from the University of Calgary and an ICD.D designation from the Institute of Corporate Directors.

Current directorships

- Scenic Sands Community Association
- G3 Nutrition

Past directorships

- North West Upgrading
- Aliron Exploration
- Jupiter Resources
- Prospect Human Services (Past Chair)

Diane Pettie
JD, FCG, KC, ICD.D

Calgary
Age 60–69
Director since 2014
ATB committees
Governance and Conduct Review (Chair), Human Resources
Employment status
Corporate Director

Career and education summary

Diane Pettie is a retired lawyer and certified corporate director. She brings 35 years of legal practice and executive and corporate governance experience to board discussions.

Diane served as Vice President, General Counsel and Corporate Secretary of TSX-listed Canexus Corporation, a chemical manufacturing company. She was Assistant Vice President at Sempra Energy Trading, Associate General Counsel at Mirant Corporation, General Counsel and Corporate Secretary at Pan-Alberta Gas Ltd. and Manager, Legal Services at TransCanada.

Diane has her Juris Doctorate from the University of Alberta and is a Fellow of the Chartered Governance Institute of Canada. She was honoured with a King's Counsel appointment and was awarded the designation of ICD.D by the Institute of Corporate Directors.

Current directorships

- Alberta Petroleum Marketing Commission
- Women in Law Leadership

Past directorships

- Society of Management Accountants of Alberta
- Accountants Unification Joint Venture Board
- Association of Women Lawyers
- Law Society of Alberta (Audit Committee)
- Calgary Region Arts Foundation
- CPA Alberta
- CPA Canada (Independence Standing Committee)

Maryse Saint-Laurent
LLB, LLM, ICD.D

Calgary
Age 60–69
Director since 2022
ATB committees
Governance and Conduct Review, Audit
Employment status
Owner

Career and education summary

Maryse Saint-Laurent is an accomplished executive and corporate director with over 25 years of experience as a business-oriented corporate, transactional and securities lawyer in the energy and resource sectors. Maryse has led several M&A and financing transactions and has a strong governance background. She also possesses over 30 years of direct and indirect experience in human resources, compensation and benefits administration.

Maryse holds a Master of Laws degree in securities and finance from York University's Osgoode Hall Law School. She earned an LLB, BA and certifications in both Human Resources Management and Indigenous Canada from the University of Alberta. She also has an ICD.D designation.

Current directorships

- North American Construction Group

Past directorships

- Pretivm Resources Inc.
- Alberta Securities Commission
- Guyana Goldfields Inc.
- Calgary Prostate Cancer Centre
- Western Sky Land Trust
- Turquoise Hill Resources

Donald Smitten

CPA

Calgary
Age 60–69
Director since 2022
ATB committees
Governance and Conduct Review, Audit
Employment status
Owner

Career and education summary

Don Smitten worked for 20 years as President and CEO of the Alberta Motor Association and also served as CEO and board member for two AMA subsidiaries: Alberta Motor Association Insurance Company and Bridgewater Bank. He brings a wealth of experience in risk management, strategic planning, organizational culture, growth and purpose from the various executive positions he held during his tenure at AMA.

Don previously served on the board of the Canadian Automobile Association; Travel Systems Technology, LLC and various not-for-profit organizations. He is currently a board member of Excel Society and sits on its Governance Committee.

Current directorships

- Excel Society

Past directorships

- Canadian Automobile Association
- Travel Systems Technology, LLC
- Alberta Craft Council
- Caritas High School
- Saint John's School of Alberta

Key Areas of Competency

The Board has approved a Board Effectiveness Framework that identifies, among other processes, having a Skills Matrix as a means of ensuring that "ATB has the right Board at the right time." The Directors' Skills Matrix supports ATB's Board Outcome, which is "Generating long-term Shareholder value by effectively competing in the market with a level playing field."

The core competencies for a director are listed in the Board Member Position Description and include leadership acumen, critical thinking and risk management, and strategic thinking and planning at the Board level. The Board of Directors defines "director competency" as the skills, knowledge, experience, education and training that can be assessed and contribute to the effectiveness of the director and the Board as a whole. The Board acknowledges that experience is not necessarily synonymous with competency, which is broader in focus. Annually, the Board reviews the areas of competency noted in the chart below and conducts an assessment of director competency, and of the Board as a whole, relative to ATB's strategic plans and the Board's goals. Through self- and peer-assessments and meetings with the Board Chair, director competency is validated. Gaps are identified and addressed through professional development opportunities for directors and the Board and through Board recruitment and reappointment.

The Board Effectiveness Framework identifies that the Board as a whole should have diversity of thought and experiences to support its effectiveness, in addition to the competencies set out in the Skills Matrix. To continue to maintain diversity of thought, the Board approved a diversity policy, which identifies examples of characteristics and backgrounds that support being diverse, including such things as age, geography, ethnicity and gender.

The grey shading in the following chart indicates significant experience and proficiency in an area (more than is represented by a checkmark alone). The Board of Directors as a whole is considered to have significant proficiency in an area where at least three directors are proficient and two other directors are competent.

Area of competency (knowledge, skills and experience)	Individual directors														Board as a whole
	J. Hertz	B. James	J. Davidson	A. Fraser	W. Henkelman	M. Kelly	R. Logan	J. Matthew	M. Minhas	M. Neilson	R. Pearce	D. Pettie	M. Saint-Laurent	D. Smitten	
Years on the Board	5	9	3	3	9	1	3	1	6	6	9	9	1	1	
Current term years	2022–2025	2020–2023	2020–2023	2020–2023	2020–2023	2021–2024	2022–2025	2020–2023	2022–2025	2022–2025	2020–2023	2020–2023	2020–2023	2022–2025	
ATB Financial considers all Board members to have significant proficiency in: 1) leadership acumen 2) critical thinking and risk management and 3) strategic thinking and planning at the Board level.															
Executive Leadership (1)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sustainability and Stakeholder Engagement (2)	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Financial Literacy (3)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓*
Governance (4)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Talent Management and Compensation (5)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Industry (6)	✓	✓	✓		✓		✓	✓		✓	✓			✓	✓
Entrepreneurialism (7)	✓	✓	✓	✓		✓	✓		✓		✓				✓
IT/Technology (8)	✓	✓			✓	✓	✓	✓	✓					✓	✓
Business Transformation (9)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Community (10)	✓	✓	✓	✓	✓			✓	✓	✓		✓		✓	✓
Legal Acumen (11)	✓	✓			✓		✓				✓	✓	✓		✓**

(1) Executive Leadership: Experience leading as Chief Executive Officer or senior executive (or equivalent C-suite role) in a large organizational setting of at least similar size and complexity as ATB Financial (e.g., corporate, academic or not-for-profit).
(2) Sustainability and Stakeholder Engagement: Experience engaging with stakeholders, making use of their advice and managing public commitments toward sustainability. Experience identifying risks and opportunities created by environmental and social issues and integrating them strategically into the business. Experience with board oversight of environmental, social and governance (ESG) and knowledge of how to create and implement metrics for ESG.
(3) Financial Literacy: Experience in financial accounting and reporting and corporate finance, especially with respect to a financial institution (e.g., internal controls, audit, IFRS and Generally Accepted Accounting Principles [GAAP]). May hold CA, CPA, CMA or CGA designation or similar. *Financial Literacy is defined in the ATB Financial Audit Committee terms of reference as the "ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by ATB Financial's financial statements."
(4) Governance: Strong understanding or experience in governance processes, policies and accountabilities by which corporations are directed and controlled, including understanding the roles and relationships between stakeholders, directors and management.
(5) Talent Management and Compensation: Proficiency in, and a thorough understanding of, talent management strategy and compensation (e.g., processes to identify, attract, evaluate, develop and retain talent to meet the strategic ambitions of the company; succession planning; change management; organizational culture retention and development; compensation programs and pensions). May include experience with collective agreements and union dynamics.
(6) Financial Industry: Understanding of financial services gained from experience at a Canadian bank, or at a US bank with comparable size and market to ATB. May include experience at a larger credit union. May be recognized as a subject matter expert in a related industry (e.g., insurance, investment banking, pension management, treasury management or wealth management) or may have experience auditing any of the foregoing.
(7) Entrepreneurialism: Experience in owning or leading a small- or medium-sized entrepreneurial business within a broad range of industry (e.g., retail, agriculture, energy or natural resources). Awareness and thorough understanding of reputation and brand, sales and marketing, customer satisfaction and customer experience.
(8) IT/Technology: Strong understanding of technology and IT-related issues such as IT project management, DevOps or software development, information management, data protection and analytics, AI and machine learning, electronic record management and cybersecurity risk management. An understanding of how IT strategic alignment impacts the company's bottom line.
(9) Business Transformation: Experience in overseeing fundamental changes in how a business or organization runs or is governed. Having involvement with the management or implementation of a large-scale business transformation (e.g., mergers and acquisitions, a major shift in product or industry focus or in leveraging digital technology to drive competitive strategy, innovation, revenue growth and business performance).
(10) Community: Thorough understanding of community dynamics. May have experience fostering a corporate culture focused on environment, social responsibility and community involvement using sound sustainable corporate practices and reporting. May have experience in or a strong understanding of the workings of media and internal communications.
(11) Legal Acumen: Strong understanding of legal issues (e.g., corporate law, legal and regulatory compliance, financing, securities, bankruptcy and insolvency, litigation and employment). May have experience being involved in corporate reorganizations, mergers and acquisitions, major transactions or major litigation. May hold an LLB or Juris Doctorate degree. **The Board considers its members to have the necessary subject matter expertise for legal acumen, given its ability to engage ATB's Legal Services team and/or seek external assistance.

Director and Committee Meeting Attendance

Attendance at Board meetings is one measure of a director's commitment and contribution to corporate governance. The Board of Directors' terms of reference set out the expectations of Board member attendance. The following table outlines the number of committee meetings and director attendance:

Director *[total number of meetings]*	**Board** [4] **(Special Board** [1]**)**	**Audit** [4]	**Gov** [4]	**HR** [4] **(Special HR** [1]**)**	**Risk** [5] **(Special Risk** [12]**)**	**Attendance percentage (1) (Special meetings) (2)**
Joan Hertz (Chair) (3)	4/4 (1/1)	4/4	4/4	4/4 (1/1)	5/5 (11/12)	100% (100%)
Barry James (Vice-Chair) (4)	4/4 (1/1)	4/4	n/a	n/a	5/5 (11/11)	100% (100%)
Diane Brickner (5)	1/1 (1/1)	n/a	1/1	1/1 (1/1)	n/a	100% (100%)
Jim Davidson	4/4 (1/1)	n/a	n/a	4/4 (1/1)	5/5 (10/12)	100% (86%)
Andy Fraser	4/4 (1/1)	4/4	n/a	4/4 (1/1)	n/a	100% (100%)
Wendy Henkelman	4/4 (1/1)	4/4	n/a	4/4 (1/1)	n/a	100% (100%)
Michael Kelly (6)	3/3	n/a	n/a	3/3	4/4 (7/7)	100% (100%)
Rob Logan	4/4 (1/1)	n/a	n/a	4/4 (1/1)	5/5 (12/12)	100% (100%)
Patrick Lor (7)	1/1 (1/1)	1/1	1/1	n/a	n/a	100% (100%)
Jill Matthew (6)	3/3	3/3	n/a	3/3	n/a	100% (10)
Manjit Minhas (8)	4/4 (1/1)	n/a	4/4	3/3	1/1 (3/5)	100% (80%)
Mary Ellen Neilson	4/4 (0/1)	4/4	n/a	n/a	5/5 (12/12)	100% (92%)
Robert Pearce	4/4 (1/1)	n/a	4/4	n/a	5/5 (12/12)	100% (100%)
Diane Pettie (9)	4/4 (1/1)	n/a	4/4	1/1 (1/1)	4/4 (7/7)	100% (100%)
Maryse Saint-Laurent (6)	3/3	3/3	3/3	n/a	n/a	100% (10)
Donald Smitten (6)	2/3	2/3	2/3	n/a	n/a	67% (10)

(1) The attendance percentage calculation is based on the total of all regularly scheduled Board and committee meetings possible for each applicable director for the fiscal year. Attendance as guests on committees is not captured.
(2) The attendance percentage is calculated based on the total of all special meetings that were not scheduled in advance.
(3) The Chair of the Board may attend all committee meetings, but this percentage is calculated using Board meetings only. The attendance percentage calculation is based on the total of all special meetings that were not scheduled in advance.
(4) Barry James abstained from one Special Risk Committee meeting.
(5) Diane Brickner retired from the Board on June 16, 2022.
(6) Michael Kelly, Jill Matthew, Maryse Saint-Laurent and Don Smitten joined the Board on June 16, 2022.
(7) Patrick Lor retired from the Board on June 16, 2022.
(8) Manjit Minhas switched from the Risk Committee to the Human Resources Committee on June 16, 2022.
(9) Diane Pettie switched from the Human Resources Committee to the Risk Committee on June 16, 2022.
(10) Jill Matthew, Maryse Saint-Laurent and Donald Smitten did not attend any special meetings that were not scheduled in advance.

Director Compensation

Executive Council for the Province of Alberta determines and sets director compensation, including retainers and meeting fees, by Order in Council (OC). The Board's Governance and Conduct Review Committee periodically conducts research and makes recommendations to the Minister on director compensation. The Board has approved the Director Remuneration Policy and Expense Guideline, which identifies key principles underlying the payment of remuneration and reimbursement of expenses.

The total compensation paid to non-management directors as at March 31, 2023, is as follows:

Director name	Annual retainer	Board Chair retainer	Committee chair retainer	ATB meeting fees	Total
Joan Hertz (Chair)	$ 15,000	$ 15,000	$ -	$ 37,900	$ 67,900
Barry James (Vice-Chair)	15,000	-	2,000	32,700	49,700
Diane Brickner (1)	3,750	-	-	4,300	8,050
Jim Davidson	15,000	-	-	23,800	38,800
Andy Fraser	15,000	-	-	19,000	34,000
Wendy Henkelman	15,000	-	2,000	25,500	42,500
Michael Kelly (3)	11,250	-	-	23,900	35,150
Robert Logan	15,000	-	-	24,500	39,500
Patrick Lor (2)	3,750	-	-	3,800	7,550
Jill Matthew (3)	11,250	-	-	18,200	29,450
Manjit Minhas	15,000	-	-	19,500	34,500
Mary Ellen Neilson	15,000	-	2,000	28,800	45,800
Robert Pearce	15,000	-	-	25,600	40,600
Diane Pettie	15,000	-	2,000	29,000	46,000
Maryse Saint-Laurent (3)	11,250	-	-	16,100	27,350
Donald Smitten (3)	11,250	-	-	15,900	27,150
Total					**$ 574,000**

(1) Diane Brickner retired from the Board on June 16, 2022.
(2) Patrick Lor retired from the Board on June 16, 2022.
(3) Michael Kelly, Jill Matthew, Maryse Saint-Laurent and Donald Smitten joined the Board on June 16, 2022.

FY2023 BUSINESS HIGHLIGHTS

With $57.5 billion in assets, ATB Financial is a leading financial institution that started in Alberta with the focus of putting clients first. Our success comes from our more than 5,000 team members, who love delivering exceptional experiences to nearly 800,000 clients across our Personal and Business Banking, ATB Wealth Management and ATB Capital Markets businesses. ATB provides expert advice, services and products through our many branches and agencies, our 24-hour Client Care Centre, four entrepreneur centres and digital banking options. ATB powers possibilities for our clients, communities and beyond. In FY2023, ATB continued to focus on three areas of expertise (AOEs): Everyday Financial Services (EFS), ATB Business and ATB Wealth. The following describes key aspects of how our AOEs are managed and reported, along with some of this year's accomplishments:

Everyday Financial Services

As the largest gateway between Albertans and all that ATB has to offer, EFS remains committed to the critical role it plays with clients, within Alberta, and within ATB. From providing expert advice to retail and entrepreneur clients, to helping Albertans buy homes and grow their wealth, EFS seeks to create a differentiated client experience at every opportunity.

Growth

While the past year has seen uncertainty related to the rapidly increasing rate environment and high inflation, EFS continued to build momentum with revenues of $678 million, which translated to net income of $95 million—a $44 million increase over FY2022.

EFS originated $2.4 billion in new residential mortgages through innovative campaigns and competitive client offers. In addition, EFS has maintained a 92% retention of maturing mortgages through the intentional team member–driven contact with our clients and targeted pricing strategies.

EFS remains a strong source of low-cost liquidity for ATB. Through proactive deposit acquisition strategies, competitive pricing and increased levels of productivity in our branch workforce, FY2023 new sales revenue was 89% stronger than the previous year. This resulted in $669 million in net new deposits being acquired.

ATB Business

ATB Business is committed to delivering a differentiated and remarkable experience and to growing Alberta businesses by offering customized, data-driven advice that enhances their future. ATB Business optimizes value by aligning clients with industry experts and develops businesses through a combination of traditional and creative strategies.

Growth

Although market volatility was prevalent in FY2023, ATB Business's loan book grew $1.6 billion, while deposits increased nearly $0.7 billion, supporting all targeted sectors. Total revenue increased 6.3%, primarily due to strategic pricing and an increase in advisory services. Asset credit quality improved significantly in FY2023, due to the improving financial position of the existing loan portfolio, as well as the mix of new loan originations. Meanwhile, although heightened from FY2022, provision for loan losses was well below expected levels. Overall, income before provisions increased 0.4% or $2.2 million, while net income fell $163 million or 29.9% over the prior year.

In addition to the challenge of keeping pace in a high-velocity rate hike environment, ATB Capital Markets experienced significant headwinds due to economic market volatility in FY2023. As a result, equity capital deals and mergers and acquisitions activity remained limited. With these issues experienced globally, competition faced the same challenges and experienced, on average, a 40% drop in fee income, year over year. Despite the challenges, by leveraging the multi-coverage model and the current suite offering of ATB Capital Markets, net revenues dropped only 0.3% compared to FY2022.

ATB Wealth

By offering advice and solutions that help more than 97,000 Canadians reach their financial goals, ATB Wealth has positioned itself as a leading wealth firm. Deep and meaningful client relationships have been built over the last two decades by looking past dollars and cents to understand what our clients will want and need. ATB Wealth makes client goals possible through simplified, powerful wealth management and an unbiased approach to investing.

Growth

The combination of choppy markets and rapidly increasing interest rates created a challenging environment for gathering assets under administration (AUA) at the preceding year's pace. Worried about the impacts of the market volatility on their money, many clients invested in short-term investments. This had impacts on ATB Wealth's net long-term AUA and revenue. As a result, net income fell $6.8 million or 22.6% compared to FY2022.

Our advisors delivered value to clients through expertise, spending a large portion of their time providing peace of mind and financial plans that helped clients navigate challenging markets. As we closed out the year, we saw an upswing in AUA. We ended the year at $25.9 billion, positioning ATB Wealth for a stronger year ahead.

Expanding Out of Province

In late FY2022, an update to the Mandate and Roles document expanded the scope of ATB Wealth's (excluding Private Banking) offerings. As a result, over the course of this last year, ATB Wealth started on the path to exporting our purpose to more Canadians. Our advisors have primarily been growing the business in British Columbia and Saskatchewan, with almost 3,000 ATB Wealth clients living outside of Alberta. Going forward, ATB Wealth will be investing in the new communities we're serving as we continue to acquire new clients in these locations. ATB Investment Management Inc. will also look to expand distribution of our ATB Funds, including the Compass Portfolios, through select dealers across Canada.

OUR STRATEGIC DIRECTION

At ATB, we exist to make it possible. This is our guiding light and compass as we navigate the exciting and uncertain future ahead for Albertans and Alberta businesses, legacies and livelihoods. As our clients find their new ways of being and our economy evolves, ATB's commitment to courageously advancing the future is unwavering.

Global challenges around supply and demand significantly impacted Albertans, their businesses and their finances over the past year. However, despite many challenges, we saw positive growth in Alberta's economy, led by strong commodity prices in our resource sectors.

In FY2023, ATB's role in Alberta's economy—for our clients and their businesses—was just as important as in 1938, during our organization's humble beginnings. While much volatility, uncertainty, complexity and ambiguity surrounded us, our strong business plan guided us throughout the fiscal year. In response, we maintained our focus on three enterprise goals:

- **Grow the business:** Putting our clients first by how we show up in the marketplace and differentiate through an exceptional client experience to generate revenue and further our commitment to the greater good.
- **Invest in our people:** Building our people's talent, skills and capabilities is the start and endpoint of how we create value for our clients and ATB.
- **Protect profitability:** Mitigating risk to our business plan and effectively managing liquidity and credit exposure.

In this third year of our 10-year strategic plan—our Path to 2030—we remained committed to executing against our main business priorities. In a time when client experience is a critical pillar of our strategy, we are aligned to pursue business growth through EFS, ATB Business and ATB Wealth. We focused on the health of our client relationships and we've made significant advancements on foundational elements of our plan—accelerating the digitalization of some services to meet our clients' changing needs and expectations and ensuring access to financial services. As we continue our pursuits, we will fundamentally shift how we invest in team members and technology better to deliver advice, products and a differentiated experience.

ATB is committed to being in business for the greater good of Albertans and beyond. With a sustainability lens on strategic planning and risk management, ATB has published our first dedicated Sustainability Update this year, demonstrating our commitment to ATB's ESG and economical approach. As we enter FY2024, we'll continue to deliver on our focus of building ATB's sustainable, long-term value through the integration of our ESG approach, strengthening our intended impact and transparency for Albertans.

We'll pursue growth opportunities that refine our client offerings, expand our advice offerings and shift our client experience model by combining our physical locations with the power of our digital offerings. As a result, even though headwinds may abound, ATB will remain a stable source of strength for Albertans.

ECONOMIC OUTLOOK

Unless otherwise stated, all references to years in this section refer to calendar years.

As an Alberta-based financial institution, ATB regularly monitors provincial, national and international economies and considers how these may impact our clients and operations.

The main economic stories continue to be above-target inflation and the elevated interest rates aimed at reducing it. Alberta's relatively strong economic growth in the face of these challenges will also continue to make headlines.

The highest inflation in decades has led the Bank of Canada to raise its trendsetting policy interest rate from 0.25% to 4.5% in less than a year. The policy rate has not been this high since 2007, and it looks like it will stay at 4.5% for the remainder of 2023.

Inflation in Canada has come down from the peak reached in June 2022, when the Consumer Price Index hit 8.1%. But, assuming higher interest rates do what they are intended to do and geopolitical events such as the ongoing war in Ukraine do not cause new price spikes, the Bank of Canada has indicated it will likely take until 2024 before inflation returns to its 2% target.

In the meantime, the negative economic consequences of higher borrowing costs will work their way through the economy in 2023. There are signs that Canada may avoid slipping into recession, but this is a low bar. Whether it is a hard or soft landing, a slower economy is the pain needed to achieve the gain associated with a lower inflation rate.

The Alberta economy can't avoid the rough economic waters, but strong performance in its natural resource and agricultural sectors, combined with population growth, will enable it to navigate them better than other jurisdictions. In this context, Alberta's real gross domestic product (GDP) growth is forecast to fall from an estimated 5.1% last year to 2.6% in 2023 and 2.3% in 2024. Downside risks to this forecast include additional economic disruptions related to geopolitical uncertainty, a sudden and sustained drop in oil and gas prices, sticky inflation and unintended economic damage from external sources.

Alberta is producing more crude oil than ever, and oil prices are forecast to remain strong compared to the five-year average set prior to the pandemic. The expected completion of the Trans Mountain Expansion Project later in the year will add much-needed egress capacity for Alberta crude. As a result, oil and gas capital investment, while not as high as it was during periods of intense expansion, has bounced back from recent lows and will provide a welcome boost to the provincial economy this year and next.

We are expecting some loosening of 2022's tight labour market as the dampening effects of higher interest rates bite, coupled with potentially sticky inflation. At the same time, filling vacant positions created by labour shortages will help support employment growth and keep the unemployment rate from spiking as it typically would during a period of elevated interest rates. Our forecast has Alberta's annual unemployment rate staying fairly consistent—around 5.8%—over the next three years. Employment in Alberta will rise during this period, but at a more modest rate than it did last year, with labour shortages continuing to present challenges to employers.

Population growth is another reason for Alberta's relatively strong economic forecast. Net interprovincial migration into Alberta was positive for the sixth period in a row, as of the fourth quarter of 2022, and the net inflow of immigrants and temporary workers is the highest it has been in decades. Ongoing population growth will support activity across a range of sectors, including housing and retail, while also helping to ease (but not eliminate) labour shortages.

Although offset to some degree by higher operating costs, Alberta's agriculture sector benefited from better growing conditions and record-setting prices last year and should continue to be a solid contributor to the province's economic performance in 2023. Other sectors poised for growth include petrochemicals, transportation and logistics, alternative energy, carbon capture, tourism and a wide range of creative industries.

Although we expect housing starts in Alberta to slow in 2023 after a strong performance last year, the forecast is still 13.5% higher than the five-year average set prior to the pandemic. Benchmark house prices have started to come down in Alberta, but the decrease is expected to be less dramatic than in markets that experienced rapid price escalation.

As an export-intensive economy, Alberta will be buffeted by the negative effects of slower global growth and the battle against inflation, but a boost from our natural resource and agricultural sectors, combined with robust population growth, will help us weather the storm and be at, or near, the top of the list of provincial economic growth this year. With that said, businesses and households will continue to feel the pain of higher prices and borrowing costs as we wait anxiously to see how effective monetary policy is at taming inflation and if geopolitical conditions will improve or worsen.

Implications for our clients

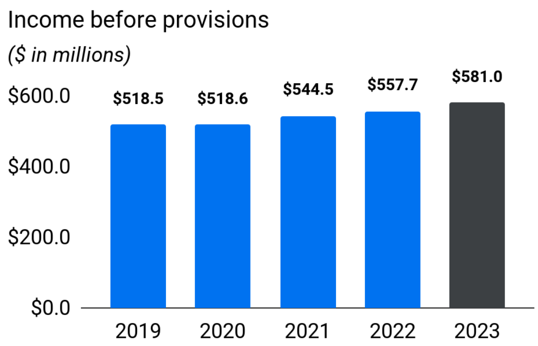
The economic challenges faced by our personal and business clients will spill over into their banking needs. Examples of economic issues that have the potential to affect our business decisions and practices include:

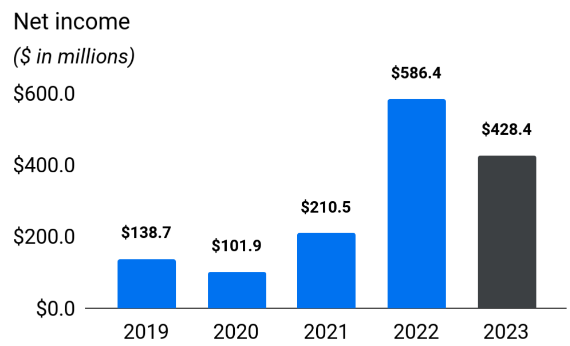
- High levels of financial anxiety.
- Lost income due to market volatility.
- Business disruptions due to labour shortages, supply chain issues and higher input costs.
- Cash flow uncertainty.
- Increased debt.
- Mortgage stress.

REVIEW OF FY2023 CONSOLIDATED OPERATING RESULTS

See detailed analysis in the Consolidated Financial Statements.

FY2023 Performance





Net Income

Net income (NI) has decreased, driven by changes in our loan loss provision (LLP), slightly offset by higher total revenue. As a result, ATB's net contribution—composed of NI, payment in lieu of tax (PILOT) and deposit guarantee fee—to the GoA was $615.3 million, a decrease of $205.3 million (-25.0%) from last year's $820.6 million.

ATB's income before provisions, a non-IFRS measure, is defined as follows:

Table 1: Income Before Provisions

($ in thousands)	2023	2023 vs. 2022 increase (decrease)		2022
Total revenue	$ 1,935,531	$ 31,650	1.7%	$ 1,903,881
Less: non-interest expense	$ (1,354,493)	8,265	0.6%	(1,346,228)
Income before provision for loan losses	**$ 581,038**	**$ 23,385**	**4.2%**	**$ 557,653**

Return on Average Assets

The return on average assets, a non-IFRS measure, is defined as follows:

Table 2: Return on Average Assets

($ in thousands)	2023	2023 vs. 2022 increase (decrease)		2022
Net income	$ 428,432	$ (157,948)	(26.9)%	$ 586,380
Average total assets	$ 59,794,969	$ 1,668,902	2.9%	$ 58,126,067
Return on average assets	**0.7%**	**(0.3)%**		**1.0%**

Total Revenue

Total revenue consists of net interest income (NII) and other income (OI). The following table presents the changes in ATB's total revenue:

Table 3: Total Revenue

($ in thousands)	2023	2023 vs. 2022 increase (decrease)		2022
Net interest income	$ 1,319,293	$ 76,978	6.2%	$ 1,242,315
Other income	$ 616,238	(45,328)	(6.9)%	661,566
Total revenue	**$ 1,935,531**	**$ 31,650**	**1.7%**	**$ 1,903,881**

Net Interest Income

NII represents the difference between the interest earned on assets (such as cash, loans and securities) and interest paid on liabilities (such as deposits and wholesale or collateralized borrowings). NII increased, driven by the benefit of Bank of Canada prime rate increases on loans and securities along with growth in our business loans portfolio. This was partially offset by higher deposit costs and a change in our deposit mix as clients migrated to higher-cost fixed-date deposits.

Table 4: Changes in Net Interest Income

	2023 vs. 2022			2022 vs. 2021		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
($ in thousands)	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Assets						
Interest-bearing deposits with financial institutions and securities	$ 2,449	$ 221,332	$ 223,781	$ 3,833	$ (3,776)	$ 57
Loans	54,285	303,635	357,920	(8,107)	(85,025)	(93,132)
Change in interest income	**56,734**	**524,967**	**581,701**	**(4,274)**	**(88,801)**	**(93,075)**
Liabilities						
Deposits	19,224	358,811	378,035	(49,097)	(96,901)	(145,998)
Wholesale borrowings	10,400	37,325	47,725	958	(1,898)	(940)
Collateralized borrowings	771	68,180	68,951	(8,923)	(908)	(9,831)
Securities sold under repurchase agreements	46	9,966	10,012	(40)	(12)	(52)
Subordinated debentures	-	-	-	(2)	-	(2)
Change in interest expense	**30,441**	**474,282**	**504,723**	**(57,104)**	**(99,719)**	**(156,823)**
Change in net interest income	**$ 26,293**	**$ 50,685**	**$ 76,978**	**$ 52,830**	**$ 10,918**	**$ 63,748**

Net interest margin (NIM) is the ratio of NII to average total interest-earning assets for the year. It is an important measure for ATB that demonstrates how profitable our banking business is. The ratio increased to 2.37% from 2.32% last year, driven by the same factors that led to the higher NII previously noted.

Table 5: Net Interest Income and Margin

($ in thousands)	Average balances 2023	Average balances 2022	Interest 2023	Interest 2022	Average rate *(%)* 2023	Average rate *(%)* 2022
Assets						
Interest-bearing deposits with financial institutions and securities	$ 8,742,677	$ 8,094,081	$ 249,363	$ 25,582	2.9	0.3
Loans	46,913,413	45,357,438	2,032,315	1,674,395	4.3	3.7
Total interest-earning assets	55,656,090	53,451,519	2,281,678	1,699,977	4.1	3.2
Non-interest-earning assets	4,138,879	4,674,548	-	-	-	-
Total assets	**$ 59,794,969**	**$ 58,126,067**	**$ 2,281,678**	**$ 1,699,977**	**3.8**	**2.9**
Liabilities and equity						
Deposits	$ 38,492,178	$ 38,036,036	$ 639,603	$ 251,204	1.7	0.7
Wholesale borrowings	4,167,211	3,591,910	112,656	64,931	2.7	1.8
Collateralized borrowings	7,950,550	7,802,048	210,126	141,175	2.6	1.8
Non-interest-bearing liabilities	4,279,960	4,303,285	-	-	-	-
Securities sold under repurchase agreements	338,054	23,025	-	352	-	1.5
Equity	4,567,016	4,369,763	-	-	-	-
Total liabilities and equity	**$ 59,794,969**	**$ 58,126,067**	**$ 962,385**	**$ 457,662**	**1.6**	**0.8**
Net interest margin					**2.37**	**2.32**

Other Income

OI consists of all revenue not classified as NII.

Table 6: Other Income

($ in thousands)	2023	2023 vs. 2022 increase (decrease)		2022
Wealth management	$ 258,195	$ (20,971)	(7.5)%	$ 279,166
Service charges	90,821	6,981	8.3%	83,840
Card fees	86,103	12,269	16.6%	73,834
Credit fees	53,579	(847)	(1.6)%	54,426
Financial markets	61,786	3,230	5.5%	58,556
Capital markets	48,725	(4,310)	(8.1)%	53,035
Foreign exchange	10,303	(1,159)	(10.1)%	11,462
Insurance	18,639	(6,499)	(25.9)%	25,138
Net gains (losses) on derivative financial instruments	10,789	23,035	188.1%	(12,246)
Net gains (losses) on securities	(5,594)	(28,136)	(124.8)%	22,542
Sundry	(17,108)	(28,921)	(244.8)%	11,813
Total other income	**$ 616,238**	**$ (45,328)**	**(6.9)%**	**$ 661,566**

The decrease in OI is mainly driven by net losses on securities resulting from ATB's strategic investments, along with lower revenues from wealth management, insurance, capital markets and balance sheet management activities. Market uncertainty (i.e., record inflation and rapid interest rate hikes) negatively impacted both wealth-management revenue—as average AUA balances dropped—and capital markets revenue.

Service charges and card fees increased, driven by pricing changes and higher transaction volumes. Financial market revenue was also higher as we earned more from supporting our clients' risk management needs.

The ratio of OI to total revenue was 31.8%—a decrease of 2.9% from the prior year.

Provision for Loan Losses

Table 7: Provision for Loan Losses

($ in thousands)	2023	2023 vs. 2022 increase (decrease)		2022
Stage 3 recovery (1)	$ (28,366)	$ 113,851	80.1%	$ (142,217)
Stage 2 (recovery) provision (1)	(16,354)	137,850	89.4%	(154,204)
Stage 1 (recovery) provision (1)	(15,592)	17,198	52.4%	(32,790)
Net write-offs	84,945	(40,387)	(32.2)%	125,332
Total provision for (recovery of) loan losses	**$ 24,633**	**$ 228,512**	**112.1%**	**$ (203,879)**
Provision for (recovery of) loan losses to average gross loans	0.1%	(0.5)%		(0.4)%

(1) Refer to the Critical Accounting Policies and Estimates section for further details.

ATB's LLP—comprising net write-offs, recoveries and required changes to the allowance for Stage 1, 2 and 3 loans—saw a significant increase in the provision this year, a contrast to the allowance released this time last year. The changes are primarily due to a lower Stage 1 and 2 release, which is largely due to rapidly rising interest rates in the past year. A lower Stage 3 release also contributed as there were fewer loans that returned to performing.

We remain committed to providing our clients with access to sound advice and a range of products and services in support of Alberta's economy, while taking appropriate measures to limit losses (see Risk Management). As at March 31, 2023, gross impaired loans of $0.5 billion comprised 1.1% (2022: 1.4%) of the total loan portfolio.

Non-Interest Expense

Non-interest expense (NIE) consists of all expenses incurred by ATB except for interest expenses and LLP.

Table 8: Non-Interest Expense

($ in thousands)	2023	2023 vs. 2022 increase (decrease)		2022
Salaries and employee benefits	$ 747,402	$ 17,697	2.4%	$ 729,705
Data processing	174,260	21,793	14.3%	152,467
Premises and occupancy, including depreciation	74,384	4,584	6.6%	69,800
Professional and consulting costs	78,484	(1,741)	(2.2)%	80,225
Deposit guarantee fee	54,368	2,885	5.6%	51,483
Equipment and software and other intangibles, including depreciation and amortization	89,371	(4,555)	(4.8)%	93,926
General and administrative	82,550	12,691	18.2%	69,859
ATB agencies	16,506	1,356	9.0%	15,150
Other	37,168	(9,283)	(20.0)%	46,451
Write-off of a non-strategic technology asset	-	(37,162)	100.0%	37,162
Total non-interest expense	**$ 1,354,493**	**$ 8,265**	**0.6%**	**$ 1,346,228**
Efficiency ratio	**70.0%**	**0.7%**		**70.7%**
Adjusted efficiency ratio	**70.0%**	**(1.2)%**		**68.8%**

NIE increased mainly due to data processing, salaries and benefits, licensing costs and general and administrative costs. This was mostly offset by no non-strategic write-offs and lower variable costs associated with our revenue-related compensation.

The uptick in data processing and licensing costs are a reflection of higher pricing and volumes, impacted by the transition to subscription-based software solutions. Salaries and benefits increased as we continue to invest in our team members and look to attract talent in a competitive market. General and administrative expenses were impacted by operational activities returning to pre-pandemic levels as COVID-19 restrictions were eased.

Efficiency Ratio

The efficiency ratio, measured as total NIE divided by total revenue, measures how much it costs ATB to generate revenue. A lower ratio indicates higher efficiency at generating income. Our efficiency ratio of 70.0% has improved compared to last year's 70.7%, with total revenue growth outpacing expense growth.

The adjusted efficiency ratio is calculated as NIE for the year divided by total revenue after adjusting for non-GAAP transactions. For this year, there were no such transactions that required NIE or total revenue to be adjusted. Last year, NIE was adjusted for the write-off of a non-strategic technology asset ($37.2 million). The increase from last year's adjusted ratio of 68.8% is due to expense growth outpacing revenue growth. Our expense growth is supporting our investment in team members and technology.

REVIEW OF OPERATING RESULTS BY AREA OF EXPERTISE

Results presented in the following schedule are based on ATB's internal financial reporting systems. The accounting policies used in preparing the schedules are consistent with those followed in preparing the consolidated financial statements, as disclosed in the notes to the financial statements. As these results are based on ATB's internal management structure, they may not be directly comparable to those of other financial institutions. (See Note 26 in the financial statements for more on ATB's organizational structure.)

The NII, OI, NIE and LLP reported for each area may also include certain interline charges. The net effects of the internal funds transfer pricing (FTP) that impact an AOE's loan and deposit spread, and allocation charges, if any, are offset by amounts reported for strategic support units (SSUs).

Table 9: Year-Over-Year Segmented Results

($ in thousands)	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units (1)	Total
For the year ended March 31, 2023					
Net interest income (loss)	$ 542,538	$ 768,140	$ 42,073	$ (33,458)	$ 1,319,293
Other income (loss)	135,627	237,057	261,807	(18,253)	616,238
Total revenue (loss)	678,165	1,005,197	303,880	(51,711)	1,935,531
Provision for (recovery of) loan losses	22,014	8,723	(710)	(5,394)	24,633
Non-interest expenses (1)	532,815	500,672	274,524	46,482	1,354,493
Payment in lieu of (recovery of) tax	28,367	114,034	6,915	(21,343)	127,973
Net income (loss)	**$ 94,969**	**$ 381,768**	**$ 23,151**	**$ (71,456)**	**$ 428,432**
Increase (decrease) from 2022					
Net interest income	$ 61,385	$ 67,483	$ 11,509	$ (63,399)	$ 76,978
Other income	13,161	(8,134)	(21,155)	(29,200)	(45,328)
Total revenue	74,546	59,349	(9,646)	(92,599)	31,650
Provision for loan losses	15,361	213,569	990	(1,408)	228,512
Non-interest expenses	1,749	57,162	(1,855)	(48,791)	8,265
Payment in lieu of tax	13,210	(48,618)	(2,020)	(9,751)	(47,179)
Net income (loss)	**$ 44,226**	**$ (162,764)**	**$ (6,761)**	**$ (32,649)**	**$ (157,948)**
For the year ended March 31, 2022					
Net interest income	$ 481,153	$ 700,657	$ 30,564	$ 29,941	$ 1,242,315
Other income	122,466	245,191	282,962	10,947	661,566
Total revenue	603,619	945,848	313,526	40,888	1,903,881
Provision for (recovery of) loan losses	6,653	(204,846)	(1,700)	(3,986)	(203,879)
Non-interest expenses (1)	531,066	443,510	276,379	95,273	1,346,228
Payment in lieu of (recovery of) tax	15,157	162,652	8,935	(11,592)	175,152
Net income (loss)	**$ 50,743**	**$ 544,532**	**$ 29,912**	**$ (38,807)**	**$ 586,380**

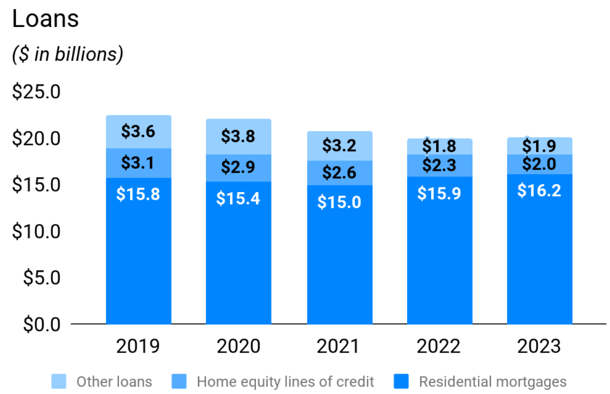
(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.

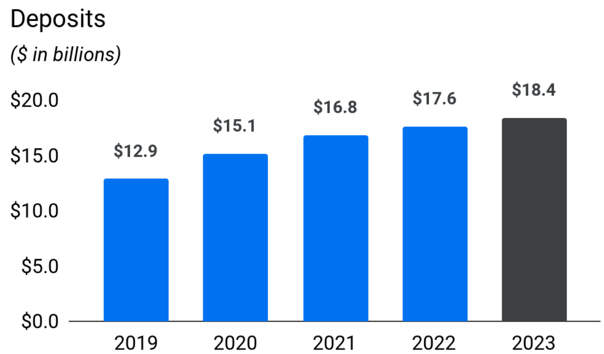
Everyday Financial Services

Table 10: EFS Financial Performance

($ in thousands)	**2023**	**2022**
Net interest income	$ 542,538	$ 481,153
Other income	135,627	122,466
Total revenue	678,165	603,619
Provision for loan losses	22,014	6,653
Non-interest expense (1)	532,815	531,066
Net income before payment in lieu of tax	123,336	65,900
Payment in lieu of tax	28,367	15,157
Net income	**$ 94,969**	**$ 50,743**
Net loans	$ 20,105,860	$ 20,043,570
Total deposits	18,438,461	17,554,458

(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.





EFS's NI increased this year as a result of higher revenue, slightly offset by a higher LLP.

NII increased due to the Bank of Canada prime rate increases. This allowed EFS to offer attractive rates on deposits, leading to increased deposit growth and bolstered spread earned on deposits.

OI increased, mainly due to higher business service charges and increased card revenue as clients spent more, partially due to inflation and an increase in card usage compared to other payment types. This was offset by lower third-party insurance revenue received on loans as a result of a significant increase in claims.

LLP increased due to the economic outlook softening.

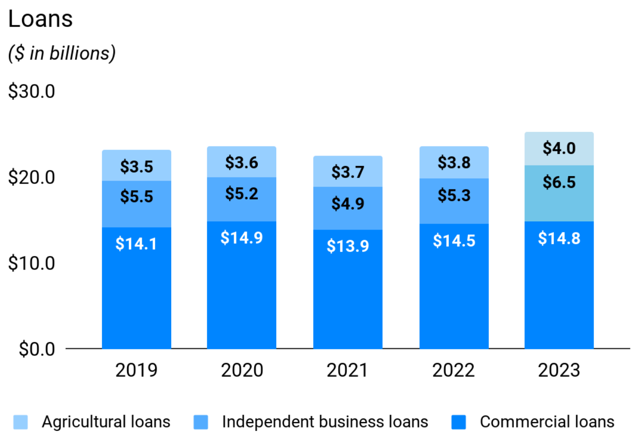
Loans are consistent year over year. There was strong mortgage growth due to competitive client offers, despite a challenging economic environment of high interest rates and lower sales activity. The growth in residential mortgage loans (RML) was offset by contractions in home equity line of credit (HELOC) balances as clients paid down variable rate debt. Deposits saw significant growth as clients have taken advantage of the higher interest rates being offered and are holding more fixed-date deposits.

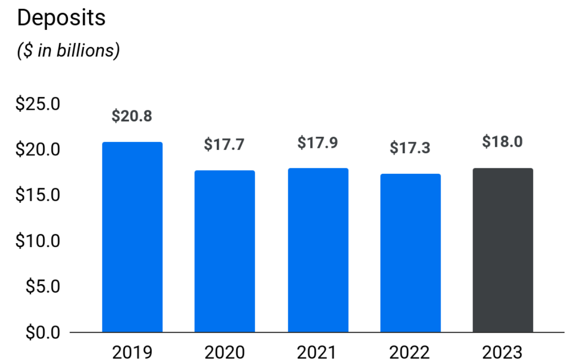
ATB Business

Table 11: ATB Business Financial Performance

($ in thousands)	2023	2022
Net interest income	$ 768,140	$ 700,657
Other income	237,057	245,191
Total revenue	1,005,197	945,848
Provision for (recovery of) loan losses	8,723	(204,846)
Non-interest expense (1)	500,672	443,510
Net income before payment in lieu of tax	495,802	707,184
Payment in lieu of tax	114,034	162,652
Net income	**$ 381,768**	**$ 544,532**
Net loans	$ 25,254,071	$ 23,627,939
Total deposits	17,954,131	17,281,589

(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.





ATB Business's NI declined due to a small LLP compared to the loan loss allowance release recorded last year and higher NIE.

NII increased due to loan growth outpacing deposit growth. ATB Business also earned higher deposit spreads resulting from the Bank of Canada prime rate changes.

OI contracted due to unfavourable market conditions. Despite significant challenges during the year, ATB Capital Markets showed resilient results compared with the industry average. Challenges in capital markets were partially offset by higher financial markets and advisory revenues.

The increase in the LLP is due to a softening of the economic outlook and a lower Stage 1 and 2 release compared to this time last year. A lower Stage 3 release also contributed, as there were fewer loans that returned to performing compared to the prior year.

NIE increased, driven by increases in team member costs and corporate allocations.

Loans have grown across all sectors, partially driven by increased utilization. Deposits have also increased, with clients holding more fixed-date deposits to take advantage of the higher interest rates being offered.

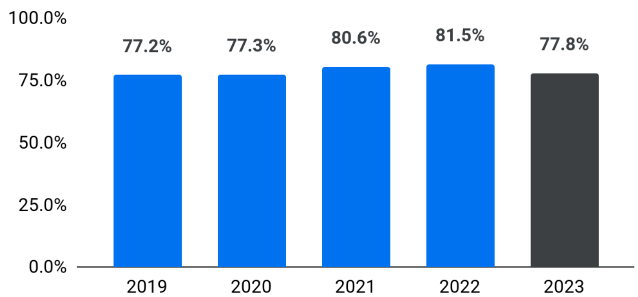
ATB Wealth

Table 12: ATB Wealth Financial Performance

($ in thousands)	**2023**	**2022**
Net interest income	$ 42,073	$ 30,564
Other income	261,807	282,962
Total revenue	303,880	313,526
Provision for (recovery of) loan losses	(710)	(1,700)
Non-interest expense (1)	274,524	276,379
Net income before payment in lieu of tax	30,066	38,847
Payment in lieu of tax	6,915	8,935
Net income	**$ 23,151**	**$ 29,912**
Net loans	$ 1,241,496	$ 1,300,215
Total deposits	2,970,082	2,372,609
Total assets under administration	25,905,220	26,189,359

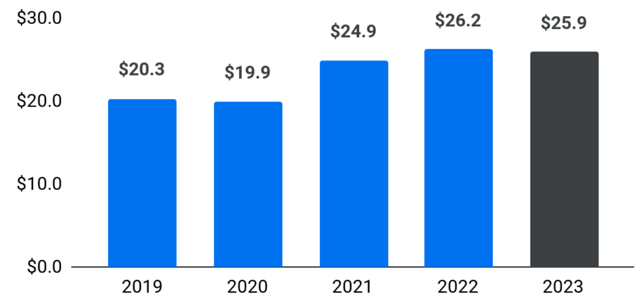
(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.

ATB Funds penetration as a percentage of total assets under administration



Assets under administration

($ in billions)



ATB Wealth's NI decreased primarily due to lower OI, slightly offset by higher NII.

NII increased due to the Bank of Canada prime rate increases, allowing ATB Wealth to offer favourable interest rates to its clients. This resulted in increased deposit growth and ATB Wealth earning higher deposit spreads.

OI decreased primarily due to lower AUA balances, with ATB Funds penetration decreasing from 81.5% to 77.8% due to a combination of negative market returns and ATB Wealth clients moving assets to high interest fixed-date deposits to take advantage of higher interest rates.

NIE decreased as a result of lower variable costs associated with AUA, offset by an increase in team member costs. Additional expenses were incurred as part of plans to expand out of province and evolve the quality of service offerings.

Loans contracted as clients paid down personal lines of credit. Deposits increased significantly as ATB Wealth clients transferred assets to fixed-date deposits in order to take advantage of higher interest rates.

ATB Wealth's AUA decreased due to negative market returns that were partially offset by net asset gathering.

Strategic Support Units

Table 13: Strategic Support Units Financial Performance

($ in thousands)	2023	2022
Net interest income (loss)	$ (33,458)	$ 29,941
Other income (loss)	(18,253)	10,947
Total revenue (loss)	(51,711)	40,888
Provision for (recovery of) loan losses	(5,394)	(3,986)
Non-interest expenses (1) (2)	46,482	95,273
Loss before payment in lieu of taxes	(92,799)	(50,399)
Recovery of tax	(21,343)	(11,592)
Net income (loss)	**$ (71,456)**	**$ (38,807)**

(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(2) For the year ended March 31, 2022, results include the $37.2 million write-off of a non-strategic asset.

SSUs recorded a net loss due to lower NII and OI, partially offset by lower NIE.

NII decreased significantly due to balance sheet management activity, with lower hedge-accounted swap revenue.

OI decreased due to our interest rate risk management portfolios and the related changes in interest rates over the period.

The LLP recovery reflects the lower loss expectations for the SSUs' performing loans and a decrease in net write-offs compared to last year.

NIE decreased due to lower performance-related compensation and employee benefit costs. In addition, there were no non-strategic asset write-offs this year.

QUARTERLY OPERATING RESULTS AND TREND ANALYSIS

Review of FY2023 Fourth-Quarter Operating Results

Table 14: Summarized Consolidated Statement of Income

For the three months ended ($ in thousands)	Q4 Mar 31/23	Q3 Dec 31/22	Q2 Sep 30/22	Q1 Jun 30/22	Q4 Mar 31/22	Q3 Dec 31/21	Q2 Sep 30/21	Q1 Jun 30/21
Interest income	$ 649,858	$ 621,331	$ 550,037	$ 460,452	$ 414,439	$ 428,073	$ 428,335	$ 429,130
Interest expense	316,222	290,121	219,623	136,419	105,805	110,032	117,447	124,378
Net interest income	333,636	331,210	330,414	324,033	308,634	318,041	310,888	304,752
Other income	158,298	152,470	153,386	152,084	194,652	156,150	155,678	155,086
Total revenue	491,934	483,680	483,800	476,117	503,286	474,191	466,566	459,838
Provision for (recovery of) loan losses	16,092	(19,510)	27,284	767	(41,785)	(74,393)	(26,532)	(61,169)
Non-interest expense	361,071	340,325	326,538	326,559	367,272	355,198	312,833	310,925
Net income before payment in lieu of tax	114,771	162,865	129,978	148,791	177,799	193,386	180,265	210,082
Payment in lieu of tax	26,397	37,459	29,895	34,222	40,892	44,479	41,461	48,320
Net income (loss)	**$ 88,374**	**$ 125,406**	**$ 100,083**	**$ 114,569**	**$ 136,907**	**$ 148,907**	**$ 138,804**	**$ 161,762**

Net Income

NI is lower compared to last quarter and the same time last year. The decrease from last quarter is due to higher NIE and an increase in our LLP, partially offset by total revenue growth. The year-over-year decrease is driven by lower total revenue and an increase in our LLP, partially offset by a reduction in NIE.

Total Revenue

Total revenue consists of NII and OI. This quarter's total revenue increased from last quarter but decreased from the same time last year.

The increase from last quarter is mainly driven by an increase in OI. The primary drivers are balance sheet management activities and credit fees, partially offset by losses on our strategic investments.

The year-over-year decrease is due to lower OI, driven by losses on our strategic investments, as well as lower wealth-management and financial markets revenues as a result of market uncertainty. The decrease is partially offset by higher NII earned due to the increase in the Bank of Canada prime rate.

Provision for Loan Losses

ATB recorded an increase in the provision this quarter, mainly driven by a softening in the economic outlook. The increase observed quarter over quarter is attributed to Stage 3 provisions driven by new impairments and revised expectations on recoverable cash flows. The year-over-year increase is due to a combination of the economic outlook softening and fewer impaired business loans returning to performing or being paid down.

Non-Interest Expense and Efficiency Ratio

NIE increased quarter over quarter, driven by higher team member and technology costs. These are slightly offset by general and administrative costs due to lower brand and sponsorship expenses. The decrease from the same quarter last year is due to lower variable costs associated with revenue, which has been impacted by market volatility.

ATB's efficiency ratio of 73.4% this quarter represents an increase from 70.4% last quarter and a slight increase compared to 73.0% from the same quarter last year. This is due to expense growth outpacing our total revenue growth.

Trend Analysis

NII has consistently trended up in FY2023, with each quarter representing a new high during the fiscal year. The increases are a result of the Bank of Canada prime rate hikes throughout the year, benefitting both loans and securities as well as growth in our business loan portfolio. Deposit growth was $2.2 billion year over year, which offset the increases to interest income as clients are holding more fixed-date deposits to take advantage of the high interest rates.

OI has remained fairly stable for most of the past eight quarters, with the exception of the fourth quarter of FY2022, which is attributed to strong capital market revenues and an increase in strategic investment gains. FY2023 saw negative market performance reducing our assets under administration and leading to a decrease in the value of our strategic investments. As a result, OI formed 32.2% of total revenue this quarter, down from 38.7% in the same quarter last year. Strengthening OI through diversifying our market offerings continues to remain a focus.

The fluctuation in our LLP during FY2023 reflects the impact of a softening economic outlook driven by rising inflation and interest rates. This contrasts with the recovery positions seen in each quarter of FY2022. Despite the fluctuations, the proportion of provision for loan losses to average loans remains low compared to during the pandemic. We remain committed to providing our clients with access to a range of credit products and services to support Alberta's economy, while taking appropriate measures to maintain acceptable levels of loan losses.

We have seen an increase in NIE due to technology- and people-related costs as we continue to invest in our team members, who in turn support our clients.

REVIEW OF FY2023 CONSOLIDATED FINANCIAL POSITION

Total Assets

Our total assets as at March 31, 2023, were $57.5 billion, which is higher than last year, mainly driven by loan growth and securities.

Cash and Liquid Securities

As a financial institution, ATB maintains a portfolio of cash and short-term investments as part of our liquidity management strategy and to assist in managing the company's interest rate risk profile.

Table 15: Total Cash and Liquid Securities

As at March 31 *($ in thousands)*	2023	2023 vs. 2022 increase (decrease)		2022
Cash	$ 2,091,699	$ (514,680)	(19.7)%	$ 2,606,379
Interest-bearing deposits with financial institutions	267,758	(943,143)	(77.9)%	1,210,901
Liquid securities	5,751,166	1,347,683	30.6%	4,403,483
Cash and liquid securities	**$ 8,110,623**	**$ (110,140)**	**(1.3)%**	**$ 8,220,763**

Cash varies due to changes in client product preferences and the timing of certain interbank activities, such as foreign currency clearing, cheque clearing and other transit items. The changes in the mix of our liquid asset portfolio are due to a shift in investment allocation to securities held for liquidity risk management purposes, and less cash deposited with the Bank of Canada and other financial institutions.

To support our participation in Canadian clearing and payment systems, we are required to pledge collateral to the Bank of Canada and other clearing networks. We use a variety of collateral sources, including, from time to time, liquid assets such as cash or treasury bills. (See Notes 6 and 21 to the financial statements for more details.)

Loans

Table 16: Net Loans

As at March 31 *($ in thousands)*	2023	2023 vs. 2022 increase (decrease)		2022
Gross loans	**$ 47,589,888**	$ 1,242,929	2.7%	$ 46,346,959
Less: Stage 3 allowance	**(186,574)**	28,659	13.3%	(215,233)
Loans, net of Stage 3 allowance	**47,403,314**	1,271,588	2.8%	46,131,726
Less: Stage 1 and 2 allowance	**(169,231)**	33,791	16.6%	(203,022)
Net loans	**$ 47,234,083**	**$ 1,305,379**	**2.8%**	**$ 45,928,704**

Net loans increased, with business loans and residential mortgages being the main drivers. This is slightly offset by a reduction in HELOC and other personal loans, as clients paid down variable rate debt.

All three stages of the allowance for loan losses have decreased since last year. The credit quality of our business clients has improved, with operating activity returning to pre-pandemic levels. Our loan portfolio and the related allowance for loan losses are discussed in greater detail in the Risk Management section and Notes 8 and 9 to the financial statements.

Other Assets

Table 17: Total Other Assets

As at March 31 *($ in thousands)*	2023	2023 vs. 2022 increase (decrease)		2022
Derivative financial instruments	$ 1,051,015	$ (728,562)	(40.9)%	$ 1,779,577
Accounts receivable—financial market products	-	(2,303)	(100.0)%	2,303
Prepaid expenses and other receivables	291,610	(76,964)	(20.9)%	368,574
Software and other intangibles	216,199	(11,376)	(5.0)%	227,575
Property and equipment	205,466	(17,518)	(7.9)%	222,984
Accrued interest receivable	89,987	25,928	40.5%	64,059
Net pension asset	51,624	(2,726)	(5.0)%	54,350
Other	83,196	32,153	63.0%	51,043
Total other assets	**$ 1,989,097**	**$ (781,368)**	**(28.2)%**	**$ 2,770,465**

ATB's other assets are composed primarily of derivative financial instruments, prepaid expenses and other receivables, property and equipment, and software and other intangibles. (See Notes 10, 11, 12 and 13 to the financial statements.)

The decrease in our derivative assets is due to market conditions and the impact on the fair value of our commodity deals. This decrease is associated with the decrease in derivative liabilities noted in Other Liabilities, with more information described in the Derivatives section.

Total Liabilities

Total liabilities ended the year at $52.7 billion, which is consistent with last year. There has been a change in composition, as deposits have increased, we have relied less on wholesale borrowings.

Deposits

Table 18: Total Deposits

As at *($ in thousands)*	Payable on demand	Payable on a fixed date	Total	Percentage of total
March 31, 2023				
Transaction accounts	$ 13,106,160	$ -	$ 13,106,160	33.2%
Savings accounts	10,086,677	-	10,086,677	25.5%
Notice accounts	5,676,301	-	5,676,301	14.4%
Non-redeemable fixed-date deposits	-	9,307,271	9,307,271	23.6%
Redeemable fixed-date deposits	-	1,297,084	1,297,084	3.3%
Total deposits	**$ 28,869,138**	**$ 10,604,355**	**$ 39,473,493**	**100.0%**
March 31, 2022				
Transaction accounts	$ 13,386,975	$ -	$ 13,386,975	35.9%
Savings accounts	12,060,980	-	12,060,980	32.3%
Notice accounts	6,095,213	-	6,095,213	16.3%
Non-redeemable fixed-date deposits	-	4,687,929	4,687,929	12.6%
Redeemable fixed-date deposits	-	1,088,385	1,088,385	2.9%
Total deposits	**$ 31,543,168**	**$ 5,776,314**	**$ 37,319,482**	**100.0%**

ATB's principal sources of funding are client deposits. Balances have increased as clients are holding more assets in fixed-date deposits due to market uncertainty and to take advantage of the higher interest rates. This has also resulted in a slight decrease in liquid accounts.

Other Liabilities

Table 19: Total Other Liabilities

As at March 31 *($ in thousands)*	2023	2023 vs. 2022 increase (decrease)		2022
Wholesale borrowings	$ 2,512,503	$ (1,930,464)	(43.4)%	$ 4,442,967
Collateralized borrowings	7,891,866	276,917	3.6%	7,614,949
Derivative financial instruments	1,212,289	(670,116)	(35.6)%	1,882,405
Accounts payable and accrued liabilities	862,039	133,947	18.4%	728,092
Accounts payable—financial market products	135	(102,160)	(99.9)%	102,295
Accrued interest payable	195,706	116,625	147.5%	79,081
Due to clients, brokers and dealers	135,873	4,085	3.1%	131,788
Payment in lieu of tax	127,973	(47,179)	(26.9)%	175,152
Achievement notes	60,569	(3,976)	(6.2)%	64,545
Deposit guarantee fee payable	58,923	(162)	(0.3)%	59,085
Securities sold under repurchase agreements	122,568	122,568	0.0%	-
Total other liabilities	**$ 13,180,444**	**$ (2,099,915)**	**(13.7)%**	**$ 15,280,359**

ATB's other liabilities are composed primarily of collateralized and wholesale borrowings, derivative financial instruments and accounts payable and accrued liabilities. (See Notes 10, 15, 16 and 18 to the financial statements.) Collateralized and wholesale borrowings are used as a funding source to supplement client deposits.

Wholesale borrowings consist primarily of bearer-deposit and mid-term notes issued on ATB's behalf by the GoA, to a limit of $9.0 billion. (See Note 20.) Collateralized borrowings represent ATB's participation in the Canada Mortgage Bonds (CMB) program and securitization of credit card receivables. The net decrease is due to strong deposit growth, resulting in less reliance on alternative funding sources.

Derivative liabilities decreased as a result of a decrease in the fair value of commodity deals. This decrease is associated with the decrease in derivative assets noted in the Other Assets section.

Accumulated Other Comprehensive Income

Table 20: Total Accumulated Other Comprehensive Income

As at March 31 *($ in thousands)*	2023	2023 vs. 2022 increase (decrease)		2022
Securities measured at fair value through other comprehensive income	$ 18,177	$ 14,662	417.1%	$ 3,515
Derivative financial instruments designated as cash flow hedges	(249,310)	(73,064)	(41.5)%	(176,246)
Defined-benefit plan liabilities	71,431	(5,304)	(6.9)%	76,735
Accumulated other comprehensive income (loss)	**$ (159,702)**	**$ (63,706)**	**(66.4)%**	**$ (95,996)**

Accumulated other comprehensive income (AOCI) includes unrealized gains and losses that are recorded on the consolidated statement of operations only when realized. AOCI decreased from last year as our hedge-accounted swap portfolio was unfavourably impacted due to swap rates increasing. This was partially offset by a net pension asset balance that has increased due to an increase in discount and actuarial rates.

Regulatory Capital

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, ASFI, while supporting the continued growth of our business and building value for our Shareholder.

As a Crown corporation, ATB and our subsidiaries operate under a regulatory framework established pursuant to the *ATB Act*, *ATB Regulation* and Capital Adequacy Requirements Guideline (CAR Guideline). ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the GoA's President of Treasury Board and Minister of Finance. ATB's minimum Tier 1 capital requirement is 7.0%, and the total capital requirement is the greater of 10.0% of risk-weighted assets or 5.0% of total assets. (See Note 24 to the financial statements for more on ATB's regulatory capital.)

The following table summarizes ATB's regulatory capital results, which have exceeded the Tier 1 and total capital requirements of the CAR Guideline.

Table 21: Regulatory Capital

As at March 31 *($ in thousands)*	2023	2023 vs. 2022 increase (decrease)		2022
Tier 1 capital				
Retained earnings	$ 4,976,622	$ 428,432	9.4%	$ 4,548,190
Tier 2 capital				
Eligible portions of:				
Wholesale borrowings	1,437,268	(174,394)	(10.8)%	1,611,662
Collective allowance for loan losses	211,422	(26,601)	(11.2)%	238,023
Total Tier 2 capital	1,648,690	(200,995)	(10.9)%	1,849,685
Deductions from capital				
Software and other intangibles	216,199	(11,376)	(5.0)%	227,575
Total capital	**$ 6,409,113**	**$ 238,813**	**3.9%**	**$ 6,170,300**
Total risk-weighted assets	$ 38,526,125	$ 1,063,622	2.8%	$ 37,462,503
Risk-weighted capital ratios				
Tier 1 capital ratio	12.9%	0.8%		12.1%
Total capital ratio	16.6%	0.1%		16.5%
Assets-to-capital multiple	9.0	(0.2)		9.2

Risk-Weighted Assets

Total risk-weighted assets are determined by applying risk weightings defined in the CAR Guideline to ATB's on- and off-balance-sheet assets, as follows:

Table 22: Risk-Weighted Assets

		2023				2022	
As at March 31 ($ in thousands)	Risk-weighted percentage	**On- or off-balance-sheet value**	**Risk-weighted value**	**Risk-weighted value increase (decrease)**		**On- or off-balance-sheet value**	**Risk-weighted value**
On-balance-sheet amounts							
Cash resources	0–20	$ 2,359,457	$ 82,806	$ (16,723)	(16.8)%	$ 3,817,280	$ 99,529
Securities	0–100	5,888,220	137,054	4,923	3.7%	4,535,586	132,131
Residential mortgages	0–100	16,830,720	4,125,646	131,965	3.3%	16,596,726	3,993,681
Other loans	0–100	30,403,363	28,822,517	1,374,989	5.0%	29,331,978	27,447,528
Other assets	20–100	1,989,097	986,946	(774,260)	(44.0)%	2,770,465	1,761,206
Total on-balance-sheet amounts		**$ 57,470,857**	**$ 34,154,969**	**$ 720,894**	**2.2%**	**$ 57,052,035**	**$ 33,434,075**
Off-balance-sheet amounts							
Guarantees and letters of credit (1)	0–100	$ 22,210,669	$ 4,371,156	$ 342,728	8.5%	$ 20,639,189	$ 4,028,428
Derivative financial instruments	0–50	33,450,064	-	-	-	24,438,288	-
Total off-balance-sheet amounts		**$ 55,660,733**	**$ 4,371,156**	**$ 342,728**	**8.5%**	**$ 45,077,477**	**$ 4,028,428**
Total risk-weighted assets		**$ 113,131,590**	**$ 38,526,125**	**$ 1,063,622**	**2.8%**	**$ 102,129,512**	**$ 37,462,503**

(1) Guarantees and letters of credit include undertakings by ATB to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis. ATB does not expect all facilities to be drawn, and some may lapse before drawdown.

Return on Average Risk-Weighted Assets

ATB achieved a 1.1% return on risk-weighted assets—a 0.5% decrease from last year—as income decreased while our risk-weighted assets increased, mainly due to higher loans and derivative exposures.

Off-Balance-Sheet Arrangements

As a financial institution, ATB participates in a variety of financial transactions that, under IFRS, are either not recorded on the consolidated statement of financial position or are recorded at amounts different from the full notional or contract amount. These types of transactions are listed below.

Assets Under Administration

AUAs consist of client investments managed and administered by ATB's subsidiary entities operating under the umbrella of ATB Wealth. AUAs decreased from $26.2 billion to $25.9 billion during the year. (See ATB Wealth in this MD&A.)

Derivative Financial Instruments

ATB enters into various over-the-counter and exchange-traded derivative contracts in the normal course of business, including interest rate swaps, futures and foreign exchange (FX) and commodity instruments. These contracts are used either for ATB's own risk management purposes—to manage exposure to fluctuations in interest rates, equity and commodity markets, and FX rates—or to facilitate our clients' risk management programs.

All derivative financial instruments, including embedded derivatives and those qualifying for hedge accounting, are measured at fair value on the consolidated statement of financial position. Although transactions in derivative financial instruments are expressed as notional values, the fair value—not the notional amount—is recorded on the consolidated statement of financial position. Notional amounts serve as points of reference for calculating payments only and do not truly reflect the value associated with the financial instrument. (See Note 10 to the financial statements.)

Credit Instruments

In the normal course of lending activities, ATB enters into various commitments to provide clients with sources of credit. These typically include credit commitments for loans and related credit facilities, including revolving facilities, lines of credit, overdrafts and authorized credit card limits. To the extent that a client's authorized limit on a facility exceeds the outstanding balance drawn as at March 31, 2023, or at March 31, 2022, we consider the undrawn portion to represent a credit commitment.

For demand facilities, we still consider the undrawn portion to represent a commitment to our clients. However, the terms of the commitment are such that ATB could adjust the credit exposure if circumstances warrant doing so. Accordingly, from a risk management perspective, these demand facilities are considered to represent a lesser exposure than facilities with extended commitment terms. (See Note 21 to the financial statements.)

Contractual Obligations

During our normal daily operations, ATB enters into various contractual obligations to make future payments for certain purchase transactions and operating leases. (See Note 21 to the financial statements.) We are also obligated to make future interest payments on our collateralized and wholesale borrowings. (See Notes 15 and 20 to the financial statements.)

Guarantees

In the normal course of operations, ATB enters into guarantee arrangements that satisfy the definition of guarantees established by IFRS 9 *Financial Instruments.* The principal types of guarantees are standby letters of credit and performance guarantees. (See Note 21 to the financial statements.)

Securitization

ATB participates in the CMB program. Under this program, ATB pledges qualifying mortgages to Canada Housing Trust (CHT), a special-purpose entity set up by the Canada Mortgage Housing Corporation (CMHC), in return for funding. Part of the program is a swap agreement between ATB and CHT. This swap establishes the required cash payments between ATB and CHT. Due to the nature of the program and the fact that ATB substantially retains the risks and rewards related to the qualifying mortgages and certain securities, both are recognized on ATB's consolidated statement of financial position, while the swap is not.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Significant Accounting Policies

ATB's significant accounting policies are outlined in Note 2 to the consolidated financial statements. These policies are essential to understanding and interpreting the financial results presented in this MD&A and in the financial statements.

Critical Accounting Estimates

Certain accounting estimates made by management while preparing the statements are considered critical in that management is required to make significant estimates and judgments that are subjective or complex about matters inherently uncertain. Significantly different amounts could have been reported if different estimates or judgments had been made. The following accounting policies require such estimates and judgments.

Allowance for Loan Losses

ATB records an allowance for loan losses for all loans and financial assets not held at fair value, which includes loan commitments and financial guarantee contracts. Impairment losses are measured based on the estimated amount and timing of future cash flows and on collateral values. For loans carried at amortized cost, impairment losses are recognized at each reporting date as an allowance for loan losses on the consolidated statement of financial position and as a provision for loan loss on the consolidated statement of income. Allowance for undrawn amounts is disclosed in Note 9. Losses are based on the three-stage impairment model outlined below.

For financial assets measured at fair value through other comprehensive income (FVOCI), the calculated expected credit loss (ECL) is recognized as an allowance in other comprehensive income (OCI)—as an accumulated impairment amount with any corresponding change to profit or loss. The accumulated loss recognized in OCI is transferred to profit and loss when the asset is derecognized.

ATB assesses at each reporting date whether an asset has experienced a significant increase in credit risk since initial recognition. Assets are grouped into the following stages:

- **Stage 1:** When the asset is recognized, an allowance is recorded based on the 12-month ECL, which represents a portion of the lifetime ECL expected within 12 months of the reporting date. Stage 1 also includes assets previously classified as Stage 2 if the credit risk has improved.
- **Stage 2:** When an asset has shown a significant increase in credit risk since origination, an allowance is recognized for the lifetime ECL. Stage 2 also includes assets previously classified as Stage 3 if the asset is no longer credit impaired.
- **Stage 3:** Assets are considered credit impaired, with an allowance recognized equal to the discounted contractual cash shortfall expected over the remaining lifetime. Interest for assets in this stage is calculated based on the net loan balance.

Both the lifetime and 12-month ECLs are calculated either individually or collectively. If the credit quality improves in subsequent periods and results in a significant increase in credit risk no longer existing, the ECLs are measured at the 12-month ECL as the loan is moved back to Stage 1 from Stage 2. (See Risk Management in this MD&A and Note 9 to the financial statements.)

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received in the sale of a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. For those instruments with an available market price, fair value is established by reference to the last traded price before the balance sheet date. Many of ATB's financial instruments lack such an available trading market, and the associated fair values represent management's best estimates of the instruments' current value, taking into account changes in market rates or credit risk that have occurred since their origination. The most significant fair-value estimate this year relates to ATB's derivative financial instruments. (See Note 10 to the financial statements.)

Assumptions Underlying the Accounting for Employee Future Benefits

ATB engages actuarial consultants in valuing pension benefit obligations for our defined-benefit (DB) pension plans and Public Service Pension Plan (PSPP) based on assumptions determined by management. The most significant of these assumptions includes the rate of future compensation increases, discount rates for pension obligations and the inflation rate. (See Note 18 to the financial statements.)

Future Changes in Accounting Policies

A number of standards and amendments have been issued by the International Accounting Standards Board (IASB) that may have an impact on ATB's financial statements in the future. (See Note 3 to the financial statements for a detailed explanation of future accounting changes and their expected impacts on the statements.)

RISK MANAGEMENT

The following discussion outlines ATB's approach to managing the key risks we face and includes a discussion of risk management policies and procedures relating to credit, market and liquidity risks as required by IFRS 7 *Financial Instruments: Disclosures*, which permits these specific disclosures to be included in the MD&A. Discussion of ATB's approach to managing key financial and other related risks forms an integral part of the audited financial statements for the year ended March 31, 2023.

ATB provides comprehensive financial and wealth-management services to individuals, independent businesses, agriculture producers and corporate borrowers. As a result, we face exposure to a broad range of financial, business and regulatory risks, many of which are beyond ATB's direct control. ATB operates in a dynamic and increasingly competitive environment with substantial regulatory requirements and growing client and market expectations. Our mandated focus on the Alberta market continues to reflect a heightened level of geographic and concentration risk.

We define risk as the potential for loss or undesirable outcomes in earnings, liquidity, capital and/or reputation. ATB continues to have a strong commitment to managing risk, with the objective of growing, protecting and managing Shareholder value. We manage risks by ensuring that our business strategies provide an appropriate return for the risks we take while staying within our Board-approved risk appetite. Our risk appetite statement addresses our major risk categories, which include credit, market, liquidity, operational, client experience, cybersecurity, regulatory compliance, climate, ethics, strategy and reputational risks.

As we facilitate Alberta's economic growth, our primary objectives include:

- Identifying and assessing risks in our business activities and ensuring that the risks we take are within the risk appetite approved by our Board.
- Providing independent and effective challenges to risk-taking activity across ATB.
- Adopting a continuous improvement mindset with a focus on enhancing talent and evolving our methodologies, policies, processes, limits, tools and practices.
- Continuously monitoring our environment for external and internal threats to our business plans and reputation.

Top and Emerging Risks

As part of ATB's enterprise risk management (ERM) program, we regularly review and assess our operating environment to identify top and emerging risks, taking action to mitigate potential impacts.

Many risks are beyond ATB's control, their effects may be difficult to predict, and they could cause our financial results to differ significantly from our plans and objectives. A top risk is an existing significant risk that could prevent us from achieving our strategic objectives. An emerging risk is one that has not fully materialized but is being monitored for its potential impact on our ability to achieve our objectives.

Below is a detailed discussion of the significant top and emerging risks we are facing:

Economic Uncertainty

ATB's mandate is to operate predominantly in Alberta. The health of the Alberta economy affects our earnings and influences the ability to deliver on strategy and business plans. The Alberta economy continues to experience near-term uncertainty, including a higher than normal level of inflation and interest rates, supply chain issues and labour force constraints in certain sectors. Near-term uncertainty has also been elevated as a result of the geopolitical risk in relation to the ongoing Russia-Ukraine conflict. This may further impact the Alberta economy via energy price volatility, policy changes and supply chain disruptions.

In addition to near-term economic uncertainty, key Alberta economic sectors—including the oil and gas sector—face long-term challenges stemming from the transition to a low-carbon economy, including the potential for a significant reallocation of capital related to a decreased global appetite for fossil fuels. Climate change concerns will impact how businesses in carbon-intensive sectors are able to access and invest funds to meet their objectives, and the escalation of federal climate policy and regulations may present economic challenges. For details on how we are approaching climate-related risk management, refer to the Environmental and Social Risk section.

ATB closely monitors events that may influence oil prices and impact the financial health of oil and gas sector borrowers. Over the past year, oil prices have declined but remain above the lows experienced in recent years. The Organization of the Petroleum Exporting Countries Plus (OPEC+) production agreements, the Russia-Ukraine conflict and actions taken by the US, including releasing oil reserves from its strategic reserve, continue to influence global oil prices. ATB will continue to monitor price volatility and support our borrowers if necessary.

Economic uncertainty may adversely impact income opportunities, credit growth and performance, and deposit volatility and runoff. For details on how we manage the associated risks, refer to the Credit Risk, Market Risk and Liquidity Risk sections.

Cybersecurity Risk

The financial services industry continues to digitalize and rely on internet-based technologies that are connected 24/7 and across a large surface area. The threat of malicious attempts to access systems to steal data and funds, retrieve sensitive information or cause disruption remains elevated. This risk is further heightened as a result of Canada's political and financial support to Ukraine. The increasing sophistication and continual evolution of the technologies and methods of attack exacerbate this risk, with greater exposures as we broaden our use of third-party services and digitalize our products and services. The consequences of cybersecurity events could be material in terms of loss of client information, business disruption, remediation and regulatory costs, legal and reputational damage, and loss of revenue and client confidence. ATB dedicates significant resources to designing, implementing and assessing our cybersecurity program across our three-lines-of-defence risk management model. For further details on how we manage these risks, refer to the Operational Risk section.

Competitive Disruption

ATB competes against larger national banks, small- and medium-sized banks, credit unions and financial technology (fintech) firms in the highly competitive financial services industry. This risk can result in strategic and financial performance deterioration, and, due to competitive pressures, client expectations can outpace our ability to offer market-relevant digital products and services while maintaining a consistent client experience. Over the past year, larger banks have actively scaled digital product offerings through partnerships with fintechs, and smaller banks and credit unions have seen continued market growth. ATB continues to monitor the competitive landscape and has deployed various initiatives with demonstrated feasibility as we continue to improve our product and service offerings.

Risk Management

ATB aims to create and protect enterprise value by enabling risk-informed decision-making and balancing risk and return in our business processes. We do this by managing key risks identified throughout the business cycle that may impact the achievement of ATB's strategic and business goals. Our ability to effectively manage risk is supported by:

- A strong risk culture.
- An effective governance and organizational structure, including the application of a three-lines-of-defence model.
- A well-articulated risk appetite statement.
- An effective ERM program (policies, processes, limits, tools and practices).

Risk Culture

We have adopted the Financial Stability Board's definition of risk culture as ATB's norms, attitudes and behaviours related to risk awareness, risk-taking and risk management. Risk management is the responsibility of all ATB team members, and our culture enables us to proactively identify, assess and respond to risks in a timely manner.

Expectations for team member behaviour and accountabilities are set out in our:

- Code of conduct and ethics.
- Enterprise risk appetite statement.
- Policies and procedures.
- Performance management and compensation practices.

ATB develops and fosters a risk-aware culture by:

- Establishing clear ownership of and accountability for risk management activities across the organization through the three-lines-of-defence governance model.
- Clearly and consistently communicating risk issues, supported by processes that allow for open discussion and challenge.
- Developing and implementing an enterprise risk appetite and key risk indicators.

Every team member is an integral part of our risk culture and is responsible for managing risk prudently and appropriately. Risk management is built into strategic, business and operational plans and operationalized through the implementation of our enterprise risk appetite statement.

Risk Governance

Ultimate responsibility for managing risk lies with ATB's Board of Directors, according to our three-tier risk governance framework. The following graphic illustrates the distribution of responsibilities for risk governance and oversight, risk strategic direction and control, and risk management and reporting:

Risk governance and oversight	Board of Directors	
	Risk Committee	Audit Committee

Risk strategic direction and control	Chief Executive Officer and Strategic Leadership Team						
	Ethics Committee	Asset/Liability Committee	Executive Risk Management Committee	Credit Committee	Operational Risk Committee	Cyber Risk Oversight Committee	ESG Steering Committee

Risk management and reporting	Three lines of defence		
	First line: Risk ownership and management	**Second line: Risk oversight and control**	**Third line: Independent assurance**
	• Everyday Financial Services • ATB Business • ATB Wealth • ATB Technology and Experience Office	• ATB Risk Office • ATB Finance Office • ATB People Office • ATB Legal and Sustainability Office	• ATB Internal Audit • External auditors

Risk Governance and Oversight

While retaining overall responsibility for risk, the Board delegates risk oversight to the Risk and Audit committees. These Board committees have the risk governance responsibilities described in the following table:

Board committees	Responsibility	Chaired by
Risk	Oversees risk management throughout ATB. Reviews and recommends, for the Board's approval, ATB's risk appetite statement, approves all major risk policies and regularly reviews ATB's performance in relation to approved risk appetite levels.	A Board director
Audit	Oversees financial reporting and monitors and oversees the adequacy and effectiveness of internal controls over financial reporting.	A Board director

Risk Strategic Direction and Control

Chaired by the CEO, the Strategic Leadership Team (SLT) comprises senior executives spanning all AOEs and SSUs. Together they develop ATB's strategic direction, oversee the development of appropriate risk management frameworks and establish policies and procedures designed to maintain risk within our risk appetite. The SLT delegates risk oversight to the management committees described in the following table:

Management committees	Responsibility	Chaired by
Ethics	Monitors the tone on ethics at ATB and ensures ATB's practices meet or exceed ethical standards. Reviews the codes of conduct and ethics and the anonymous safe disclosure program. Reviews allegations of wrongdoing and reports to the Board of Directors.	Chief Executive Officer
Asset/Liability	Oversees the direction and management of market risk and liquidity risk, as well as ATB's funding and capital positions.	Chief Financial Officer
Executive Risk Management	Sets the overall direction, makes key decisions relating to enterprise risk management activities across ATB and supports the design, execution and assessment of results from ATB's enterprise risk management program.	Chief Risk Officer
Credit	Adjudicates credit within prescribed limits and establishes operating guidelines, business rules and internal policies to support the management of credit risk throughout ATB.	Senior Vice President, Credit
Operational Risk	Oversees and gives direction on enterprise-wide operational risks.	Vice President, Operational Risk Management
Cyber Risk	Oversees and gives direction on enterprise-wide cybersecurity risks.	Chief Risk Officer, Chief Information Security Officer

Risk Management and Reporting

Our risk management program is defined through a series of policies and frameworks, processes, controls and limits, all cascading from ATB's Board-approved risk appetite statement and guided by our ERM framework.

Responsibility for risk management and reporting is guided by an established set of principles for ATB's three lines of defence:

- Risk ownership and management includes the AOEs and SSUs that face risks directly. These groups are accountable for taking and managing risks within their respective areas of responsibility, in line with approved limits, policies and authorities.
- Risk Management is a group that establishes policies, practices, limits and authorities throughout ATB. The group monitors and reports on risk management activities, as appropriate, to senior management and the Board's Risk Committee. Risk Management is supported by other SSUs, who conduct risk oversight activities.
- Internal Assurance monitors the activities of management and provides independent assurance to the Board of Directors on the effectiveness of, and adherence to, risk management policies, procedures and internal controls.

Risk Appetite Statement

ATB has a well-defined risk appetite statement, which establishes our enterprise-wide risk appetite as prudent, balanced and in line with our strategic objectives, with consideration of our mandate and responsibility to Albertans. We will:

- Ensure risks are understood and effectively managed in all business activities, recognizing that there is a client at the end of all our transactions.
- Build strong company value and not "bet the bank" on any new product, service or strategy.
- Hold ourselves to the highest ethical standard and consider reputational risk and impact to our brand in all our current and future activities.
- Generate returns in accordance with our mandate.

ATB's geographical restrictions and business activities expose the institution to a wide variety of risks. While incurring risk is fundamental to a financial services corporation, the level of risk taken must be understood, assessed, managed and monitored against a predefined risk appetite.

ATB's risk appetite statement is the internal document that articulates the amount of risk ATB is willing to accept in pursuing our strategic objectives. It establishes the boundaries for risk-taking, includes risk definitions and measurable qualitative and quantitative statements and provides a platform for measuring risk management activities for key risks across the enterprise. Key risks for ATB include those related to credit, market, liquidity, operational, cybersecurity, client experience, regulatory compliance, strategy, climate, reputation and ethics.

The level of risk appetite within ATB may change over time. Therefore, the risk appetite statement is reviewed and updated at least annually. We report our exposures against our risk appetite to the Board's Risk Committee quarterly.

Enterprise Risk Management Framework

ATB's ERM framework is applied on an enterprise-wide basis. The goals of this framework are to:

- Ensure ERM processes are aligned with industry-leading standards for institutions of ATB's complexity.
- Establish common risk language and direction related to risk management.
- Outline how ERM processes are deployed across the enterprise.
- Clearly define responsibilities for risk management, oversight and assurance across ATB's three lines of defence.

The framework is designed to make ERM an integral part of our management practices and an essential element of our corporate governance. ERM is intended to manage losses to expected levels and to levels within ATB's enterprise risk appetite statement and regulatory constraints. Our framework recognizes that ERM is an iterative process that encourages and facilitates continuous improvement in decision-making across ATB.

Risk Identification and Assessment

ATB deploys a variety of approaches to identify risks, and we assess risks using an evaluation methodology that considers both the severity of the risk and the likelihood of it occurring. Enterprise risks are further assessed for their impact on shorter- and longer-term objectives. Once the level of risk has been determined, the next step in the risk process is to determine how the remaining risk should be treated. Selecting the most appropriate risk treatment option involves balancing the costs of implementing each option against the benefits derived from the treatment.

Risk Monitoring and Review

Risk monitoring includes reviewing the effectiveness and appropriateness of the strategies and management systems set up to implement risk treatments and the risk management system as a whole. ATB engages in continuous monitoring through routinely measuring or checking particular parameters of a risk, as well as through independent inspections, including internal and external audits. An element of effective risk management is regular reporting to senior management and the Board on, for example, ATB's risk profile (in appropriately aggregated form), top and emerging risks, the effectiveness of processes and controls and the results of internal or external audits.

Scenario Analysis and Stress Testing

Scenario analysis is a tool that informs strategic planning by challenging "business as usual" assumptions. Stress testing, a form of scenario analysis, is indispensable to risk management. Through stress testing, ATB defines and analyzes severe but plausible scenarios that could have important consequences for the company. Senior management reviews enterprise-wide stress test results, uses the results to assess the appropriateness of capital levels and, where the impact of a stress test exceeds ATB's risk appetite, develops mitigating actions and alternative strategies.

The shaded areas of this MD&A represent a discussion of risk management policies and procedures relating to credit, market and liquidity risks as required under IFRS 7 *Financial Instruments: Disclosures*, which permits these specific disclosures to be included in the MD&A. Therefore, the shaded areas, which include Credit Risk, Market Risk and Liquidity Risk, form an integral part of the audited financial statements for the years ended March 31, 2023, and March 31, 2022.

Credit Risk

Credit risk is the risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB. Examples of typical products bearing credit risk include retail, commercial and corporate loans, guarantees, letters of credit and derivatives. Credit risk typically poses the greatest inherent risk of financial loss to lending institutions and is further amplified for ATB given our concentration in Alberta.

Credit Risk Governance

The objective of ATB's Credit Risk Management Framework is to clearly outline the governance responsibilities and processes related to the credit risk management program, including application of prudent underwriting standards similar to other Canadian financial institutions and deployment of portfolio limits that ensure diversification of our portfolios. As the owners of credit risk, EFS, ATB Business and ATB Wealth are accountable for credit decisions in adherence with approved policies, frameworks and operating procedures, including delegated lending authority. Credit risk management, part of ATB's Risk Management function, forms the second line of defence. This group provides oversight through the establishment of policies, frameworks, operating procedures and limits to independently evaluate and support recommended credit decisions provided by the AOEs and to continually monitor the overall credit risk level inherent in ATB's credit portfolio. Monitoring credit risk within the portfolio is performed independently from the credit decision process—it entails assessing ATB's credit risk level against defined credit risk thresholds, risk tolerances, risk appetite and industry peer group performance. The third line of defence is ATB's Internal Assurance department, which independently evaluates and reports on all stages and aspects of credit granting and monitoring.

We believe the three-lines-of-defence model adequately measures and mitigates credit risk exposures produced through daily lending and investment operations. This model has been used throughout the year, in addition to increased portfolio and individual-borrower monitoring, to ensure ATB remains aligned with the parameters of our credit risk appetite.

Credit Risk Management

ATB has a moderate appetite for credit risk, which we adhere to by pursuing lending strategies that balance risk and return and maintain an overall quality loan portfolio by applying prudent lending limits and practices. Our credit risk appetite requires that ATB's credit-granting operations:

- Enter into lending activities in markets only where we have the knowledge and processes in place to adequately manage risk.
- Manage individual client credit exposures so anticipated losses from a given borrower are below risk appetite maximums, unless in rare and unique circumstances.
- Maintain terms such as retention of collateral and adherence to debt covenants to minimize potential losses.
- Operate within the boundaries of prudent lending policies, with exceptions held to defined thresholds, and provide reasonable oversight of the ongoing performance of loan assets.
- Maintain total loan losses within established tolerances.
- Maintain a diversified loan portfolio to the extent permissible within our legislative framework.
- Maintain a high-quality loan portfolio, with performance monitored against risk appetite tolerances and benchmarked against our chosen peer group.
- Maintain a level of portfolio quality and diversification that produces loss estimates from approved stress scenarios that are below established targets.

During stress events, we manage the credit portfolio while considering ATB's risk appetite and continuing to apply prudent credit policies and portfolio management techniques. Although legislation largely restricts ATB's lending operations to the Alberta marketplace, we manage a diversified portfolio by way of:

- Policies and limits that ensure diversification across various credit borrower types, sizes and credit-quality levels.
- Policies that ensure the portfolio is not overly concentrated within a particular industry sector, common risk or related group of individual borrowers, credit product or loan type, operational loan origination channel or geographic region within Alberta.
- Out-of-province syndicated loan exposure limits permitted under the *ATB Regulation*.
- Retention of sufficient loss-absorbing capital for severe but plausible stress events.

In striving to balance loan growth against maintaining credit risk exposure and key performance indicators within acceptable parameters, we manage the credit risk inherent in both individual transactions and the overall portfolio. ATB believes that this dual approach to credit risk management and its alignment with our risk appetite are essential to our long-term success.

ATB's credit risk management approach recognizes that ATB operates in an ever-changing economy and must manage and moderate the potential variability of credit losses over a full economic cycle. The following key operational actions support our strategy:

- Using validated credit score models for adjudication and behavioural monitoring.
- Having accurate estimation processes and models for establishing the allowance for loan losses.
- Back-testing and validating actual values to established forecasts to improve the accuracy of future results.
- Implementing early-warning systems to give management advance notice of changing risk dimensions in credit portfolio profiles and external lending environments.
- Monitoring key portfolio-risk indicators to actively maintain risk within the approved risk appetite levels or established management tolerances.
- Using stress-testing techniques to identify and understand the potential impact of credit-quality migration or loss-rate movements as a result of extreme economic events.
- Continuously monitoring to ensure ongoing compliance with ATB's risk policies, practices, appetite criteria and desired tolerances.
- Ensuring accountability for managing credit risk throughout ATB according to our three-lines-of-defence model.
- Voluntarily complying with the current OSFI CAR Guideline and, pursuant to this compliance, holding adequate regulatory capital to protect the institution from severe credit-related stress events.

ATB continues to develop the capability to incorporate climate change considerations into our broader credit risk strategy, including building upon our understanding of the potential impacts that both climate change and the actions to mitigate climate change will have on our borrowers.

Counterparty Risk

Client and financial institution counterparties are scrutinized through our regular credit risk management processes, and exposure limits are restricted by counterparty ratings. We also use credit risk mitigation techniques such as netting and requiring the counterparty to collateralize obligations above agreed thresholds to limit potential exposure.

Derivatives

The use of derivatives inherently involves credit risk due to the potential for counterparty default. To control this risk, we engage in various risk mitigation strategies through master netting and collateral agreements.

Within the parameters of our legislative and regulatory framework, ATB uses derivatives for managing our asset and liability positions and the risks associated with individual loan and deposit products offered to clients. We use several types of derivatives for this purpose, including interest rate swaps, futures and FX and commodity forward and futures contracts. We refer to these contracts as our corporate derivative portfolio.

ATB provides commodity, FX and interest rate derivatives to corporate clients, allowing them to hedge their existing exposure to commodity, FX and interest rate risks. We refer to these contracts as our client derivative portfolio. The client derivative portfolio is not used for generating trading income through active assumption of market risk but for meeting the requirements of ATB's corporate clients. ATB does not accept net exposure to such derivative contracts (except for related credit risk), as we either enter into offsetting contracts with other financial institution counterparties or, for foreign currency contracts only, incorporate them into our own FX position.

All derivative transactions are reviewed and managed within Board-approved policies, which outline the risk management requirements and standards for derivative transactions within ATB. ATB employs appropriate segregation of duties to ensure that counterparty exposure for the client and corporate derivative portfolios is managed and monitored within approved limits. Further, the Market Risk group monitors derivative positions and the Asset/Liability Committee (ALCO) reviews them monthly.

Credit Risk Measurement

ATB quantifies credit risk at the individual borrower or counterparty level, as well as the portfolio level. (See Notes 2(b) and 8 to the financial statements for further details.) Derivative exposure for ATB's corporate clients is measured using potential future exposure for commodities, FX and interest rate derivatives, and these measures are calculated and monitored daily. We are generally not exposed to credit risk for the full face value (notional amount) of derivative contracts, only to the current replacement cost if the counterparty defaults.

Table 23: Credit Risk Exposure

The amounts shown in the table below best represent ATB's exposure to credit risk, with the year-over-year increase driven by loan growth. (See Note 4 to the financial statements.)

As at *($ in thousands)*	March 31 2023	March 31 2022
Financial assets (1)	$ 56,427,404	$ 55,474,217
Other commitments and off-balance-sheet items (2)	22,210,668	20,639,189
Total credit risk	**$ 78,638,072**	**$ 76,113,406**

(1) Financial assets include derivatives stated net of collateral held and master netting agreements.
(2) Other commitments and off-balance-sheet items include the undrawn portion of ATB's loan commitments, guarantees and letters of credit.

Table 24: Industry Concentration

ATB is inherently exposed to significant concentrations of credit risk, as our clients predominantly participate in the Alberta economy. The following table presents a breakdown of the three largest single-industry segments and the single largest borrower:

	March 31 2023		March 31 2022	
As at *($ in thousands)*		Percentage of total gross loans		Percentage of total gross loans
Commercial real estate	$ 6,694,144	14.1%	$ 6,412,423	13.8%
Agriculture, forestry, fishing and hunting	4,566,795	9.6%	4,413,326	9.5%
Mining and oil and gas extraction	4,874,883	10.2%	3,808,056	8.2%
Largest borrower	$ 290,628	0.5%	$ 123,662	0.3%

Table 25: Real Estate Secured Lending (Insured and Uninsured)

RMLs and HELOCs are secured by residential properties. The following table breaks down the amounts and percentages of insured and uninsured RMLs and HELOCs:

As at *($ in thousands)*			March 31 2023		March 31 2022
Residential mortgages	Insured (1)	$ 10,027,437	59.6%	$ 10,052,413	60.6%
	Uninsured	6,803,283	40.4%	6,544,313	39.4%
Total residential mortgages		**$ 16,830,720**	**100.0%**	**$ 16,596,726**	**100.0%**
Home equity lines of credit	Uninsured	$ 2,166,527	100.0%	$ 2,485,554	100.0%
Total home equity lines of credit		**$ 2,166,527**	**100.0%**	**$ 2,485,554**	**100.0%**
	Insured	**$ 10,027,437**	**52.8%**	**$ 10,052,413**	**52.7%**
Total	**Uninsured**	**8,969,810**	**47.2%**	**9,029,867**	**47.3%**

(1) Insured residential mortgages are mortgages insured against a loss caused by a borrower defaulting and include both individual and portfolio insurance. The amounts presented include bulk-insured conventional mortgages and mortgages insured by CMHC, Sagen and Canada Guaranty Mortgage Insurance.

Table 26: Real Estate Secured Lending (Amortization Period)

The following table shows the percentages of our RML portfolio that fall within various amortization periods:

As at	March 31 2023	March 31 2022
Less than 25 years	96.0%	94.4%
25 years and above	4.0%	5.6%
Total	**100.0%**	**100.0%**

Table 27: Real Estate Secured Lending (Average Loan-to-Value Ratio)

The following table provides a summary of our average loan-to-value ratio for newly originated and acquired uninsured RML and HELOC products:

As at	March 31 2023	March 31 2022
Residential mortgages	68.1%	68.0%
Home equity lines of credit	58.0%	58.0%

ATB performs stress testing on our RML portfolio as part of our overall stress-testing program to assess the impact of an economic downturn. Severe changes in house prices, interest rates and unemployment levels are among the factors considered in our testing. ATB considers potential losses in our RML portfolio under such scenarios to be manageable, given the portfolio's high proportion of insured and low loan-to-value ratio mortgages.

ATB has limited exposure to variable rate mortgages, which comprised 10.6% of total mortgages as at March 31, 2023, and 10.7% as at March 31, 2022.

Market Risk

Market risk can arise due to changes in interest rates, trading activity, FX rates and commodity prices. ATB primarily has market risk exposure to both the risk-sensitive assets and liabilities on our balance sheet as well as to the derivatives and other financial instruments that we use to manage the various risk exposures we face.

Market Risk Governance

ATB's market risks are managed in accordance with policies and frameworks that outline risk management requirements, program governance and monitoring and reporting standards across the three lines of defence. ATB does not engage in market making, arbitrage or proprietary trading of commodities, equities or fixed income markets. The focus remains on serving our clients' needs and managing the risk that arises from our clients' activities. ATB takes minimal market risk and instead aims to minimize volatility in earnings through various hedging activities.

As the second line of defence, ATB's Market Risk group provides control and oversight and reports to the ALCO and the Board's Risk Committee on ATB's market risk exposures against Board-approved limits. The ERM framework gives the Risk Committee a view of the market risk profile compared to the approved market risk appetite. The Board reviews risk limits annually for interest rate gap, sensitivity of NII and enterprise value at risk.

Interest Rate Risk Management

Interest rate risk is the risk of a negative impact on ATB's financial position due to changes in market interest rates, rate spreads, the shape of the yield curve or any other interest rate relationship.

Asset and liability management risk exists due to differences in the timing and pricing of interest-sensitive assets and liabilities on our balance sheet and the need to invest non-interest-sensitive liabilities and equity in interest-earning assets. Risks arise from, among other factors, different timing of interest rate resets, varying use of floating interest rate reference indices, early prepayments or unexpected drawdowns or growth of loan balances and unanticipated changes in deposit balances.

The impact of changes in interest rates on ATB's NII depends on several factors, including size and pace of change in interest rates, size and maturity of the assets and liabilities and observed lending and deposit behaviour of our clients versus expectations. ATB uses derivative financial instruments such as interest rate swaps and other capital-market alternatives to manage our interest rate risk.

Asset and liability management encompasses the following tasks:

- Developing interest rate risk management policies and limits
- Developing methods to measure, monitor and report interest rate risk
- Managing interest rate risk versus approved limits
- Measuring, monitoring and reporting interest rate risk exposure to the ALCO monthly and the Board's Risk Committee quarterly

Interest Rate Risk Measurement

ATB measures interest rate risk every month through three primary metrics:

- Interest rate gap measurement, which compares the notional difference or gap in interest rate repricings between assets and liabilities, grouped according to their repricing date
- Sensitivity of NII to sudden increases or decreases in market interest rates, measured over 12 months
- Sensitivity to the change in economic value due to changes in interest rates

(See Note 22 to the financial statements.)

Foreign Exchange Risk

FX risk is the risk of loss resulting from fluctuations in FX rates. This risk arises from the existence of a net asset or liability position denominated in foreign currency and/or a difference in maturity profiles for purchases and sales of a given currency.

ATB has an FX risk management policy, which establishes approved limits to our trading and non-trading FX portfolios and defines the roles and responsibilities across the three lines of defence for the ongoing identification, measurement, monitoring and management of FX risk.

ATB manages our foreign currency exposure through, for example, FX limits, measurement of non-trading exposures and buying/selling currency to remain within the Board-approved risk appetite.

ATB is within our Board-approved minimum limits as at March 31, 2023, and March 31, 2022.

Commodity Price Risk

Commodity price risk arises when ATB offers derivative or deposit products where the value of the derivative instrument or rate of return on the deposit is linked to changes in the price of the underlying commodity. As discussed in the Credit Risk section, we use commodity-linked derivatives to fully hedge our associated commodity risk exposure on these products. ATB does not accept any net direct commodity price risk. (See Note 10 to the financial statements.)

Liquidity Risk

Liquidity risk is the risk that ATB may not meet all our financial commitments in a timely manner, at reasonable prices. ATB manages liquidity risk to ensure we have timely access to cost-effective funds to meet our financial obligations as they become due, in both routine and crisis situations. We do so by managing cash flows, diversifying our funding sources and regularly stress testing, monitoring and reporting our current and forecasted liquidity position.

Liquidity Risk Governance

Treasury, acting as the first line of defence under supervision of the ALCO, owns and manages liquidity risk in accordance with policies and limits approved by the Board. Liquidity risk management authorities, such as executing transactions and setting limits, are delegated from the Board to senior management. ATB's Market Risk group, as the second line of defence, provides independent oversight of liquidity risk exposures, develops and recommends liquidity risk management limits and policies and regularly provides reporting of ATB's liquidity risk profile relative to risk appetite to the ALCO and the Board's Risk Committee.

Liquidity Risk Management

The liquidity risk management policy and framework outline ATB's liquidity risk management requirements, set thresholds for liquidity risk metrics and delegate duties and responsibilities for managing liquidity risk. The policy and framework are designed to comply with global liquidity standards set by the Bank for International Settlements and adopted by OSFI in the Liquidity Adequacy Requirements Guideline (LAR Guideline).

To ensure stable and well-diversified sources of funding, ATB determines and manages our liquidity needs using a wide range of financial products and borrowing programs. Our activities can include:

- Using a variety of funding sources for liquidity, such as our retail deposit base.
- Encouraging growth in deposits from individuals, which provide a stable source of funding over the long term.
- Participating in Canadian financial markets through the GoA's consolidated borrowing program, which issues short- and medium-term notes.
- Maintaining holdings of highly liquid assets in proportion to anticipated demand.
- Establishing access to other sources of liquidity that can be obtained on short notice if additional funds are required.
- Maintaining a securitization program to raise funds.
- Monitoring and managing deposit concentration levels.
- Maintaining a liquidity contingency plan that clearly sets out the alternatives for addressing liquidity shortfalls in emergency situations, whether caused by business-specific or generalized market-wide stress.
- Conducting stress testing to identify potential sources of liquidity strain.

Liquidity Risk Measurement

We measure liquidity through a series of short- and intermediate-term metrics, including the liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and net cumulative cash flow (NCCF) metrics defined in the OSFI LAR Guideline.

On March 31, 2023, the LCR was 134.6% (2022: 129.0%) above the Board-approved minimum limit.

We monitor and proactively assess ATB's current and forward-looking liquidity position under a variety of asset and liability changes. Baseline forecasts are considered, as well as plausible but unexpected stress scenarios that could lead to large variations in liquidity. Liquidity risk is measured and managed at each AOE, as well as at an aggregated enterprise level.

Table 28: Long-Term Funding Sources

The following table describes ATB's long-term funding sources:

As at March 31 *($ in thousands)*	2023 Long-term funding	2023 Percentage of total	2022 Long-term funding	2022 Percentage of total
Wholesale borrowings	$ 2,520,360	24.2%	$ 4,449,880	36.9%
Collateralized borrowings	7,903,625	75.8%	7,611,233	63.1%
Total long-term funding	**$ 10,423,985**	**100.0%**	**$ 12,061,113**	**100.0%**

Table 29: Contractual Maturities (On-Balance-Sheet Financial Instruments)

The following tables provides the maturity of assets and liabilities, based on the contractual maturity date:

	Term							
As at *($ in thousands)*	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	No specific maturity	Total
March 31, 2023								
Assets								
Cash resources	$ 1,974,745	$ -	$ -	$ -	$ -	$ -	$ 384,712	$ 2,359,457
Securities	3,298,889	1,280,469	637,278	-	180,569	453,185	37,830	5,888,220
Loans	9,273,092	366,722	302,864	506,271	602,067	36,183,067	-	47,234,083
Derivative financial instruments	367,546	206,873	112,795	44,980	29,251	289,570	-	1,051,015
Other financial assets	-	-	-	-	-	-	377,601	377,601
Total financial assets	14,914,272	1,854,064	1,052,937	551,251	811,887	36,925,822	800,143	56,910,376
Other non-financial assets	-	-	-	-	-	-	560,481	560,481
Total assets	$ 14,914,272	$ 1,854,064	$ 1,052,937	$ 551,251	$ 811,887	$ 36,925,822	$ 1,360,624	$ 57,470,857
Liabilities and equity								
Deposits	$ 37,162,812	$ 1,456,885	$ 300,092	$ 108,479	$ 442,377	$ 2,848	$ -	$ 39,473,493
Wholesale borrowings	467,489	-	349,208	699,561	591,985	404,260	-	2,512,503
Collateralized borrowings	1,920,096	1,641,201	1,062,032	1,184,771	1,394,925	688,841	-	7,891,866
Derivative financial instruments	319,046	250,864	177,149	143,709	65,395	256,126	-	1,212,289
Securities sold under repurchase agreements	122,568	-	-	-	-	-	-	122,568
Other financial liabilities	-	-	-	-	-	-	1,254,176	1,254,176
Total financial liabilities	39,992,011	3,348,950	1,888,481	2,136,520	2,494,682	1,352,075	1,254,176	52,466,895
Other non-financial liabilities	-	-	-	-	-	-	187,042	187,042
Total liabilities	$ 39,992,011	$ 3,348,950	$ 1,888,481	$ 2,136,520	$ 2,494,682	$ 1,352,075	$ 1,441,218	$ 52,653,937
Total equity	-	-	-	-	-	-	4,816,920	4,816,920
Total liabilities and equity	$ 39,992,011	$ 3,348,950	$ 1,888,481	$ 2,136,520	$ 2,494,682	$ 1,352,075	$ 6,258,138	$ 57,470,857

As at ($ in thousands)	Term Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	No specific maturity	Total
March 31, 2022								
Assets								
Cash resources	$ 2,454,188	$ -	$ -	$ -	$ -	$ -	$ 1,363,092	$ 3,817,280
Securities	2,690,829	958,977	385,259	188,831	179,559	87,960	44,171	4,535,586
Loans	7,585,831	444,167	414,132	530,795	823,879	36,129,900	-	45,928,704
Derivative financial instruments	1,108,883	258,189	117,748	61,042	24,029	209,686	-	1,779,577
Other financial assets	-	-	-	-	-	-	402,579	402,579
Total financial assets	13,839,731	1,661,333	917,139	780,668	1,027,467	36,427,546	1,809,842	56,463,726
Other non-financial assets	-	-	-	-	-	-	588,309	588,309
Total assets	$ 13,839,731	$ 1,661,333	$ 917,139	$ 780,668	$ 1,027,467	$ 36,427,546	$ 2,398,151	$ 57,052,035
Liabilities and equity								
Deposits	$ 35,360,861	$ 1,528,953	$ 276,544	$ 69,543	$ 82,535	$ 1,046	$ -	$ 37,319,482
Wholesale borrowings	2,348,272	254,009	-	348,854	699,399	792,433	-	4,442,967
Collateralized borrowings	1,263,685	1,722,259	1,644,306	1,064,143	1,190,383	730,173	-	7,614,949
Derivative financial instruments	1,098,666	272,366	119,213	109,927	93,124	189,109	-	1,882,405
Securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	1,106,257	1,106,257
Total financial liabilities	40,071,484	3,777,587	2,040,063	1,592,467	2,065,441	1,712,761	1,106,257	52,366,060
Other non-financial liabilities	-	-	-	-	-	-	233,781	233,781
Total liabilities	$ 40,071,484	$ 3,777,587	$ 2,040,063	$ 1,592,467	$ 2,065,441	$ 1,712,761	$ 1,340,038	$ 52,599,841
Total equity	-	-	-	-	-	-	4,452,194	4,452,194
Total liabilities and equity	$ 40,071,484	$ 3,777,587	$ 2,040,063	$ 1,592,467	$ 2,065,441	$ 1,712,761	$ 5,792,232	$ 57,052,035

Table 30: Contractual Maturities (Off-Balance-Sheet Commitments)

Contractual maturities of certain off-balance-sheet financial liabilities are as follows:

As at
($ in thousands)

Off-balance-sheet financial instruments	Term Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
March 31, 2023							
Guarantees and letters of credit (1)	$ 1,288,861	$ -	$ -	$ -	$ -	$ -	**$ 1,288,861**
Commitments to extend credit (2)	20,921,808	-	-	-	-	-	**20,921,808**
Purchase obligations	171,261	62,627	37,861	22,666	7,025	32,614	**334,054**
March 31, 2022							
Guarantees and letters of credit (1)	$ 976,258	$ -	$ -	$ -	$ -	$ -	**$ 976,258**
Commitments to extend credit (2)	19,662,931	-	-	-	-	-	**19,662,931**
Purchase obligations	117,248	68,068	36,733	29,147	21,793	44,123	**317,112**

(1) ATB is called upon to satisfy a guarantee only when the guaranteed party fails to meet its obligations. ATB has recourse against the client for such commitments.
(2) Commitments to extend credit represent undertakings by ATB to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis. ATB does not expect all facilities to be drawn, and some may lapse before drawdown.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It is inherent in all our business activities, including the processes and controls used to manage credit risk, market risk and other risks we face. It can cause monetary losses and reputational harm or result in legal action or regulatory sanctions. Examples of operational risks include risks associated with third-party performance, process failure, theft and fraud, errors or misrepresentation in our products, employment practices, workplace safety, regulatory non-compliance, business disruption and exposure related to third parties, model use and damage to physical assets.

Operational Risk Governance

ATB's operational risk policy outlines the risk management standards, expectations, processes and practices to conduct our business activities in a manner that does not expose the institution to a level of operational risk that exceeds the Board-approved risk appetite. The policy also establishes appropriate accountability for operational risk management across the three-lines-of-defence model.

Operational Risk Management

Operational risk management is achieved through the implementation and maintenance of the operational risk management program, which encompasses risk appetite, policies and supporting frameworks and a series of tolerances, processes, tools and controls deployed across ATB.

While operational risk can never be fully eliminated, we can manage it to reduce our exposure. We do so through a variety of techniques, including risk and control assessments, new initiative assessments, loss data collection and analysis, business continuity management, insurance and ongoing monitoring and reporting.

Third-Party Risk

The decision to engage in a relationship with a third party introduces risk to ATB's operations and reputation. While ATB may use third parties to support business activities, functions or processes, doing so does not reduce our risk management obligations. Third-party risk management consists of activities that identify the risks associated with third-party relationships and ensure appropriate controls and processes exist to manage and/or mitigate the risks associated with third-party relationships.

ATB manages third-party risk throughout the lifecycle of a third-party relationship. ATB requires third-party relationships to be documented as a duly executed and endorsed contract agreement that addresses all fundamental elements, terms and conditions of the business relationship. ATB has an appropriate third-party risk management policy, framework and processes. We conduct business activities in a manner that does not expose the institution to a level of risk that would breach our risk appetite.

Model Risk

Model risk is "the risk of adverse financial (e.g., capital, losses, revenue) and reputational consequences arising from the design, development, implementation and/or use of a model" (OSFI). A model is defined as a quantitative method, system and/or approach that applies statistical, economic, financial or mathematical theories, techniques and assumptions to process input data into quantitative estimates. Model risk can originate from, among other things, inappropriate specification; incorrect parameter estimates; unwanted bias; flawed hypotheses and/or assumptions; mathematical computation errors; inaccurate, inappropriate or incomplete data; lack of controls in data lineage; inappropriate, improper or unintended usages; and inadequate monitoring and/or controls.

Consistent with the operational risk management policy and framework, the three-lines-of-defence operating model establishes the appropriate accountability for managing model risk. Model owners, developers and users serve as the first line of defence, while the Model Risk Management (MRM) group within ATB's Risk Office is the second line of defence, and ATB Internal Assurance is the third line of defence. The MRM group seeks to ensure models are robust, appropriate for their purpose and independently validated. To that end, the MRM group is responsible for oversight activities that independently identify, assess, monitor and report model risk on an enterprise basis. The MRM group provides a second line-of-defence challenge, timely vetting and model revalidation. First-line model owners, developers and users work with the MRM group on the design, development, deployment, maintenance and ongoing use and performance of quantitative models. ATB manages our risk of exposure to error from models through appropriate governance and controls and by ensuring it falls within acceptable tolerances set out in ATB's Board-approved risk appetite statement.

Fraud Risk

Fraud risk is an operational risk that arises from intentional deception, resulting in not only the potential for significant financial loss to ATB and our clients, but also significant exposure to reputational risk and regulatory action. It may be any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

ATB's fraud risk management activities align with relevant principles set out by the ASFI Supervisory Framework and OSFI's regulatory and supervisory practices and incorporate the three-lines-of-defence model. The model includes the design, development and maintenance of internal process and system controls to identify, assess, manage and monitor fraud risks. ATB's approach to fraud risk management is to ensure effective processes, controls and metrics are deployed to manage fraud events and potential losses to levels within our Board-approved risk appetite.

Client Experience Risk

Client experience risk is the risk of sudden or progressive eroding of client confidence in ATB's ability to meet client needs and expectations. This may lead to an inability to retain and attract clients which, in turn, could lead to volatility in income levels.

In the medium to longer term, increasing deterioration of client experience erodes income stability and financial performance as the relative stickiness of the client base may decline, a higher percentage of relationships may become more price sensitive, and overall portfolio risks increase as lower-risk client relationships are not retained.

ATB incorporates business practices, policies, actions and behaviours to ensure our clients have an optimal experience. In doing this, ATB balances experience with consistently acting in each client's and ATB's best interest with consideration of the laws and regulations ATB is obligated to adhere to. Client experience risk is managed through regular monitoring of key metrics and deliberate action in response to any negative trends.

Cybersecurity Risk

Cybersecurity risk is the risk of loss or potential loss related to technical infrastructure or the use of technology by ATB or our third parties (including unauthorized access to our clients' data). Cybersecurity risk can arise from a lack of training/awareness, vendor/supply chain vulnerabilities, lack of or ineffective compliance with cybersecurity controls, concentration of data and associated analytics, lack of resources/investment, external dependency management, poor change management controls and ineffective cyber-incident management and resilience.

Cybersecurity risk is not only an IT issue—it is an enterprise-wide risk that requires an interdisciplinary approach and a commitment to ensure all aspects of the business are aligned to support effective cybersecurity practices. ATB's cybersecurity risk management focuses on building a sustainable and resilient approach to operating and managing risk for our team members, clients, infrastructure, assets and systems. Our approach includes the design, implementation, governance and regular assessment of policy, framework and corresponding controls aligned to industry best practices.

ATB prioritizes investments and resources in cybersecurity to reduce our exposures to acceptable levels in line with our risk appetite. The Cybersecurity Risk Management program contains key pillars to address cyber-risk vulnerabilities and protect the assets of the organization and our clients against rapidly evolving cyber threats. Our cybersecurity efforts rely on highly skilled people, advanced tools and technologies and sound processes across the lines of defence. We assess individual initiatives for their impact on ATB's cyber-risk profile and consider how they will strategically advance the maturity of our defences. ATB has controls in place to prevent, detect and respond to cyber threats, and we regularly conduct assessments of our control environment against best practices and standards. To bolster ATB's resiliency in the face of cyber attacks, defence capabilities are extended through partnerships with well-established cybersecurity vendors and we provide mandatory cybersecurity awareness training to all our team members.

Regulatory Compliance Risk

Regulatory compliance risk exists if ATB does not comply with applicable regulatory requirements, including those in the *ATB Act, ATB Regulation*, associated guidelines and other laws, rules, regulations and prescribed practices applicable to ATB in any jurisdiction in which we operate. These include anti-money-laundering (AML) and anti-terrorist-financing (ATF) requirements and privacy requirements.

Mounting regulatory changes are significant and include, but are not limited to, those addressing payment modernization, consumer-directed finance (open banking), ESG and climate change, Basel III reforms, operational risk and model risk. These changes—along with the delivery of other government interventions in the financial sector (e.g., lending to individuals and businesses) and ongoing and increasing expectations of regulators and partners to assess and more tightly manage the risk profile—carry the risk of materially impacting ATB's capacity to deliver on our business plan and strategic priorities.

Failure to properly manage regulatory compliance risks may result in litigation, criminal or regulatory proceedings commenced against ATB, sanctions and potential harm to ATB's reputation. Financial penalties, judgments and other costs associated with legal and regulatory proceedings may also adversely affect ATB's business, results or financial condition.

Regulatory Risk Governance

ATB is exposed to regulatory compliance risks in almost everything we do, and we have established a program to proactively promote risk-based management of regulatory compliance risk through an enterprise-wide risk-based model.

ATB's codes of conduct and ethics outline the principles and standards that guide the conduct of every ATB director and team member. The Board's code sets the "tone at the top" for upholding the law, rules and regulations. The Board Chair is ultimately responsible for monitoring Board members' compliance with their code of conduct and ethics. Multiple Board committees, including Risk and Audit, oversee ATB team members' compliance.

The second line of defence maintains an enterprise regulatory compliance management policy, framework and relevant procedures to identify, assess and manage regulatory compliance risk in alignment with the Board-approved risk appetite. Regulatory developments are actively monitored by the Regulatory Compliance Management group, which works with the first line of defence to implement required changes to systems and processes and to manage legal and regulatory compliance risks within risk appetite. Legal Services provides legal strategies and advice on the performance of legal obligations and manages litigation that involves or impacts ATB or our subsidiaries. Regular reporting is provided to senior management and the Board to ensure compliance stewardship.

Money Laundering and Terrorist Financing Risk

Money laundering and terrorist financing risk is the risk that ATB will be used as a conduit to launder money or assets derived from criminal activity or to fund terrorist activities.

ATB has an established AML/ATF program, including policies, frameworks, technology and procedures that appropriately identify, assess, measure and manage ATB's AML/ATF risks in a way that does not expose the institution to a level of risk that would exceed the risk appetite approved by the Board. The Chief Anti-Money Laundering Officer (CAMLO) is responsible for managing the AML/ATF program.

The AML/ATF risk assessment methodology identifies current and emerging money laundering and terrorist financing risks inherent in ATB's business activities and is designed to meet the requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and associated regulations. The objective of the risk assessment is to identify the AOEs and clients that are at a higher risk for money laundering or terrorist financing activities. Applicable business units are responsible for the design, documentation and implementation of business unit–specific policies, procedures and controls to manage all AML/ATF obligations identified by the CAMLO and to manage and mitigate inherent money laundering and terrorist financing risks. The CAMLO provides business unit oversight, including ongoing monitoring efforts and enhanced due diligence.

Privacy Risk

Privacy risk is the risk of ATB not complying with privacy legislation (e.g., all applicable privacy laws and regulations) that is relevant to the products or financial services offered by ATB.

ATB adopts the three-lines-of-defence model to manage privacy risk and has implemented a corporate privacy policy, procedures and privacy risk management controls to address privacy risk and safeguard personal information. The level of safeguards implemented is commensurate with the nature and sensitivity of personal information involved. The privacy landscape is dynamic, and regulatory expectations continue to evolve. ATB continues to adopt privacy guidelines, regulatory guidance and industry best practices to enhance our implementation of privacy controls. Senior management and the Board exercise oversight to evaluate and monitor the privacy program.

Environmental and Social Risk

ATB's performance in ESG-related initiatives can strengthen or weaken the trust our stakeholders, including team members, clients and all Albertans, have in ATB. This has the potential to impact our ability to achieve our strategy and business objectives while realizing long-term value creation for our stakeholders. ATB's material ESG topics can be found in our FY2023 Sustainability Update.

Climate Risk

Climate risk (also "climate-related risks") is the risk of possible financial loss or reputational damage resulting from physical, transition and liability impacts of climate change. Significant climate-related risks are connected to ATB's key risk categories, including credit, market, liquidity, operational, regulatory and reputational risk. ATB considers climate-related risk to be a subset of environmental risk, and in 2022 our Board approved a climate risk appetite statement.

Physical risks caused by events such as severe weather and longer-term shifts in climate patterns, such as chronic drought, may impact the performance of ATB or our clients directly or indirectly. Transition risks are the financial and reputational risks to ATB and our clients stemming from the economic, political, legal and technological changes expected to occur as society transitions to a lower-carbon economy to address climate change. Liability risks relate to potential exposure to the risks associated with climate-related litigation.

The regulatory environment concerned with climate risks continues to evolve, and in FY2023 OSFI published the B-15 Guideline on Climate Risk Management, which establishes OSFI's expectations related to the management of climate-related risks. In addition, the International Sustainability Standards Board released draft standards for sustainability-related and climate-related disclosure requirements. ATB supports the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), and management continues to evolve its approach to implementing emerging standards and recommendations.

Climate Risk Governance

ATB's Board of Directors provides oversight of key risks, including those affected by climate change. The Risk Committee assists the Board in fulfilling its responsibilities by overseeing management of key business risks within risk appetite, establishment of key risk management policies and compliance with regulatory requirements. The Audit Committee oversees financial reporting, including the potential for, or actual, climate-related financial impacts on ATB. The Governance and Conduct Review Committee develops governance policies and procedures, including ATB's ESG Governance Policy and oversees ATB's ESG-related reporting, including climate-related disclosure.

The management of climate risk requires a multidisciplinary approach across the three lines of defence. ATB's Chief Legal and Sustainability Officer & Corporate Secretary leads the formalization and implementation of ATB's approach to ESG. In support of ATB's approach to ESG, and to ensure ATB continues to prudently manage our key risks, ATB Risk Management will give consideration to the establishment of or amendment to policies, processes and controls to support the identification and management of climate risk. ATB's Executive Risk Management Committee will set the overall direction relating to the integration of climate risk within our existing enterprise risk management activities. ATB's ESG Executive Steering Committee coordinates ESG-related activities across the organization to facilitate a consistent approach to any ESG-related risk management activities.

Climate Risk Strategy

In a uniquely Alberta and ATB way, we are committed to ESG principles and creating long-term value through environmental, social, governance and economic considerations. This approach will serve as a key enabler of ATB's enterprise strategy. To more effectively integrate these considerations, ATB introduced a sustainability lens into strategic planning and risk management this year. Ongoing monitoring of regulatory requirements, scenario analysis results and stakeholder perspectives and expectations will continue to inform strategic planning in the years to come.

Climate Risk Management

ATB has been managing environmental and climate risk exposure for many years. Our ESG Governance Policy guides our practices to minimize negative environmental impacts, including:

- Ensuring ATB's ESG activities are aligned to our mandate and purpose.
- Supporting ATB's strategic objectives and risk mitigation process.
- Integrating ESG considerations into relevant ATB decision-making processes such that, over the long term, our activities are prioritized to have a net positive impact on the relationship with relevant identified ATB stakeholders.
- Reporting on ESG issues in a manner consistent with relevant reporting standards and frameworks and meeting applicable legal and regulatory requirements and accounting standards.

In addition, ATB considers the impacts of borrowers' environmental liabilities in our existing credit risk assessment processes. In recent years, we effectively managed the impacts of physical climate risks on our portfolio due to forest fires, drought, early snowfall and severe flooding. By offering relief programs and working directly with impacted clients to arrive at a solution, we have sustained their operations while mitigating our risk of loss.

Climate risk management activities continue to focus on building capabilities to effectively integrate emerging climate change considerations into our existing risk practices across all business lines, as well as asset and liability classes. We engage with industry experts to gain knowledge and build internal expertise, and we developed a methodology to conduct scenario analysis. The methodology includes both physical and transition risks and uses internationally recognized climate change scenarios and models. The ATB Business Research team has incorporated ESG criteria into its investment process for certain corporate sectors.

The results of ongoing scenario analysis, combined with a standardized climate change risk assessment for material sectors and borrowers, will continue to inform ATB's identification, assessment, management and disclosure of climate-related risks and further development of ATB's climate risk management program.

Metrics and Targets

ATB has been measuring and disclosing the greenhouse gas emissions related to our own operational footprint annually since 2017. For more details regarding ATB's performance over the three most recent calendar years, see the Sustainability Performance section of the FY2023 Sustainability Update.

During FY2023, ATB began work on establishing our Scope 3 financed emissions baselines, leveraging the Partnership for Carbon Accounting Financials methodology. As a first step, we are reviewing our lending portfolios, beginning with business loans and residential mortgages. Our efforts to date have highlighted the need to further develop climate data capabilities and competencies, and as our data quality, methodology and understanding improve, ATB will develop a thoughtful approach that considers the unique challenges and opportunities facing our clients and industry sectors in an evolving economy.

We are developing further methodologies to calculate the impact of climate change on ATB, including measuring our credit exposure to carbon-related assets and high-carbon sectors. We will also measure our funding contributions to renewable energy projects, such as wind, solar and hydrogen.

Our immediate focus is on the baselining of our data and the continued prioritization of key climate-related initiatives. This will inform the development of future targets where appropriate while keeping our stakeholders apprised of ATB's progress.

Ethics Risk

Ethics risk refers to the risk of negative consequences of decisions and/or actions by ATB that are perceived as unethical. Ethics risk results from the possibility that ATB's actions violate an ethical principle (either ours or others'). The primary effect of a violation of an ethical principle is a negative impact to our reputation, as discussed in Reputational Risk.

ATB manages ethics risk through our team member code of conduct and ethics, the availability of a whistleblower hotline, an ethics framework touching on specific aspects of ATB's operations and a strong tone at the top to reinforce ATB's shared principles. Mitigation efforts address many aspects of ATB's operations and include the highlighting of ethics issues in communications to team members, the implementation of proactive testing regarding the ethical use of AI and data, and the tracking of key indicators for significant third parties.

Strategy Risk

Strategy risk is the risk of current or prospective adverse impacts to ATB's earnings, capital, reputation or standing arising from ineffective strategic decisions or lack of responsiveness to industry, economic or technological changes. Innovation risk is a subset of strategy risk and reflects the risk of ineffective business strategies or models associated with failing to adapt to changing client needs or having others deliver new ways of meeting those needs. Business execution risk is an extension of strategy risk and arises from an inability to successfully execute on strategic plans and goals. Business execution risk can negatively impact ATB's capital, earnings, operations or reputation. Strategy risk addresses whether ATB is "doing the right things," whereas business execution risk addresses whether we are "doing things right."

Strategy Risk Governance

The Board has overall stewardship of ATB, oversees ATB's strategic direction, monitors ATB's performance in executing our strategy and meeting our objectives, oversees implementation of an effective risk management culture and actively monitors ATB's risk profile relative to our risk appetite. The Risk Committee monitors strategy risk on a regular basis. The Executive Risk Management Committee reviews and discusses significant risk issues and action plans as they arise in the implementation of the enterprise-wide strategy.

Strategy Risk Management

ATB aims to reduce strategy risk by deploying a dynamic strategic planning process that considers our evolving environment and enterprise capabilities. On an ongoing basis, ATB assesses performance and considers top threats to our strategies and the execution of the plan. ATB manages innovation risk by driving an innovative mindset in how we work, identifying and assessing disruptive scenarios that can impact ATB today and in the future and elevating our investment in processes, tools and channels to address disruptive risks. We mitigate business execution risk through process enhancements such as reimagining how we collaborate, adopting a continuous improvement approach to foundational processes and closely monitoring the realization of our strategic tactics in our business results. Additionally, key talent risk is managed through our focus on leading people and culture programs, building on ATB's commitment to putting people first and creating an undeniable reputation in the talent marketplace as being the place to work.

Reputational Risk

Reputational risk is the risk that negative stakeholder impressions, whether true or not, regarding ATB's business practices, associations, actions or inactions will or may cause deterioration in ATB's value, brand, earnings, liquidity, client base or relationship with our Shareholder. ATB takes reputational risk seriously and strives to build and maintain a solid reputation with stakeholders. We recognize reputational risk as a foundational risk that is impacted by all other risks to which we are exposed. As a result, effectively managing all other risks within ATB is critical to our management of reputational risk.

ATB proactively manages reputational risk in a number of ways, including adopting transparent communication with our clients, maintaining high standards of governance, reinforcing ATB's codes of conduct and ethics, providing clear direction through Board and management policies and consistently monitoring social and traditional media to identify and respond to potential threats to ATB's reputation.

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Principles

Our executive compensation philosophy is based on ATB's beliefs that a high-performing executive team who can advance the corporate strategy is a cornerstone of our organization, that our executives must have the opportunity to earn competitive compensation for talent relative to our market and that leadership development and succession planning are critical.

ATB's competitive total compensation policies and programs are guided by business and talent strategies used to attract, retain and motivate the talent needed in a highly competitive marketplace.

- Our total compensation approach aligns with strategic goals, desired culture and engagement of the enterprise for both short-term results and long-term success.
- Our compensation plans align with Shareholder expectations by creating ongoing financial value, business sustainability and client obsession.
- Our compensation practices and performance-setting follow good corporate governance.
- Our compensation plans are transparent and support performance-differentiated pay within acceptable risk practices and tolerances.

In keeping with our compensation philosophy, and to ensure successful execution of the Path to 2030, our compensation policies and programs align with the following key principles:

- Leaders and team members focused on the success of the Path to 2030, including long-term sustainability and One ATB
- Performance-differentiated pay—pay reflects performance
- Alignment with the competitive talent market—target mid-market on total direct compensation (base plus short-term and long-term incentives). The combination of culture, opportunities for personal and professional growth, health and wellness benefits, pension and support of life beyond work differentiates ATB from the market.
- Simple, fair and transparent compensation programs

We continually review the breadth and depth of information we provide about compensation. Our disclosure is aligned with our competitors, including other Canadian financial institutions. We believe this format provides a fulsome review of our compensation plans and the appropriate level of information regarding the compensation packages of our President and CEO, Chief Financial Officer (CFO) and the next three most highly compensated senior executive officers at ATB.

Compensation Governance and Alignment to Corporate Strategy

Board of Directors

Approves the compensation and benefits for the CEO. Annually approves the CEO's performance objectives. The Board Chair, in partnership with the HR Committee Chair, evaluates the CEO's performance against established objectives and approves all CEO short-term and long-term incentive compensation. The CEO's base salary is set by the Lieutenant-Governor in Council (LGIC) of Alberta. The Board reviews the evaluation of the CEO's performance and the CEO's variable pay elements. Reviews compensation awards and performance information for other senior executive officers in light of ATB's results. Reviews and ensures appropriate pension governance policies and procedures are in place related to its obligations as a plan sponsor and administrator, in accordance with applicable legislation and regulations. Accountable for ensuring that appropriate risk management and internal controls structures are in place and for broadly establishing structures to ensure good governance, including the integration of ESG principles.

Human Resources Committee

Recommends to the Board of Directors to approve compensation and benefits for the CEO. Recommends annually to the Board of Directors to approve the CEO's performance objectives. The HR Committee Chair, in partnership with the Board of Directors Chair, evaluates the CEO's performance against established objectives. The HR Committee reviews the evaluation of the CEO's performance and CEO's variable pay elements, as well as the compensation, benefits and performance assessment of executives who report directly to the President and CEO, are named executive officers or are designated officers. Approves total rewards strategies, compensation philosophy and principles—with consideration for alignment of those strategies with ATB's ESG principles and practices, management's report on compensation disclosure, executive severance guidelines, pension plan risk management statement and governance structure, significant matters including funding and investment policies, and actuary reports. Recommends to the Board of Directors to approve new or material changes to enterprise-wide compensation and benefit plans.

Management

Provides recommendations on strategies, plans and programs for consideration by the HR Committee, including compensation programs, executive severance guidelines and pension plan. The CEO approves executive compensation, benefits and performance assessments for the top executives in the organization and presents this information to the HR Committee for review. Management uses the Compensation Executive Steering Committee (CESC)[1] to formulate recommendations for the HR Committee on matters pertaining to compensation philosophy and principles, management's report on compensation disclosure and new or material changes to enterprise-wide compensation and benefit plans. Management also reviews the Chief Risk Officer's (CRO's) annual report addressing alignment of risk appetite and compensation practices. The CESC approves the non-material compensation framework and design changes based on alignment to strategic business direction, expert advice and/or third-party market data and oversees the ongoing administrative requirements associated with compensation.

(1) The CESC meets quarterly, at a minimum, and includes the President and CEO, CFO, CRO, Chief Client Experience & Technology Officer, Group Head of an AOE and the Chief People, Culture, Brand & Communications Officer. The Chair of the HR Committee of ATB's Board of Directors may observe with the intent to serve as a mentor for the committee.

ATB's compensation philosophy and established principles guide the design of our compensation programs. Executive goals reflect the journey to executing on our strategy and achieving the right results in both the short and long term. Emphasis is on performance-driven incentive pay, especially for outstanding executive leaders and performers. We believe our compensation programs support the right balance of acquisition and growth of critical executive talent that is required to deliver on ATB's corporate strategy.

Compensation Risk Management

Alignment With Risk Appetite

Risk awareness and mitigation are integrated into business planning, objective setting and governance—all of which influence the executive compensation program. Performance expectations align with our articulated risk profile and appetite. When setting goals, performance targets and compensation trajectories, ATB considers evolving risks such as market conditions, demographic shifts and regulatory standards. The Board of Directors approves all corporate performance targets. The setting of relevant performance objectives supports a clear line of sight to teams, AOEs and organizational goals, as applicable, without promoting excessive risk-taking. We aim to ensure compensation aligns with the short-term interests and long-term sustainability of our organization and Shareholder interests. The Risk Committee of the Board and the Board of Directors receive quarterly updates on risk performance relative to risk appetite, compliance with risk management policies, compliance with regulatory requirements and ATB's financial performance across the organization.

Annual Compensation Risk Assessment

Annually, the CRO conducts a compensation risk assessment, providing highlights to the Risk Committee and HR Committee. This assessment gives consideration to compensation plans—focusing on incentives, performance objectives and results, and adequacy of governance practices relative to ATB's risk appetite, Financial Stability Board principles and industry practices. Based on this assessment, the CRO may recommend an adjustment to an executive's incentive compensation, for consideration by the CEO, HR Committee and Board of Directors, as applicable. The CRO's FY2023 assessment did not identify any material issues affecting the overall integrity of ATB's compensation system.

Variable Compensation Forfeiture and Clawback

ATB's Executive Variable Compensation Forfeiture and Clawback Policy allows the Board of Directors to require, in specific situations, the reimbursement and/or forfeiture of incentive compensation awarded to named executive officers (NEOs). The policy assists in effectively balancing risk and reward for ATB from a compensation perspective. Variable compensation is any incentive pay earned for objective achievement, including but not limited to short-term incentives (STIs) and long-term incentives (LTIs)—subject to a two-fiscal-year look-back period. The CRO's annual compensation risk assessment supports the policy by reporting on material risk events and weaknesses to aid the HR Committee and Board in determining if forfeiture and clawback action should be taken.

The policy covers two types of material risk events: financial restatement and intentional wrongful acts. Wrongful acts include misconduct, theft, embezzlement, fraud or other malfeasance or misfeasance. In the event of financial restatement, the Board will conduct an independent review of the circumstances leading to the restatement. If the Board determines the restatement was due to an intentional wrongful act by one or more NEOs, the Board shall claw back or cancel some or all of the variable compensation awarded. If the Board determines the restatement was not due to an intentional wrongful act by one or more NEOs, the Board may at its discretion claw back or cancel some or all of the variable compensation awarded. In the event the Board determines that an NEO committed an intentional wrongful act, regardless of whether a restatement has occurred or may occur, the Board will claw back or cancel some or all of the variable compensation awarded to that particular NEO.

In the event of executive termination with cause, ATB's LTI and STI plans that apply to executives, in addition to the NEOs, have provisions that provide for full forfeiture of outstanding and previously awarded but unpaid compensation. These plans also have provisions to correct any unpaid variable compensation values for all executives in an instance of material financial restatement.

Alignment With Shareholder Expectations

ATB is operationally independent of the Government of Alberta (GoA), under the oversight of a diverse Board. ATB's mandate from our Shareholder includes delivering returns comparable to our peers. As a result, ATB's compensation is designed for the competitive financial services market in which we operate, to attract and retain talent while demonstrating alignment with the GoA's core compensation principles. These core principles require that compensation reflects a commitment to public service; is fair and consistent; is transparent to Board members, employees and the public; and is fiscally prudent. Under Alberta's *Reform of Agencies, Boards and Commissions Act*, ATB's executive compensation is subject to review by the GoA.

Independent Compensation Advice

ATB's HR Committee engages independent advisors to provide external insight related to executive compensation best practices and market trends. The advisors offer specialized expertise relative to compensation philosophy, governance, design, and policy and performance measurement and assessment. In FY2023, Hugessen Consulting provided advice to the HR Committee related to executive contracts and executive transition and provided feedback on committee meeting materials prepared by management. The following table shows the fees paid to Hugessen Consulting during the last two fiscal years for executive and non-executive compensation matters:

	Billed in FY2023	Billed in FY2022
Executive compensation-related fees	$31,433	$44,802
Other fees	-	3,233
Total	**$31,433**	**$48,035**

Compensation Comparator Group and Market Positioning

To ensure ATB's executive compensation and practices are aligned with the market, we regularly benchmark against other organizations in the financial services industry. ATB periodically retains executive compensation consulting experts to review our benchmarking approach and comparator selection criteria, with an objective to align with ATB's strategic direction and mandate. The Board-approved executive compensation comparator group includes national and/or dominant regional private industry banking and financial services companies headquartered in Canada. ATB competes with these comparators from both a client and talent perspective. These organizations are generally one-third to three times ATB's revenue.

Executive Compensation Comparator Group

Canadian Western Bank	HSBC Bank Canada
CI Financial Corp.	iA Financial Corporation Inc.
E-L Financial Corporation Ltd.	IGM Financial Inc.
EQB Inc. (previously Equitable Group Inc.)	Laurentian Bank of Canada
Fédération des caisses Desjardins du Québec	National Bank of Canada
First National Financial Corporation	Servus Credit Union Ltd.
Home Capital Group Inc.	

ATB's compensation philosophy is to position total compensation for each executive at the median (50^{th} percentile) of our compensation comparator group when results meet expectations. The size, scope and complexity of the comparator organizations and their NEO roles are considered when benchmarking ATB's NEO compensation. We ensure competitive compensation aligns with the market while taking into consideration the experience of each ATB incumbent.

Elements of Executive Total Direct Compensation

ATB's executive base salary is designed to pay at the middle of the market. Our total direct compensation, which includes base pay and short- and long-term incentives, is designed to pay a mid-market rate, reflecting target-level performance. The actual compensation received by an executive may be above or below mid-market because it reflects their relative performance.

Executive Total Direct Compensation

Element	Description	Why we provide it	How it aligns with external market comparators
Base salary	Fixed component	Reflects the complexity and value of job responsibilities and the executive's demonstrated skills, experience and job performance	Median, based on sustained performance and internal equity
Short-term incentive	Variable component	Motivates and rewards performance relative to predetermined goals in the current fiscal year's business plan	Median, based on performance
Long-term incentive	Variable component	Incentivizes and rewards for achieving success in executing strategic objectives that create value and long-term sustainability. Granted as a three-year deferred incentive to align with future organizational performance.	Median, based on performance

Base Salary

Our base salary is designed to ensure that individual pay reflects the value and accountabilities of the position. The market reference point for each NEO is set at a competitive rate based on the median from within our comparator peer group, adjusted to reflect differences in scope and scale of the comparator market. The base salary of each NEO is determined by position, their sustained performance, the strategic value and complexity of the role, internal equity and market competitiveness for the role. The CEO's base salary is set by the LGIC. The base salaries of the other NEOs are set by the CEO and reviewed with the HR Committee of the Board.

Short-Term Incentive

STI is the component within the executive compensation program that rewards performance relative to established goals over one year. STI is not guaranteed and is designed to:

- Create executive alignment with the achievement of annual business plans.
- Focus executive performance on achieving objectives at the enterprise level and AOE or SSU.

ATB's performance enablement system and Enterprise STI Plan work together to enable performance objectives that are tightly aligned to business strategy, to elevate performance and to provide performance-differentiated pay. The executive STI plan mirrors the broader enterprise plan and is funded based on enterprise-level results, with an opportunity for Board discretion. The distribution of the funding is based on AOE or SSU and individual performance.

To fund the plan, enterprise performance is measured using an enterprise scorecard with net income before provision for loan losses (NIBP) (for STI plan), Client-Obsessed Value (COV), two distinct risk modifiers and Board discretion. As the predominant driver of financial performance, NIBP (for STI plan) is weighted at 70%. COV is weighted at 30%, as a measure of the value generated from our clients, adjusted for how well we are meeting their needs. Each metric's result is assessed relative to the target in ATB's Board-approved business plan or budget and a threshold level of performance achieved to generate funding.

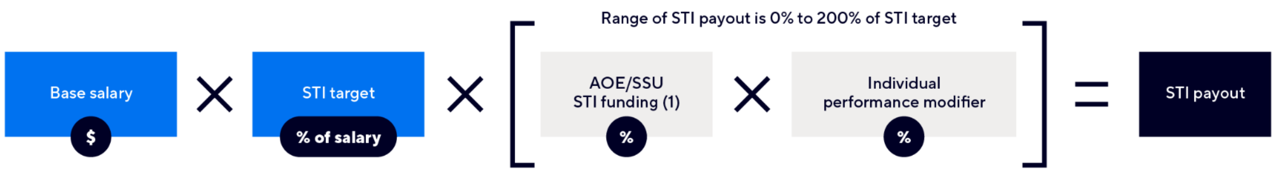
The objective of the risk modifiers within ATB's STI plan—in addition to financial performance and client experience—is to correlate the impacts of risk management on the level of the incentive funding. The enterprise scorecard result may then be modified by up to 20%—positively or negatively—based on LLP management, which measures ATB's performance relative to peers and risk appetite. Then, a second modifier of up to 20% may be applied negatively, based on capital and liquidity levels relative to the risk appetite statement. In the event of a breach of ATB's Common Equity Tier 1 (CET1) or liquidity coverage ratio (LCR) regulatory floor, the STI plan will not be funded.

The Board, in its discretion, may apply a qualitative adjustment to the plan's preliminary funding rate, resulting in the final plan funding. This qualitative assessment may be based on extraordinary and unforeseen circumstances.

Each AOE and SSU will share in ATB's success, as distribution of enterprise funding to AOEs/SSUs is based on relative performance against predetermined and calibrated AOE/SSU scorecard results. The AOE/SSU scorecards have common metric dimensions to ensure a consistent and fair measure of performance and also include AOE/SSU–specific metrics designed to reflect the unique contribution each AOE/SSU makes to realize the enterprise targets. Scorecard dimensions are enterprise, financial, operational, client, risk management and human capital management. The specific metrics within each scorecard dimension are reviewed annually and may change to reflect the current fiscal year's business plan. Each AOE and SSU's STI plan funding is determined by assessing metric performance results to targets, in combination with the weighting of each metric and within the context of the success of other AOEs/SSUs.

The target award for each executive reflects a percentage of base salary. AOE/SSU funding and individual performance—including delivery on their respective AOE/SSU Operating Plan—differentiate the STI award for each executive. The maximum payout for high performers is 200% of STI target.

The STI plan includes forfeiture provisions to adjust or rescind unpaid awards in the case of termination of employment for cause and to align with the corrected financial results due to a material accounting restatement. No adjustments were required in FY2023.



(1) Determined by Enterprise STI plan funding and distribution of funding based on AOE/SSU STI scorecard results.

Long-Term Incentive

LTI rewards the successful execution of strategic performance and risk objectives over the longer term that create value and sustainability for the organization. LTI grant targets are expressed as a percentage of base salary, with strategic objectives set annually by the LTI participant and their leader. In the case of the CEO, the Board sets the strategic objectives. LTI grants, awarded annually, range from 0% to 150% of the grant target, based on the executive's success in achieving their strategic objectives. The resulting grant can then be adjusted upward or downward by up to an additional 20% (i.e., multiplied by 80% to 120%), representing discretion for any extraordinary or unforeseen situations. This creates an overall maximum of 180% of the target. Determinations to adjust a grant above or below target are made by the HR Committee (HRC) for the CEO. For other senior executives and designated officers, determinations of grants are reviewed with the HRC and approved by the CEO. LTI grants vest (i.e., mature) over three years and appreciate or depreciate prior to vesting.

In FY2023, ATB evolved our LTI plan to strengthen the alignment of LTI compensation to long-term outcomes. Grants for FY2023 and forward will appreciate and depreciate at maturity, based on the average risk-adjusted return on capital (RAROC) performance over the entire three-year vesting period. This plan adjustment was approved by ATB's HRC. It emphasizes achieving long-term results and focuses LTIP participants on behaviours that contribute to the long-term success of the organization. The "at-risk capital target" is RAROC performance—at the sum of the minimum average market return for the three-year vesting period ("minimum market return")—and the RAROC estimated average hurdle rate for the three-year vesting period ("average hurdle rate"). The RAROC hurdle rate is a reasonable proxy for ATB's cost of equity. The HRC reviews the minimum market return and the average hurdle rate and approves the at-risk capital target, all in advance of the maturity period. When the three-year average RAROC exceeds the at-risk capital target, the previously awarded grant will appreciate by a maximum of 50%. The previously awarded grant can depreciate by up to 50% when the three-year average RAROC is less than the at-risk capital target. When the three-year average RAROC is equal to the at-risk capital target, the previously awarded grant does not change in value. When a grant matures, the current value, including appreciation or depreciation, is paid out.

LTI grants for FY2022 and prior appreciate or depreciate annually based on actual RAROC performance measured against a RAROC target and an appropriate annual hurdle rate approved by the HRC in advance of each grant. When the fiscal-year-end RAROC meets or exceeds the target, previously awarded grants will appreciate by an amount equal to the actual RAROC attainment less the annual hurdle rate, to a maximum of 20% appreciation per year. Grants can depreciate by up to 30% each year when the fiscal-year-end RAROC is 50% or less of the target. When a grant matures, the current value, including appreciation or depreciation over the three-year grant term, is paid out.

In the case of termination of employment for cause, or to align with the corrected financial results due to a material accounting restatement, the LTI plan includes forfeiture provisions to adjust or rescind previously awarded unpaid grants and/or appreciation or depreciation.

Key Performance Indicators Driving Incentive Results

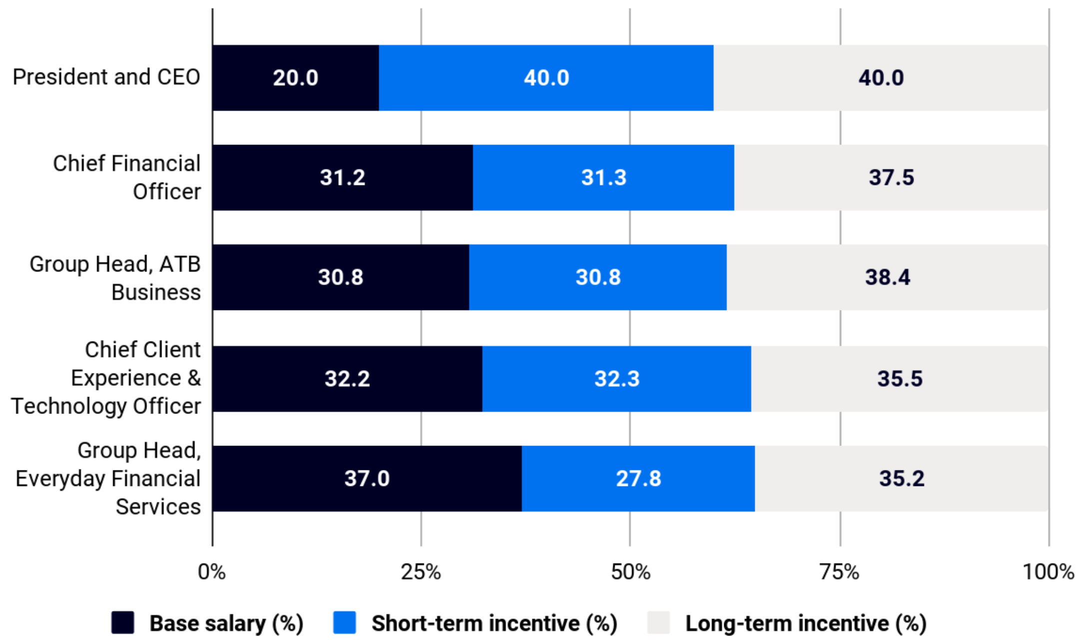
ATB's executive STI and LTI plans include annual objectives for the following performance metrics. In addition to these metrics, executives may also have individual performance objectives to enrich and embed ATB's ESG practices. ESG signals a different approach to our economy—one that includes social license, short-term profitability and long-term sustainability.

Net income before provisions (NIBP) (for STI plan)	• Measures enterprise net income (NI) before payment in lieu of tax, provision for loan losses, STIs and exceptional expenses and/or revenue • Aligns with ATB's strategic growth strategy
Client-Obsessed Value (COV) score	• Helps ATB grow in a way that delights clients, by measuring the value generated from our clients (Economic Total Revenue [ETR]), adjusted for how well we are meeting their needs (Client Obsession Index [COI]) • Takes a holistic view of ATB clients across all products and AOEs and surveys their experience with ATB • Aligns with ATB's client experience, expert advisory services and digital platform strategies
Management of the provision for loan losses (LLP) modifier	• Measures how effectively ATB has managed LLP based on two factors: 1) expected losses as a portion of our total loan portfolio, compared to risk appetite, and 2) a set of quantitative measures to gauge ATB's loan loss performance relative to designated peers • Impacted by minimizing high-risk and impaired loans through prudential underwriting and the deployment of early intervention strategies, which reduces levels of impaired loans and maintains strong client relationships, while pursuing quality growth • May positively or negatively modify STI funding
Other risks modifier	• Assesses capital and liquidity levels relative to risk appetite • May negatively modify STI funding
Risk-adjusted return on capital (RAROC)	• Measures NI divided by risk-adjusted capital, where NI takes a long-term view of ATB's provision for loan losses across the economic cycle, rather than using the fiscal-year provision for loan losses • Takes a longer-term view of the value that ATB is producing so as to not overly reward or punish management for short-term economic volatilities

Target Total Direct Compensation Mix

The relative combination of base salary and incentive pay varies depending on market practice and the level of accountability for each role. In general terms, the more senior an executive, the greater the portion of their variable incentive pay in the form of STI and LTI.

The following graph represents the target total direct compensation mix of each NEO. A significant portion of this compensation is “at risk” in order to motivate and reward executives for creating value for the Shareholder.



Beyond Cash for Executives—The Total Rewards Perspective

ATB’s total rewards program includes cash compensation (base salary, STI and LTI) for executives, a flexible pension plan and a flexible health and wellness benefit plan. Non-monetary benefits include learning and development, recognition and programs promoting a healthy and balanced lifestyle.

Flexible Pension Plan

ATB’s Flexible Pension Plan (FPP) for management and executive team members, excluding the President and CEO, is an innovative plan focused on total wealth and financial wellness. It has a core employer contribution to a defined-contribution (DC) pension plan with a flexible employer contribution that is directed, based on personal preference, into retirement savings (DC pension plan or registered retirement savings plan [RRSP]), debt reduction through mortgage repayment or a registered education savings plan. In addition to the core and flexible employer contributions, executives can also voluntarily contribute up to 6% of their pensionable earnings to the DC plan. ATB matches voluntary contributions up to 4% of the plan participant’s pensionable earnings.

For any FPP participant whose annual pension contributions exceed allowable maximums under the *Income Tax Act*, excess amounts are allocated to the notional supplemental plan (NSP)—a non-registered plan providing notional DC benefits that cannot be provided within the FPP due to income tax restrictions.

Benefits

ATB’s executives and their families participate in the same benefits program as all other team members, providing security and contributing to their quality of life. The program provides all participants with core benefits and ATB-provided flexible benefits credits, which can be used to “purchase” from a variety of levels of health, dental, insurance, vision and prescription drug coverage based on family status and need. All participants have health spending and wellness accounts and can use their flex credits to top up either account. All these benefits are measured and benchmarked in line with the total rewards program to ensure ATB remains competitive with comparable organizations.

As another step in mitigating risk and investing in the holistic health of our senior executives, we encourage these critical leaders to participate in an annual comprehensive health assessment and in the LifePlus and Teledoc programs, which feature expert medical care that includes around-the-clock virtual care and complimentary services.

Eligible executives also receive an annual perquisite allowance, in the form of a flat dollar amount, in lieu of ATB providing individual perquisites such as car allowances and club memberships. The amounts provided are reviewed regularly to align with the competitive offerings in the market.

Wellness

ATB's Total Health strategy puts people first by recognizing holistic health as the support system for exceptional performance, which enables our team members to deliver on our promise of client obsession. We create consistent and easy-to-understand language, concepts and actions that build on the pillars of physical, mental, social and financial wellness. Our efforts are inclusive and accessible to all team members. We leverage an internal network of wellness champions across the enterprise who model and encourage participation.

Annual mental health campaigns include Mental Health Awareness Week and National Depression Screening Day, supported by organizations with mental health expertise, such as the Canadian Mental Health Association and the Mental Health Commission of Canada. To support foundational resilience, ATB has engaged with *Headversity*—an app-based, self-directed resilience-building program—and an online employee and family assistance program called Inkblot, which provides mental health therapy, coaching support and access to a mental health crisis line.

ATB has fostered a strong partnership with the Mental Health Commission of Canada to deliver consistent training. The Working Mind assists ATB leaders and team members with managing mental health issues, reducing stigma and building confidence in having conversations about mental health, using the mental health continuum as a guide.

Leadership Development

Leadership development is directly linked to succession capability and organizational success. Leadership at ATB is defined by the Leadership system and development framework, which outlines the why, what and how of leadership at ATB. The framework comprises practices that clearly outline the expected leader capabilities and skill required to successfully deliver on our Path to 2030 and our purpose. Through the lens of this framework, we recruit, assess, develop and progressively advance leaders at all levels in the organization, including executives. Our intentional focus on development creates a pipeline of capable internal successors who not only know our business, but live our culture.

Succession at ATB is focused on our future leadership needs and includes a talent review that identifies leaders with the potential and desire to become executives. Success relies on our ability to anticipate and plan for change, critically assess our talent and develop successor capabilities for greater responsibilities. We actively develop leaders, including our executives, through a number of internal and external avenues. We've built an internal leadership community that promotes connections across the entire organization and engages leaders in unique experiences that enhance their understanding of enterprise governance while advancing their own leadership capabilities. We selectively invest in key executives' growth with independent developmental assessments and provide coaching through a roster of internal and external professionals.

Banking Products and Services

As a financial institution, we expect team members to use ATB products. We encourage them by offering preferred interest rates and fees for everyday banking, mortgages, loans, credit cards, foreign exchange and lines of credit. ATB has a team of experts who specialize in team member banking needs and offer focused and personalized service to help team members reach their financial goals. As proud consumers of ATB's banking products, team members refer friends, family and other potential clients. We know firsthand that ATB provides a differentiated experience to consistently deliver value to Albertans. Advocacy is a key component to driving business success.

FY2023 Performance and Executive Compensation

Key Performance Indicators Driving Incentive Results

Metric	Threshold	Target	Maximum	Performance	Metric attainment
NIBP (for STI plan) *($ in millions)*	$ 497.9	$ 662.1	$ 744.2	$ 646.8	Below target
COV score *($ in millions)*	711.8	946.5	1,063.9	978.1	Above target
Management of LLP modifier (1)	(20.0)%	Neutral	20.0%	At target	Neutral
Other risks modifier (1)	(20.0)%	Neutral	Neutral	Above target	Neutral
RAROC	7.4%	14.7%	27.7%	15.8%	Above target

(1) With neutral metric attainment STI funding is unchanged—neither positively or negatively impacted.

The first two financial and operational performance metrics above have a material weighting in determining STI awards for NEOs. ATB's FY2023 results include:

- Below-target NIBP (for STI plan)—attributed primarily to lower other income generation, driven by lower revenues from wealth management and capital markets, and net losses incurred on our strategic investments.
- Above-target COV—attributed to above-target ETR and below-target COI results. Record-setting total revenue—above the previous record set in FY2022—yielded strong ETR. COI results were below target, underscoring that there is more work required to fully meet client needs by increasing functionality in our digital spaces—in particular Business banking, improving processing and response times, continued refinement of holistic wealth advice and alternative investment options in bear markets.

The management of LLP and other risks were also performance measures impacting the STI awards for NEOs. LLP comprising net write-offs, recoveries and required changes to the allowance for Stage 1, 2 and 3 loans saw a lower provision compared to target and is well below risk appetite. LLP is favourable to budget, reflecting better economic performance than expected, the effectiveness of early intervention strategies and the improved health of our loan portfolio—in particular ATB's Business borrower risk rating (BRR). In the face of economic challenges, ATB remained committed to delivering trusted financial advice to our clients and supporting the economic growth of Alberta. Management of LLP also considers ATB's performance relative to peers. CET1 and LCR performance were strong and optimized to risk appetite, above the Board-approved minimum limits.

LTI awards for ATB executives are a direct result of the progress made on individualized strategic objectives that provide long-term value to our Shareholder. The value of LTI grants that are still maturing has increased based on our above-target performance on RAROC. This appreciation signals both ATB's alignment to our risk appetite and appropriate levels of return relevant to risks taken.

Profiles, Performance and Compensation Awarded to Named Executive Officers

Curtis Stange

President and CEO

Curtis Stange was appointed President and Chief Executive Officer of ATB Financial on June 30, 2018. With courage, disciplined thought and precise action, he leads a team of more than 5,000 team members who are dedicated to ATB's purpose—to make it possible for nearly 800,000 clients and business owners.

With more than 35 years of experience in financial services in Canada, Curtis has led teams across diverse geographic markets and through various economic cycles—always with an inquisitive nature and a desire to get to know the people and places around him. Under his tenure, ATB Financial has grown to become the eighth largest financial institution in the country by assets, providing expert advice and capital to businesses to grow and prosper, with strong expertise and market share in energy, agriculture and real estate. Curtis has helped to shape ATB's client-focused culture—to become a financial partner that's proactive, collaborative, excited to share expertise and explore new ways to bring possibilities to life. Through this dedication, ATB is consistently named one of the best workplaces in Canada and one of the top financial institutions in the country when it comes to differentiating on client experience through its people.

Before becoming CEO, Curtis held a number of senior leadership roles at ATB Financial, as well as at one of Canada's big five banks. He successfully led large-scale retail, wealth management and commercial banking throughout British Columbia, Alberta, Saskatchewan and Ontario; headed up a complex and massive conversion of a core banking system; created a new line of business focused on entrepreneurs and served as a Chief Client Officer. If there's one thing Curtis's career has taught him, it's that people are at the heart of everything. Curtis is highly respected for his banking expertise, but, more importantly, he is known as a great listener, communicator and committed advocate for team members and clients.

Curtis is a Stanford alumnus and member of the Alberta Business Council and the Canadian Chamber of Commerce Western Executive Council. He also chairs ATB Capital Markets and ATB Investor Services boards, serves on advisory boards for the Edmonton International Airport, Visa Canada and Advancing Women Executives in Western Canada and co-chairs the STARS Air Ambulance board. As a strong advocate for mental health, Curtis is a driving force behind reducing stigma, building peer support and creating psychologically safe and healthy workplaces. He believes deeply in raising the collective well-being of society, both to strengthen our social fabric as well as improve our economic future.

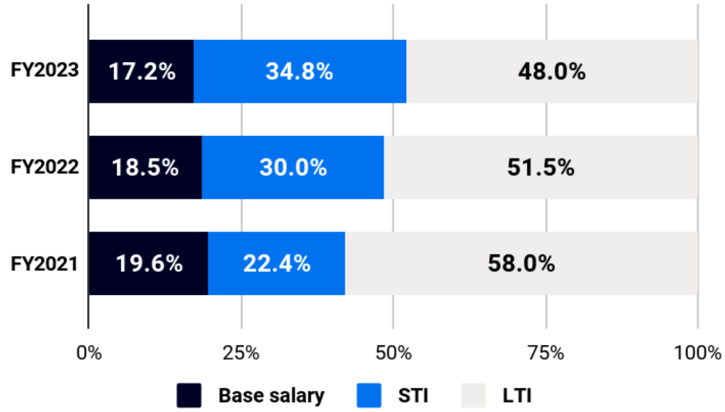
Fiscal-year performance highlights

- Launched a new brand promise to succinctly express how ATB is Powering Possibility across Alberta and beyond, publicly signalling our intentional shift in strategic focus to differentiate through the experience we deliver to our clients. In tandem, ranked #2 among midsize Canadian banks in the J.D. Power 2022 Canada Retail Banking Satisfaction Study, scoring high for problem resolution, brand trust and people.
- Strengthened ATB's balance sheet while continuing to support the growth of the Alberta economy, by delivering trusted financial expertise to hundreds of thousands of clients. Within a volatile economic environment, ATB Financial reported a strong Tier 1 capital ratio of 12.9%.
- Continued ATB Financial's commitment to being in business for the Greater Good, by contributing $1.4 billion in shared value through our team members, local contributions and payments to the Province.
- Advanced ATB's culture through the integration of our unique ATB ID—the traits and behaviours that guide how we deliver our work—and was named on eight Best Workplaces™ lists, including Best Workplaces in Canada—1,000+ Employees, Best Workplaces for Women and Best Workplaces for Giving Back. Having repositioned ATB's Strategic Leadership Team to accelerate the delivery of the 10-year strategic plan, we were also recognized as one of the Best Workplaces with Most Trusted Executive Teams.

Actual total direct compensation

($ in thousands)	**Base salary**	**STI**	**LTI**	**Total direct compensation**
FY2023	**$ 500**	**$ 1,010**	**$ 1,390**	**$ 2,900**
FY2022	500	810	1,390	2,700
FY2021	500	570	1,481	2,551

Actual compensation mix



Dan Hugo
Chief Financial Officer

Dan Hugo is an accomplished financial service executive and corporate officer with expertise in financial and commercial business operations, financial planning and reporting, forecasting, expense management, corporate development and strategy.

He was drawn to ATB by our balanced approach to social responsibility and profitability and to our relentless focus on purpose. He believes that ATB's "why" aligns with his own desire to genuinely effect positive change in the lives of Albertans.

Originally from South Africa, Dan is a Chartered Accountant and a Certified Public Accountant who has spent significant time in senior leadership at companies that include Bank of America, Capital One and Ernst & Young. He is actively involved with the fintech community and was a part of eBay at the height of the internet revolution.

Dan earned his reputation as a sage business advisor over 30 years of weighing stakeholder needs against those of the business. He has demonstrated an aptitude for growing businesses and for finding innovative solutions to modern-day business challenges.

He currently sits on the Board of Governors for NorQuest College and the Board of Directors for the Edmonton Humane Society.

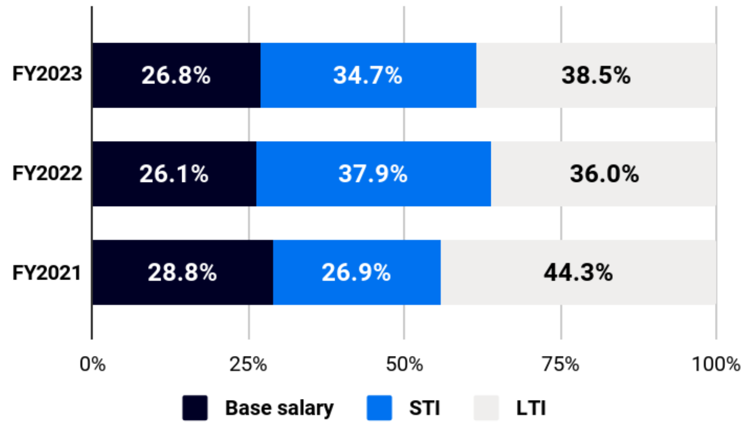
Fiscal-year performance highlights

- Guided ATB to net income of $428 million. Including payment in lieu of taxes and deposit guarantee fee, ATB contributed just over $615 million to the Government of Alberta, tripling pre-pandemic levels.
- Provided guidance to help ATB increase our total revenue to $1.94 billion—a new record for ATB.
- Managed expenses prudently, resulting in a consistent efficiency ratio compared to prior year.
- Built a safe and sound balance sheet and increased capital to the highest levels in ATB's history.

Actual total direct compensation

($ in thousands)	Base salary	STI	LTI	Total direct compensation
FY2023	**$ 375**	**$ 486**	**$ 540**	**$ 1,401**
FY2022	375	545	518	1,438
FY2021	375	352	579	1306

Actual compensation mix



Chris Turchansky

Group Head, ATB Business

As Group Head, ATB Business, Chris Turchansky leads a team who supports clients in business, corporate banking and capital markets. He understands the need to put the client at the centre of everything we do at ATB and that an exceptional client experience begins with exceptional team members who take the time to engage clients with intense curiosity, serve them with deep expertise, build trust and deliver value.

Chris's 25-year financial career has been fuelled by a passion for providing clients with advice and solutions fostered through a deep level of engagement. Prior to his current role, his journey at ATB has allowed him to connect with clients across several positions, from the President of ATB Wealth to the Chief Experience Officer.

Having grown up in a small Alberta town, Chris understands and appreciates the province's strong sense of community, and he draws on that life experience to help team members come together. Being Métis, he hopes to continue to promote and support public and private sector partnerships that will improve the economic circumstances and quality of life of Métis people.

Chris holds a Commerce degree from the University of Alberta, an MBA from Athabasca University, a Chartered Financial Advisor (CFA) designation and an Accredited Investment Fiduciary (AIF). He is also on the board of the Hockey Alberta Foundation.

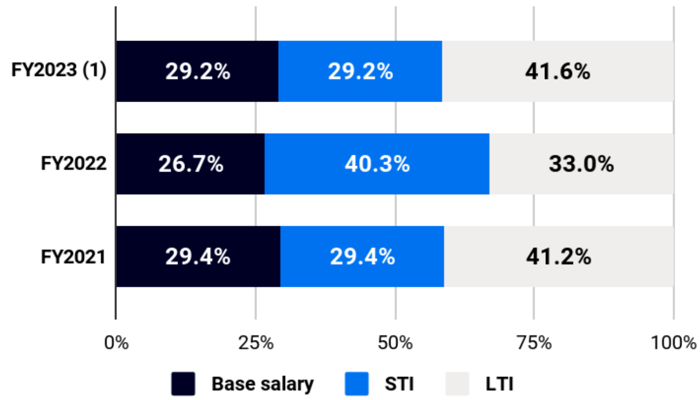
Fiscal-year performance highlights

- Guided ATB Business to over $1 billion in revenue for the first time in the organization's history—with loan and deposit balances reaching record highs of $25.3 and $18.0 billion, respectively.
- In partnership with Client Experience & Technology, completed the final migration of Business clients to ATB Business web. Net promoter score continues to grow for this platform, along with the addition of new features and functionality.
- Completed work related to behavioural segmentation, to unlock deeper relationships with our clients through expert advice.
- Furthered the Portfolio Sector Specialization strategy by aligning industry experts with clients to provide sector-specific advice and solutions that meet the unique demands of their business.

Actual total direct compensation

($ in thousands)	Base salary	STI	LTI	Total direct compensation
FY2023 (1)	**$ 386**	**$ 387**	**$ 550**	**$ 1,323**
FY2022	325	490	401	1,216
FY2021	325	325	456	1,106

Actual compensation mix



(1) Chris Turchansky was appointed Group Head, ATB Business on July 4, 2022. The amounts shown for FY2023 include compensation for his previous position as Chief Experience Officer.

John Tarnowski

Chief Client Experience & Technology Officer

John Tarnowski is a high-performing senior executive with a talent for growing businesses. Throughout his career, he has led digital transformations, executed complex strategic programs and disrupted conventional thinking to deliver results.

John has spent the last 25 years in the financial services industry. Prior to creating the combined Client Experience & Technology group, John led Everyday Financial Services, where he spent five years streamlining and focusing the business to achieve profitability. He has spent his career transforming digital, payment and financial service experiences by placing the client at the centre of everything he and his team do. He leads change by leveraging creative problem-solving and disruptive technologies to help organizations compete and thrive.

As technology evolves to enable new and empowering client experiences, John believes it is important to prepare team members for the future so they are able to adapt to client needs and expectations, both in-person and digitally. To that end, John is committed to the continuous development of the more than 1,200 team members who are part of the team he leads. As a former competitive ski racing coach, John leads with a strong coaching philosophy, investing in the development of his teams to help them grow as leaders and high-performing collaborators to achieve results.

John has an educational background in investments and economics and currently sits on the Mastercard Canada Advisory Board. Whether he's dealing with solving complex business challenges or delivering high-performing results with his team at ATB, John takes every opportunity to motivate, inspire and bring out peak performance in everyone he works with.

Fiscal-year performance highlights

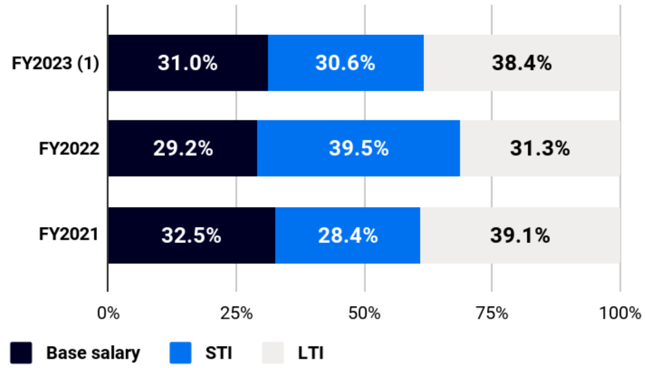
- Enabled ATB's data analytics and AI strategies to provide insights for strategic decision making and prioritization which allowed for expanded value and efficiencies. As part of our focus on client trust and data security, modernized our experience, deploying an improved two-factor authentication offering, and defined ATB's data classification and cybersecurity strategy to further strengthen the enterprise in safe, secure and reliable experiences for clients.
- Completed the SAP modernization, which finalized our move to the latest SAP/SAP Fioneer technologies in the cloud. With this modernization, we are able to introduce new banking product offerings, create a more streamlined process for financial reporting, improve end-of-day and overall system performance and reduce downtime while increasing overall stability.
- Created CXT, bringing together our Client Experience & Technology groups to evolve how we work as one team and enable new client experiences, both digitally and face-to-face. As part of our centralized engagement model, partnered across ATB to advance and enable the digitization of ATB's experiences and capabilities to deliver improved efficiencies, client engagement and market competitiveness. These advancements led to ATB's app store ratings increasing (between April 2020 to March 2023) from 2.0 to 4.6 (Retail) and 1.4 to 4.4 (Business). CXT also partnered with Everyday Financial Services to modernize our province-wide automated bank machine fleet.
- Transitioned from Banking Services to the new SAP Transactional Banking (TRBK) on HANA

application, making ATB the first SAP/Fioneer customer to use TRBK in the industry. This major core upgrade, replatform and migration was achieved without disruption of services or major incidents or outages. Our TRBK platform enables significant reductions in our end-of-day processing, allows us to return to standard features versus in-house developed code and will allow for faster time to market for new products and services.

Actual total direct compensation

($ in thousands)	Base salary	STI	LTI	Total direct compensation
FY2023 (1)	**$ 357**	**$ 352**	**$ 442**	**$ 1,151**
FY2022	275	373	295	943
FY2021	275	240	330	845

Actual compensation mix



(1) John Tarnowski was appointed Chief Client Experience & Technology Officer on July 4, 2022. The amounts shown for FY2023 include compensation for his previous position as Executive Vice President, Everyday Financial Services.

Lisa McDonald

Group Head, Everyday Financial Services

Lisa McDonald leads the Everyday Financial Services (EFS) team at ATB Financial, leading the more than 1,800 team members who serve ATB's retail and small business clients. EFS is the largest gateway between Albertans and all that ATB has to offer and includes the oversight of over 280 locations and ATB's Client Care team. Lisa's passion for people ensures that clients and team members are at the centre of every decision made in EFS, resulting in a highly engaged workforce and exceptional client experiences.

Prior to being appointed Group Head of Everyday Financial Services, Lisa held the position of Chief Risk Officer (CRO) for ATB, supporting the company's performance through the strategic oversight of risk-taking activity and management of risk and compliance across the organization. In her five years as CRO, Lisa played a key role in managing through a number of crises, including ATB's response to COVID-19, and supporting clients through both the Calgary/High River floods and the Fort McMurray wildfires.

With more than 25 years of professional experience in the banking, oil and gas and pharmaceutical industries, Lisa knows that success is attainable by focusing on client experience, an inclusive workplace culture and clear goals. She holds an MBA from the Schulich School of Business at York University and a Bachelor of Business Commerce from Memorial University.

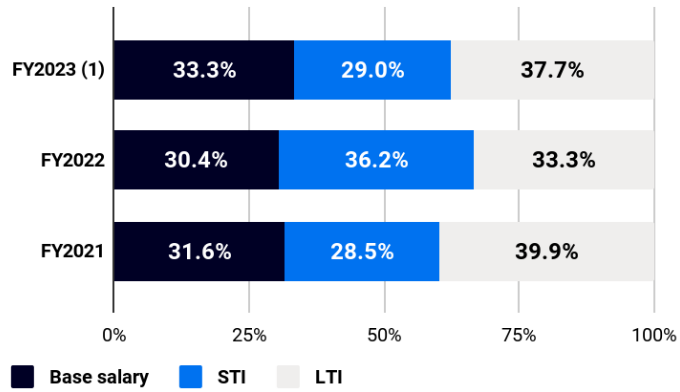
Fiscal-year performance highlights

- Since stepping into the role as Group Head of Everyday Financial Services at the beginning of Q2 FY2023, achieved a nine-point increase on the EFS Cultural Health Index (CHI) target at 79, with an improvement in all categories since Q2 FY2023.
- Established clear focus on ATB's client experience and elevated EFS capabilities to deliver a winning and differentiated experience across our multi-channel interactions. This was achieved by implementing EFS experience standards that enhanced personal service capability across the team and achieved material improvements in internal and external client satisfaction scores.
- Despite immense rate volatility and challenging market conditions, EFS achieved $2.4 billion in attainment of new mortgages through FY2023 (96% attainment) and maintained balance sheet level mortgage retention (net of standard amortizations and increased pay downs) of 92%.
- Supported ATB's overall financial results and long-term value by delivering high-quality, low-volatility balance sheet growth, along with the attainment of net client acquisition targets that surpassed provincial growth. In FY2023, EFS achieved $145 million in Net Income Before Provisions, exceeding budget and business plan targets (67% favourable) as a result of increasing interest rates, team member productivity (up 60% year over year), favourable other income and focused expense management.

Actual total direct compensation

($ in thousands)	**Base salary**	**STI**	**LTI**	**Total direct compensation**
FY2023 (1)	**$ 329**	**$ 286**	**$ 371**	**$ 986**
FY2022	275	327	301	903
FY2021	250	225	316	791

Actual compensation mix



(1) Lisa McDonald was appointed Group Head, Everyday Financial Services on July 4, 2022. The amounts shown for FY2023 include compensation for her previous position as Chief Risk Officer.

Compensation Summary

(audited)

Name and position	Fiscal year	Base salary (1)	Non-equity incentive plan compensation: Annual incentive plan (2)	Non-equity incentive plan compensation: LTI plan (3)	Pension value (4)	All other compensation (5) (6)	Total compensation
Curtis Stange CEO	**2023**	**$ 500,000**	**$ 1,010,000**	**$ 1,390,000**	**$ -**	**$ 266,560**	**$ 3,166,560**
	2022	500,000	809,968	1,390,400	-	223,496	2,923,864
	2021	500,000	570,000	1,480,625	-	243,475	2,794,100
Dan Hugo CFO	**2023**	**$ 375,000**	**$ 485,585**	**$ 540,000**	**$ 9,000**	**$ 110,836**	**$ 1,520,421**
	2022	375,000	545,490	517,500	7,000	96,488	1,541,478
	2021	375,000	352,000	579,375	10,000	110,975	1,427,350
Chris Turchansky (7) Group Head, ATB Business	**2023**	**$ 386,154**	**$ 386,920**	**$ 550,000**	**$ 9,000**	**$ 99,560**	**$ 1,431,634**
	2022	325,000	490,465	401,375	7,000	85,496	1,309,336
	2021	325,000	325,000	455,813	6,000	78,475	1,190,288
John Tarnowski (8) Chief Client Experience & Technology Officer	**2023**	**$ 357,269**	**$ 351,600**	**$ 441,650**	**$ 7,000**	**$ 138,560**	**$ 1,296,079**
	2022	275,000	372,690	295,110	9,000	120,496	1,072,296
	2021	275,000	240,000	330,172	8,000	62,475	915,647
Lisa McDonald (9) Group Head, Everyday Financial Services	**2023**	**$ 328,846**	**$ 286,120**	**$ 371,450**	**$ 7,000**	**$ 86,560**	**$ 1,079,976**
	2022	274,711	326,930	300,955	9,000	90,996	1,002,592
	2021	250,000	225,000	315,562	11,000	80,975	882,537

(1) Actual base salary paid from April 1 to March 31 of each year.
(2) STI award earned for the year and paid as cash within the first 100 days of the end of the fiscal year.
(3) LTI grant earned for the year. Payment of the grant is deferred for up to three years, includes appreciation or depreciation based on ATB's average RAROC performance over the term of the grant and is contingent upon the NEO's continued employment with ATB. The following Outstanding Long-Term Incentives Awards table includes appreciation or depreciation changes in outstanding and unvested grants.
(4) Pension value includes the annual compensatory value from the FPP. Additional detail is provided in the Flexible Pension Plan section.
(5) Benefits included in all other compensation are the benefits NEOs receive in excess of the benefits all other ATB team members receive. All other compensation for Curtis Stange includes perquisite allowance, health-care spending account (HCSA) credits, an executive health benefit and employer contributions to an RRSP and the DC supplemental executive retirement plan (SERP) within the CEO Pension Plan (details below). All other compensation for Dan Hugo includes perquisite allowance, HCSA credits, personal tax advice, an executive health benefit, employer contributions to the NSP in FY2021, FY2022 and FY2023 and relocation benefits in FY2021. All other compensation for Chris Turchansky, John Tarnowksi and Lisa McDonald includes perquisite allowance, HCSA credits, an executive health benefit and employer contributions to the NSP. John Tarnowski received a project bonus in FY2022 and FY2023. Lisa McDonald received a retention bonus in FY2021 and FY2022.
(6) ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the *Income Tax Act*. The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions. Additional detail is provided in the Notional Supplemental Plan section.
(7) Chris Turchansky was appointed Group Head, ATB Business on July 4, 2022. The amounts shown for FY2023 include compensation for his previous position as Chief Experience Officer.
(8) John Tarnowski was appointed Chief Client Experience & Technology Officer on July 4, 2022. The amounts shown for FY2023 include compensation for his previous position as Executive Vice President, Everyday Financial Services.
(9) Lisa McDonald was appointed Group Head, Everyday Financial Services on July 4, 2022. The amounts shown for FY2023 include compensation for her previous position as Chief Risk Officer.

Outstanding Long-Term Incentive Awards

LTI awards are granted after the close of a fiscal year and they vest (i.e., mature) at the end of a three-year term. The following table presents details of unvested LTI awards as at April 1, 2023. The current value of outstanding grants reflects the annual appreciation or depreciation based on actual RAROC during the term of the grant.

Name	Fiscal year of grant	Total grant awarded	Above-target portion of grant paid out (1)	Remaining portion of grant (2)	Current value of grant that has not vested (3)	Fiscal year-end that grant will vest		
						2024	2025	2026
Curtis Stange	**2023**	**$ 1,390,000**		**$ 1,390,000**	**$ 1,390,000**			**X**
	2022	1,390,400	390,400	1,000,000	1,080,900		X	
	2021	1,480,625	480,625	1,000,000	1,162,292	X		
Dan Hugo	**2023**	**$ 540,000**		**$ 540,000**	**$ 540,000**			**X**
	2022	517,500	67,500	450,000	486,405		X	
	2021	579,375	129,375	450,000	523,031	X		
Chris Turchansky (4)	**2023**	**$ 550,000**		**$ 550,000**	**$ 550,000**			**X**
	2022	401,375	76,375	325,000	351,293		X	
	2021	455,813	130,813	325,000	377,745	X		
John Tarnowski (5)	**2023**	**$ 441,650**		**$ 441,650**	**$ 441,650**			**X**
	2022	295,110	61,360	233,750	252,660		X	
	2021	330,172	96,422	233,750	271,686	X		
Lisa McDonald (6)	**2023**	**$ 371,450**		**$ 371,450**	**$ 371,450**			**X**
	2022	300,955	67,205	233,750	252,660		X	
	2021	315,562	-	315,562	366,776	X		

(1) Prior to FY2022, executives awarded an LTI grant greater than 100% of target had the choice to receive payment of the above-target portion of the grant within 100 days of the end of the fiscal year in which it is granted. One exception is that a senior executive subject to United States taxation was paid the above-target portion of their grant within 100 days of the fiscal year-end in which it is granted—they did not have the option to leave the above-target portion of the grant in the program.

(2) This value is subject to three-year vesting and appreciation or depreciation based on RAROC results.

(3) The current value includes appreciation or depreciation based on RAROC results for the years in which the grants mature. Effective FY2023 appreciation or depreciation is based on average RAROC performance over the entire three-year vesting period. For FY2022 and prior appreciation or depreciation was applied each fiscal year based on ATB's annual RAROC performance.

(4) Chris Turchansky was appointed Group Head, ATB Business on July 4, 2022. The amounts shown for FY2023 include compensation for his previous position as Chief Experience Officer.

(5) John Tarnowski was appointed Chief Client Experience & Technology Officer on July 4, 2022. The amounts shown for FY2023 include compensation for his previous position as Executive Vice President, Everyday Financial Services.

(6) Lisa McDonald was appointed Group Head, Everyday Financial Services on July 4, 2022. The amounts shown for FY2023 include compensation for her previous position as Chief Risk Officer.

Incentive Plan Awards—Value Vested or Earned During the Year

The following table shows the total value of all LTI plan awards previously granted to NEOs that vested (i.e., matured) at the end of FY2023. It also shows the total amount earned from STI plan compensation in FY2023.

Name	LTI plan awards – value vested during the year (1)	STI plan compensation – value earned during the year (2)
Curtis Stange	$ 746,191	$ 1,010,000
Dan Hugo (3)	129,148	485,585
Chris Turchansky (4)	331,219	386,920
John Tarnowski (5)	290,704	351,600
Lisa McDonald (6)	334,309	286,120

(1) This is the payout value of the FY2020 LTI plan awards.
(2) This is the STI plan cash award for FY2023 and is paid within the first 100 days of the end of the fiscal year. This amount is shown under "Annual incentive plan" in the Compensation Summary.
(3) Dan Hugo joined ATB on January 6, 2020. As a result, the LTI plan award shown represents only a partial fiscal year of performance.
(4) Chris Turchansky was appointed Group Head, ATB Business on July 4, 2022 and Chief Experience Officer on January 1, 2020. The LTI plan award includes compensation for his previous position as EVP and President, ATB Wealth. The STI plan award includes compensation for his previous position as Chief Experience Officer.
(5) John Tarnowski was appointed Chief Client Experience & Technology Officer on July 4, 2022. The LTI plan award shown is for his previous position as Executive Vice President, Everyday Financial Services. The STI plan award includes compensation for his previous position as Executive Vice President, Everyday Financial Services.
(6) Lisa McDonald was appointed Group Head, Everyday Financial Services on July 4, 2022. The LTI plan award shown is for her previous position as Chief Risk Officer. The STI plan award includes compensation for her previous position as Chief Risk Officer.

Retirement Benefits

The following table outlines the NEO retirement benefits for FY2023. Detailed descriptions of the benefits follow the table.

Name	FPP contribution (1)	NSP contribution (2)	NSP return (3)	RRSP contribution (4)	DC SERP contribution (5)	DC SERP return (6)	Total
Curtis Stange	$ -	$ -	$ (5,000)	$ 29,000	$ 207,000	$ (74,000)	**$ 157,000**
Dan Hugo	9,000	86,000	3,000	n/a	n/a	n/a	**98,000**
Chris Turchansky	9,000	82,000	(3,000)	n/a	n/a	n/a	**88,000**
John Tarnowski	7,000	66,000	-	n/a	n/a	n/a	**73,000**
Lisa McDonald	7,000	69,000	-	n/a	n/a	n/a	**76,000**

(1) Employer contribution to the FPP (DC plan) on behalf of the NEO. This amount is shown under the FY2023 "Pension value" in the Compensation Summary.
(2) Employer contribution to the NSP on behalf of the NEO. This amount is included under the FY2023 "All other compensation" in the Compensation Summary.
(3) Return on the NSP, based on the rate of return of a designated balanced fund applied to the beginning of the calendar-year balance and the interest credit on current calendar-year contributions based on a designated savings-deposit rate. Both are provided by the employer on behalf of the NEO.
(4) Employer contribution to the RRSP on behalf of the CEO. This amount is included under the FY2023 "All other compensation" in the Compensation Summary.
(5) Employer contribution to the DC SERP on behalf of the CEO. This amount is included under the FY2023 "All other compensation" in the Compensation Summary.
(6) Return on the DC SERP is the same rate as that earned on the assets of the CEO's RRSP. All RRSP investment decisions are made by the CEO.

Flexible Pension Plan

ATB's FPP offers a combination of retirement savings in a registered DC plan with a wealth accumulation component that offers flexibility for plan members to save for retirement and achieve their financial goals, including an option for a spousal RRSP. ATB automatically contributes 4% of the team member's pensionable earnings (which include annual base salary and STI pay) to the DC portion of the plan. Plan members can also voluntarily contribute up to 6% of pensionable earnings to their DC plan account, and ATB will match up to 4% of those contributions.

Notional Supplemental Plan

For any FPP member, where annual pension contributions exceed allowable maximums under the *Income Tax Act,* excess amounts are allocated to the NSP, an unfunded non-registered plan that provides notional DC benefits that cannot be provided within the FPP due to income tax restrictions. The NSP has no formal contribution limit; however, the *Income Tax Act* restricts annual contributions. As a result, NEOs may be limited in their voluntary contributions and ATB matching contributions. A gain or loss is provided on the beginning of the calendar-year balance of the account based on the return of a designated balanced fund. Contributions for the current calendar year receive an interest credit based on a designated savings-deposit rate. ATB's notional contributions to the NEO's NSP are included as other compensation in the Compensation Summary table.

CEO Pension Plan

Curtis Stange is the sole participant in the CEO Pension Plan. This plan includes an RRSP and an unfunded supplementary pension plan operating on a defined-contribution basis (DC SERP). ATB contributes 18% of Curtis Stange's base salary to the RRSP, up to the maximum annual contribution permitted under the Canadian *Income Tax Act* for a given calendar year. The DC SERP is maintained through a notional account that is credited annually with 18% of pensionable earnings minus the contribution to the RRSP. The notional account is also credited with interest each year at the same rate as is earned on the assets of the RRSP. All RRSP investment decisions are made by the CEO. The DC SERP is not funded until the CEO retires.

Termination and Change in Control Payments and Benefits

Employment Agreements

Two of ATB's NEOs have personal employment agreements: Curtis Stange and Dan Hugo. The incremental payments and benefits that each NEO would be contractually entitled to in the event of termination vary based on their agreement.

Curtis Stange

The following table provides an overview of the contractually agreed payments and benefits that would be provided to Curtis Stange in each of the termination scenarios. The last row in the table shows the estimated incremental payments that would be provided if employment had been terminated as at March 31, 2023. The actual amount Curtis could receive in the future due to termination of employment could differ materially from the amounts below. In receiving these payments and benefits, Curtis would be obliged to abide by three conditions:

1. For 18 months following early termination, he shall not accept, without the approval of the ATB Board Chair, employment with any ATB competitor in which his role would involve responsibilities for operations in the province of Alberta.
2. For 12 months from his termination, he shall not directly nor indirectly recruit, hire or solicit, for the purpose of providing services to an ATB competitor, any person employed by ATB during his term.
3. For 12 months from his termination, he shall not directly nor indirectly contact or solicit business from ATB nor provide financial services to any ATB client who was an ATB client during his term.

Payment/ benefit (1)	Early termination (2)	Resignation without Good Reason, with notice (3)	Retirement (4)
Severance	Lump sum equivalent to 18 months' salary plus a lump sum in lieu of benefits, (5) or salary continuance and benefits for 18 months. Lump sum equivalent to 18 months' STI—calculated at target or provided as salary continuance. Lump sum equivalent to 18 months' LTI—calculated at target or provided as salary continuance.	None	None
Short-term incentive	Prorated for fiscal year until early termination date, calculated at target.	None	Prorated for fiscal year until retirement date—pursuant to the eligibility criteria and based on fiscal-year-end results. (4)
Long-term incentive	Prorated for fiscal year until early termination date, calculated at target. All grants vest and are paid at current value.	Vested grants are paid at current value.	Prorated for fiscal year until termination date—pursuant to the eligibility criteria and based on attainment as per plan. (6) Unvested grants are paid at current value or left in the plan for payment on the scheduled date, based on participant's choice. Vested grants are paid at current value.
Relocation	Reimbursement of expenses, in accordance with ATB Relocation Policy, for relocation back to the previous municipality of residence.	None	None
Estimated total value	$ 7,610,112 (7) (8)	$ - (8)	$ 3,633,192 (7) (8)

(1) Curtis Stange would also receive, in all termination scenarios, payment of accrued vacation and his DC SERP account balance transferred to a retirement compensation arrangement or provided as a monthly pension, based on the option he elects.

(2) "Early termination" includes: (a) termination other than by Curtis Stange without Good Reason (as set forth in [3] below); (b) termination at the end of the term (or any extended term) and is not renewed; (c) termination by virtue of his death or permanent disability; (d) the Board recommending termination of Curtis Stange to the LGIC whether or not an Order in Council is issued by the LGIC terminating him as CEO or removing or suspending him as CEO; (e) without the recommendation of the Board, the LGIC issuing an Order in Council terminating Curtis Stange as CEO or removing or suspending him as CEO; and (f) termination by Curtis Stange for Good Reason, with prior written notice.

(3) Good Reason includes at least one of the following: a material reduction in authority, duties or responsibilities; responsibilities inconsistent in any material respect from those of the CEO; a material reduction in remuneration or a change of at least 50% of the members of the Board of Directors over six consecutive months.

(4) Curtis Stange is eligible to retire at age 55 with at least 10 years of service, or at any age plus service years that together total at least 80 years, as per ATB's Senior Executive Compensation Plan.

(5) "Benefits" include perquisite allowance, health benefits, vacation, preferred banking rates and long-term disability.

(6) Eligibility criteria includes a satisfactory performance assessment, as per ATB's Senior Executive Compensation Plan.

(7) Curtis Stange's FY2023 STI payment is excluded from the total, as the payment (shown under "Annual incentive plan" in the Compensation Summary and shown in Incentive Plan Awards—Value Vested or Earned During the Year) is not incremental, based on a March 31, 2023, termination date.

(8) Curtis Stange's vested FY2020 LTI grant payment (shown in Incentive Plan Awards—Value Vested or Earned During the Year) is excluded from the total as the payment is not incremental, based on a March 31, 2023, termination date.

Dan Hugo

The following table provides an overview of the contractually agreed payments and benefits that would be provided to Dan Hugo in each of the termination scenarios. The last row in the table shows the estimated incremental payments that would be provided if employment had been terminated as at March 31, 2023. The actual amount Dan could receive in the future due to termination of employment could differ materially from the amounts below. In receiving these payments and benefits, Dan would be obliged to abide by three conditions:

1. In the event of termination for cause, choosing to terminate the employment agreement or the agreement not being renewed, not accept employment involving responsibilities for operations in the province of Alberta with an ATB competitor without prior written consent of ATB, such consent not to be unreasonably withheld, for a period of six months following termination of the employment agreement.
2. For six months from his termination, he shall not directly nor indirectly recruit, hire or solicit, for the purpose of providing services to an ATB competitor, any person employed by ATB during his term.
3. For six months from his termination, he shall not directly nor indirectly contact or solicit business from ATB nor provide financial services to any ATB client who was an ATB client during his term.

Payment/ benefit (1)	Termination with cause	Termination without cause	Resignation with three months' notice	No longer legally able to work in Canada	Death or permanent disability
Severance	None	Lump sum equivalent to 12 months' salary or to end of term, whichever is less, plus a lump sum in lieu of benefits. (2) Lump sum equivalent to 12 months' STI or to end of term, whichever is less—calculated at target. Lump sum equivalent to 12 months' LTI or to end of term, whichever is less—calculated at target.	None	None	None
Short-term incentive	None	Prorated for fiscal year until termination date—pursuant to the eligibility criteria and based on fiscal-year-end results. (3)	None	Prorated for fiscal year until termination date—pursuant to the eligibility criteria and based on fiscal-year-end results. (3)	CEO determines award for fiscal year, until date of death or disability.
Long-term incentive	None	Prorated for fiscal year, until termination date—pursuant to the eligibility criteria and based on attainment as per plan. (4) All grants vest and are paid at current value.	Vested grants are paid at current value.	Prorated for fiscal year until termination date—pursuant to the eligibility criteria and based on attainment as per plan. (4) All grants vest and are paid at current value. (5)	CEO determines grant for fiscal year, until date of death or disability. (3) All grants vest and are paid at current value.
Estimated total value	$ 0	$ 2,813,186 (6) (7)	$ 0	$ 1,549,436 (6) (7)	$ 1,549,436 (6) (7)

(1) The same as any salaried employee, in all termination scenarios, the NEO also receives payment of accrued vacation, FPP account balance transfer to a locked-in vehicle, payment of NSP account balance and, in accordance with the terms of the Achievement Notes Plan, payment of the current value of any achievement notes previously purchased.
(2) "Benefits" include perquisite allowance, health benefits, vacation, preferred banking rates and long-term disability.
(3) The CEO's determination is subject to HR Committee review.
(4) "Eligibility criteria" means a satisfactory performance assessment, as per ATB's Senior Executive Compensation Plan.
(5) All LTI grants vesting and being paid have been recognized as compensation previously in the year in which they were granted.
(6) Dan Hugo's FY2023 STI payment (shown under "Annual incentive plan" in the Compensation Summary and shown in Incentive Plan Awards—Value Vested or Earned During the Year) is excluded from the total, as the payment is not incremental, based on a March 31, 2023, termination date.
(7) Dan Hugo's vested FY2020 LTI grant payment (shown in Incentive Plan Awards—Value Vested or Earned During the Year) is excluded from the total as the payment is not incremental, based on a March 31, 2023, termination date.

Remaining Named Executive Officers

ATB has a framework for providing termination benefits for the remaining NEOs. The actual amount an NEO might receive as a result of termination is based on several factors, including type of termination, age, years of service, level and nature of the role and any other factors that may be relevant, with respect to applicable common law. The actual amount the remaining NEOs could receive in the future due to termination of employment could differ materially from the amounts below.

	Payment/benefit (1)		
	Termination with cause	Termination without cause (2)	Death or permanent disability (3)
Chris Turchansky	$ -	$ 3,261,038	$ 1,279,038
John Tarnowski	-	1,928,821	965,996
Lisa McDonald	-	1,932,503	990,886

(1) The same as any salaried employee, in all termination scenarios, the NEO also receives payment of accrued vacation, FPP account balance transfer to a locked-in vehicle, payment of NSP account balance and, in accordance with the terms of the Achievement Notes Plan, payment of the current value of any achievement notes previously purchased.

(2) Includes lump sum equivalent to base salary for the severance period; lump sum in lieu of pension, benefits and perquisite allowance; lump sum in lieu of LTI for FY2023 (as shown in the Compensation Summary); STI and LTI at target for the severance period; and payment of unvested LTI grants, subject to appreciation/depreciation, as per ATB's Senior Executive Compensation Plan. All LTI grants vesting and being paid have been recognized as compensation previously in the year in which they were granted. FY2023 STI payment (shown under "Annual incentive plan" in the Compensation Summary and shown in Incentive Plan Awards—Value Vested or Earned During the Year) is excluded from the total, as the payment is not incremental, based on a March 31, 2023, termination date. Vested FY2020 LTI grant payment (as shown in the Incentive Plan Awards—Value Vested or Earned During the Year) is excluded from the total as the payment is not incremental, based on a March 31, 2023, termination date.

(3) Includes lump sum in lieu of LTI for FY2023 (as shown in the Compensation Summary). Permanently disabled or retired participants in the LTI plan have the option to leave unvested LTI grants in ATB's Senior Executive Compensation Plan for payment on the scheduled date, or receive payment of unvested LTI grants, subject to appreciation/depreciation, as per the plan. The amount indicated assumes the NEO received payment of unvested grants. All LTI grants vesting and being paid have been recognized as compensation previously in the year in which they were granted. FY2023 STI payment (shown under "Annual incentive plan" in the Compensation Summary and shown in Incentive Plan Awards—Value Vested or Earned During the Year) is excluded from the total, as the payment is not incremental, based on a March 31, 2023, termination date. Vested FY2020 LTI grant payment (as shown in the Incentive Plan Awards—Value Vested or Earned During the Year table) is excluded from the total, as the payment is not incremental, based on a March 31, 2023, termination date.

Supplementary Financial Information

Five-Year Financial Review

Summarized Consolidated Statement of Financial Position

($ in thousands)	2023	2022	2021	2020	2019
Cash resources and securities	$ 8,247,677	$ 8,352,866	$ 8,659,681	$ 6,045,098	$ 5,677,962
Net loans	47,234,083	45,928,704	44,597,222	47,046,234	47,057,573
Other assets	1,989,097	2,770,465	2,498,132	2,774,190	1,660,465
Total assets	**$ 57,470,857**	**$ 57,052,035**	**$ 55,755,035**	**$ 55,865,522**	**$ 54,396,000**
Deposits	$ 39,473,493	$ 37,319,482	$ 37,758,388	$ 35,373,367	$ 35,921,949
Other liabilities	13,180,444	15,280,359	13,921,724	16,411,046	14,490,794
Subordinated debentures	-	-	-	-	339,140
Equity	4,816,920	4,452,194	4,074,923	4,081,109	3,644,117
Total liabilities and equity	**$ 57,470,857**	**$ 57,052,035**	**$ 55,755,035**	**$ 55,865,522**	**$ 54,396,000**

Summarized Consolidated Statement of Income

($ in thousands)	2023	2022	2021	2020	2019
Interest income	$ 2,281,678	$ 1,699,977	$ 1,793,052	$ 2,082,624	$ 2,020,443
Interest expense	962,385	457,662	614,485	888,435	828,643
Net interest income	1,319,293	1,242,315	1,178,567	1,194,189	1,191,800
Other income	616,238	661,566	599,380	532,629	490,839
Total revenue	1,935,531	1,903,881	1,777,947	1,726,818	1,682,639
Provision for (recovery of) loan losses	24,633	(203,879)	271,085	385,980	338,145
Non-interest expense	1,354,493	1,346,228	1,233,453	1,208,255	1,164,170
Net income before payment in lieu of tax	556,405	761,532	273,409	132,583	180,324
Payment in lieu of tax	127,973	175,152	62,884	30,675	41,629
Net income	**$ 428,432**	**$ 586,380**	**$ 210,525**	**$ 101,908**	**$ 138,695**
Net income attributable to ATB	$ 428,432	$ 586,380	$ 210,525	$ 103,350	$ 138,942
Net income attributable to non-controlling interests	-	-	-	(1,442)	(247)

Summarized Key Performance Indicators

(%)	2023	2022	2021	2020	2019
Return on average assets	0.7	1.0	0.4	0.2	0.3
Return on average risk-weighted assets	1.1	1.6	0.6	0.3	0.4
Total revenue change	1.7	7.1	3.0	2.6	6.3
Efficiency ratio	70.0	70.7	69.4	70.0	69.2
Performing loan change	2.8	2.3	(3.1)	0.1	6.1
Deposit change	5.8	(1.2)	6.7	(1.5)	4.7
Change in assets under administration	(1.1)	5.3	25.3	(2.2)	8.8

Quarterly Financial Review

Summarized Consolidated Statement of Financial Position

For the three months ended ($ in thousands)	**Q4 Mar 31/23**	**Q3 Dec 31/22**	**Q2 Sep 30/22**	**Q1 Jun 30/22**	**Q4 Mar 31/22**	**Q3 Dec 31/21**	**Q2 Sep 30/21**	**Q1 Jun 30/21**
Cash resources and securities	$ 8,247,677	$ 8,856,113	$ 9,624,978	$ 9,554,144	$ 8,352,866	$ 8,331,267	$ 7,783,518	$ 8,365,915
Business loans	25,734,540	25,593,683	25,177,104	24,611,038	24,092,016	24,043,259	23,312,130	23,273,902
Residential mortgages	16,830,720	16,808,417	16,719,007	16,584,643	16,596,726	16,660,705	16,411,927	15,978,392
Personal loans	4,305,315	4,499,227	4,660,107	4,812,492	4,971,346	5,124,881	5,313,527	5,494,423
Credit card	719,313	746,001	743,036	731,225	686,871	709,675	694,518	693,478
Allowance for loan losses	(355,805)	(355,281)	(393,305)	(395,767)	(418,255)	(477,429)	(573,914)	(623,966)
Net loans	47,234,083	47,292,047	46,905,949	46,343,631	45,928,704	46,061,091	45,158,188	44,816,229
Other assets	1,989,097	2,340,259	2,585,432	3,073,464	2,770,465	2,170,152	2,669,195	2,335,748
Total assets	**$ 57,470,857**	**$ 58,488,419**	**$ 59,116,359**	**$ 58,971,239**	**$ 57,052,035**	**$ 56,562,510**	**$ 55,610,901**	**$ 55,517,892**
Transaction accounts	$ 13,106,160	$ 13,333,805	$ 13,602,576	$ 14,044,845	$ 13,386,975	$ 13,269,771	$ 13,440,017	$ 13,274,864
Savings accounts	10,086,677	10,456,025	11,168,755	11,627,488	12,060,980	12,409,241	12,442,295	12,288,089
Notice accounts	5,676,301	5,620,976	5,638,216	5,889,448	6,095,213	6,333,359	6,096,917	5,808,056
Non-redeemable fixed-date deposits	9,307,271	8,456,480	6,498,410	5,739,033	4,687,929	4,884,137	5,101,219	5,508,181
Redeemable fixed-date deposits	1,297,084	1,168,019	1,246,781	1,253,365	1,088,385	745,757	816,844	963,888
Deposits	39,473,493	39,035,305	38,154,738	38,554,179	37,319,482	37,642,265	37,897,292	37,843,078
Other liabilities	13,180,444	14,784,096	16,460,782	15,981,910	15,280,359	14,480,495	13,344,239	13,430,458
Equity	4,816,920	4,669,018	4,500,839	4,435,150	4,452,194	4,439,750	4,369,370	4,244,356
Total liabilities and equity	**$ 57,470,857**	**$ 58,488,419**	**$ 59,116,359**	**$ 58,971,239**	**$ 57,052,035**	**$ 56,562,510**	**$ 55,610,901**	**$ 55,517,892**

Consolidated Statement of Changes in Equity

For the three months ended ($ in thousands)	Q4 Mar 31/23	Q3 Dec 31/22	Q2 Sep 30/22	Q1 Jun 30/22	Q4 Mar 31/22	Q3 Dec 31/21	Q2 Sep 30/21	Q1 Jun 30/21
Retained earnings								
Balance at beginning of the period	$ 4,888,248	$ 4,762,842	$ 4,662,788	$ 4,548,190	$ 4,411,105	$ 4,259,441	$ 4,123,261	$ 3,961,408
Net income attributable to ATB	88,374	125,406	100,083	114,569	136,907	148,907	138,804	161,762
Other	-	-	(29)	29	178	2,757	(2,624)	91
Balance at end of the period	**4,976,622**	**4,888,248**	**4,762,842**	**4,662,788**	**4,548,190**	**4,411,105**	**4,259,441**	**4,123,261**
Accumulated other comprehensive income (loss)								
Securities measured at fair value through other comprehensive income								
Balance at beginning of the period	11,237	(6,852)	188	3,515	(2,340)	8,130	(373)	(1,937)
Other comprehensive income (loss)	6,940	18,089	(7,040)	(3,327)	5,855	(10,470)	8,503	1,564
Balance at end of the period	**18,177**	**11,237**	**(6,852)**	**188**	**3,515**	**(2,340)**	**8,130**	**(373)**
Derivative financial instruments designated as cash flow hedges								
Balance at beginning of the period	(329,373)	(339,432)	(291,751)	(176,246)	13,342	89,658	116,151	131,745
Other comprehensive income (loss)	80,063	10,059	(47,681)	(115,505)	(189,588)	(76,316)	(26,493)	(15,594)
Balance at end of the period	**(249,310)**	**(329,373)**	**(339,432)**	**(291,751)**	**(176,246)**	**13,342**	**89,658**	**116,151**
Defined-benefit plan liabilities								
Balance at beginning of the period	98,906	84,281	63,925	76,735	17,643	12,141	5,317	(16,293)
Other comprehensive income (loss)	(27,475)	14,625	20,356	(12,810)	59,092	5,502	6,824	21,610
Balance at end of the period	**71,431**	**98,906**	**84,281**	**63,925**	**76,735**	**17,643**	**12,141**	**5,317**
Accumulated other comprehensive income (loss)	**(159,702)**	**(219,230)**	**(262,003)**	**(227,638)**	**(95,996)**	**28,645**	**109,929**	**121,095**
Equity as at end of the period	**$ 4,816,920**	**$ 4,669,018**	**$ 4,500,839**	**$ 4,435,150**	**$ 4,452,194**	**$ 4,439,750**	**$ 4,369,370**	**$ 4,244,356**

Consolidated Statement of Cash Flows

For the three months ended *($ in thousands)*	Q4 Mar 31/23	Q3 Dec 31/22	Q2 Sep 30/22	Q1 Jun 30/22
Cash flows from operating activities				
Net income	$ 88,374	$ 125,406	$ 100,083	$ 114,569
Adjustments for non-cash items and others				
Provision for (recovery of) loan losses	16,092	(19,510)	27,284	767
Depreciation and amortization	31,111	28,592	30,014	28,981
Net (gains) losses on securities	3,987	5,810	(2,943)	(1,260)
(Gains) losses on foreign-denominated wholesale borrowings	(242)	(3,317)	16,628	7,678
Adjustments for net change in operating assets and liabilities				
Loans	41,872	(366,588)	(589,602)	(415,694)
Deposits	442,676	880,569	(399,440)	1,234,699
Derivative financial instruments	(10)	(3,885)	(5,944)	(4,780)
Prepayments and other receivables	17,237	8,964	76,928	(28,466)
Accounts receivable—financial market products	-	4,539	219,234	(221,470)
Due to (from) clients, brokers and dealers	(15,434)	(27,156)	23,105	(7,151)
Deposit guarantee fee payable	12,356	15,855	15,472	(43,845)
Accounts payable and accrued liabilities	1,142	44,245	(31,217)	148,635
Accounts payable—financial market products	-	1	(6,407)	(95,754)
Liability for payment in lieu of tax	26,397	37,459	29,895	(140,930)
Net interest receivable and payable	72,095	19,936	28,314	(29,647)
Change in accrued-pension-benefit liability	(1,815)	(29)	995	(1,729)
Other	(6,022)	9,752	(8,064)	(213)
Net cash (used in) provided by operating activities	**729,816**	**760,643**	**(475,665)**	**544,390**
Cash flows from investing activities				
Purchase of securities	(1,765,523)	(1,720,588)	(2,027,665)	(3,446,113)
Proceeds from sales and maturities of securities	1,742,554	2,309,572	1,422,729	2,125,589
Change in interest-bearing deposits with financial institutions	257,053	140,214	651,408	(105,532)
Purchases and disposals of property and equipment, and software and other intangibles	(24,832)	(14,300)	(19,202)	(31,342)
Net cash (used in) provided by investing activities	**209,252**	**714,898**	**27,270**	**(1,457,398)**
Cash flows from financing activities				
Issuance of wholesale borrowings	917,003	1,143,335	2,905,803	3,461,729
Repayment of wholesale borrowings	(2,171,964)	(2,375,000)	(2,655,906)	(3,175,000)
Issuance of collateralized borrowings	106,550	344,792	329,790	673,570
Repayment of collateralized borrowings	(204,393)	(412,663)	(61,693)	(483,561)
Change in securities sold under repurchase agreements	35,925	(209,963)	52,526	244,068
Repayment of lease liabilities	(8,175)	(8,223)	(8,214)	(8,222)
Net cash (used in) provided by financing activities	**(1,325,054)**	**(1,517,722)**	**562,306**	**712,584**
Net increase (decrease) in cash	(385,986)	(42,181)	113,911	(200,424)
Cash at beginning of the period	2,477,685	2,519,866	2,405,955	2,606,379
Cash at end of the period	**$ 2,091,699**	**$ 2,477,685**	**$ 2,519,866**	**$ 2,405,955**
Net cash (used in) provided by operating activities includes:				
Interest paid	$ (248,527)	$ (207,158)	$ (172,158)	$ (154,973)
Interest received	651,341	585,651	525,413	445,271

For the three months ended *($ in thousands)*	Q4 Mar 31/22	Q3 Dec 31/21	Q2 Sep 30/21	Q1 Jun 30/21
Cash flows from operating activities				
Net income (loss)	$ 136,907	$ 148,907	$ 138,804	$ 161,762
Adjustments for non-cash items and others				
Provision for (recovery of) loan losses	(41,785)	(74,393)	(26,532)	(61,169)
Depreciation and amortization	28,218	30,617	32,663	33,333
Net (gains) losses on securities	(14,260)	(6,276)	(848)	(1,158)
(Gains) losses on foreign-denominated wholesale borrowings	(3,123)	(2,375)	7,300	(3,402)
Write-off of a non-strategic asset	-	37,162	-	-
Adjustments for net change in operating assets and liabilities				
Loans	174,172	(828,510)	(315,427)	(157,838)
Deposits	(322,781)	(255,022)	54,224	84,746
Derivative financial instruments	17,589	42,550	(30,237)	14,565
Prepayments and other receivables	(91,178)	40,652	4,803	(32,071)
Accounts receivable—financial market products	224,468	(81,126)	(142,957)	73,466
Due to (from) clients, brokers and dealers	9,661	(13,893)	42,477	(5,986)
Deposit guarantee fee payable	15,787	14,076	14,546	(43,811)
Accounts payable and accrued liabilities	118,636	(4,935)	(85,457)	60,100
Accounts payable—financial market products	(100,467)	201,305	(9,356)	(59,701)
Liability for payment in lieu of tax	43,408	44,479	38,946	(14,565)
Net interest receivable and payable	4,226	(8,207)	7,050	(71,448)
Change in accrued-pension-benefit liability	1,514	1,102	1,137	1,117
Other	4,213	7,116	5,845	(16,253)
Net cash (used in) provided by operating activities	**205,205**	**(706,771)**	**(263,019)**	**(38,313)**
Cash flows from investing activities				
Purchase of securities	(1,677,543)	(405,512)	(202,975)	(62,306)
Proceeds from sales and maturities of securities	389,139	507,246	451,330	85,160
Change in interest-bearing deposits with financial institutions	(727,247)	218,806	(25,841)	(287,148)
Purchases and disposals of property and equipment, and software and other intangibles	(29,612)	(24,949)	(22,062)	(14,952)
Net cash (used in) provided by investing activities	**(2,045,263)**	**295,591**	**200,452**	**(279,246)**
Cash flows from financing activities				
Issuance of wholesale borrowings	3,222,538	3,474,835	1,749,623	2,574,633
Repayment of wholesale borrowings	(3,300,000)	(1,980,000)	(2,150,000)	(2,650,000)
Issuance of collateralized borrowings	193,091	209,986	261,353	188,283
Repayment of collateralized borrowings	(250,000)	(350,000)	(199,909)	(349,637)
Change in securities sold under repurchase agreements	-	(56,027)	41,296	1
Repayment of lease liabilities	(8,906)	(8,973)	(8,551)	(9,496)
Net cash (used in) provided by financing activities	(143,277)	1,289,821	(306,188)	(246,216)
Net increase (decrease) in cash	(1,983,335)	878,641	(368,755)	(563,775)
Cash at beginning of the period	4,589,714	3,711,073	4,079,828	4,643,603
Cash at end of the period	**$ 2,606,379**	**$ 4,589,714**	**$ 3,711,073**	**$ 4,079,828**
Net cash (used in) provided by operating activities includes:				
Interest paid	$ (81,204)	$ (142,762)	$ (132,344)	$ (149,999)
Interest received	392,283	451,025	410,566	452,763

Quarterly Segmented Results

For the three months ended ($ in thousands)	**Net interest income**	**Other income (loss)**	**Total revenue (loss)**	**Provision for (recovery of) loan losses**	**Non-interest expenses (1)**	**Net income (loss) before payment in lieu of tax**	**Payment in lieu of tax**	**Net income (loss)**	**Total assets**	**Total liabilities**
March 31, 2023										
Everyday Financial Services	$ 141,124	$ 36,248	$ 177,372	$ 1,553	$ 138,203	$ 37,616	$ 8,651	$ 28,965	$ 29,690,377	$ 17,855,557
ATB Business	191,858	61,882	253,740	14,909	137,103	101,728	23,397	78,331	25,138,891	18,647,478
ATB Wealth	11,138	65,099	76,237	(72)	73,972	2,337	537	1,800	1,611,751	1,636,339
Strategic support units	(10,484)	(4,931)	(15,415)	(298)	11,793	(26,910)	(6,188)	(20,722)	1,029,838	14,514,563
Total	**$ 333,636**	**$ 158,298**	**$ 491,934**	**$ 16,092**	**$ 361,071**	**$ 114,771**	**$ 26,397**	**$ 88,374**	**$ 57,470,857**	**$ 52,653,937**
December 31, 2022										
Everyday Financial Services	$ 139,269	$ 36,694	$ 175,963	$ 7,113	$ 136,377	$ 32,473	$ 7,469	$ 25,004	$ 29,198,090	$ 17,515,930
ATB Business	197,993	70,857	268,850	(28,196)	124,721	172,325	39,635	132,690	24,956,038	18,732,642
ATB Wealth	11,471	64,713	76,184	(44)	69,938	6,290	1,447	4,843	1,460,661	1,472,675
Strategic support units	(17,523)	(19,794)	(37,317)	1,617	9,289	(48,223)	(11,092)	(37,131)	2,873,630	16,098,154
Total	**$ 331,210**	**$ 152,470**	**$ 483,680**	**$ (19,510)**	**$ 340,325**	**$ 162,865**	**$ 37,459**	**$ 125,406**	**$ 58,488,419**	**$ 53,819,401**
September 30, 2022										
Everyday Financial Services	$ 133,204	$ 31,655	$ 164,859	$ 2,700	$ 125,057	$ 37,102	$ 8,534	$ 28,568	$ 28,787,501	$ 17,265,216
ATB Business	195,330	53,787	249,117	26,067	120,703	102,347	23,540	78,807	24,392,187	18,614,575
ATB Wealth	10,150	65,401	75,551	(1,258)	67,162	9,647	2,219	7,428	1,349,303	1,362,451
Strategic support units	(8,270)	2,543	(5,727)	(225)	13,616	(19,118)	(4,398)	(14,720)	4,587,368	17,373,278
Total	**$ 330,414**	**$ 153,386**	**$ 483,800**	**$ 27,284**	**$ 326,538**	**$ 129,978**	**$ 29,895**	**$ 100,083**	**$ 59,116,359**	**$ 54,615,520**
June 30, 2022										
Everyday Financial Services	$ 128,941	$ 31,030	$ 159,971	$ 10,648	$ 133,178	$ 16,145	$ 3,713	$ 12,432	$ 28,658,056	$ 17,279,638
ATB Business	182,959	50,531	233,490	(4,057)	118,145	119,402	27,462	91,940	24,922,894	19,380,397
ATB Wealth	9,314	66,594	75,908	664	63,452	11,792	2,712	9,080	1,219,846	1,230,079
Strategic support units	2,819	3,929	6,748	(6,488)	11,784	1,452	335	1,117	4,170,443	16,645,975
Total	**$ 324,033**	**$ 152,084**	**$ 476,117**	**$ 767**	**$ 326,559**	**$ 148,791**	**$ 34,222**	**$ 114,569**	**$ 58,971,239**	**$ 54,536,089**
Year ended March 31, 2023	**$ 1,319,293**	**$ 616,238**	**$ 1,935,531**	**$ 24,633**	**$ 1,354,493**	**$ 556,405**	**$ 127,973**	**$ 428,432**	**$ 57,470,857**	**$ 52,653,937**

(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.

For the three months ended ($ in thousands)	**Net interest income**	**Other income (loss)**	**Total revenue (loss)**	**Provision for (recovery of) loan losses**	**Non-interest expenses (1)**	**Net income (loss) before payment in lieu of tax**	**Payment in lieu of tax**	**Net income (loss)**	**Total assets**	**Total liabilities**
March 31, 2022										
Everyday Financial Services	$ 120,544	$ 33,072	$ 153,616	$ (4,286)	$ 142,659	$ 15,243	$ 3,507	$ 11,736	$ 28,192,931	$ 16,941,643
ATB Business	176,963	68,692	245,655	(44,929)	127,518	163,066	37,504	125,562	24,066,722	18,739,775
ATB Wealth	8,093	69,705	77,798	(440)	69,187	9,051	2,082	6,969	1,058,865	1,069,861
Strategic support units	3,034	23,183	26,217	7,870	27,908	(9,561)	(2,201)	(7,360)	3,733,517	15,848,562
Total	**$ 308,634**	**$ 194,652**	**$ 503,286**	**$ (41,785)**	**$ 367,272**	**$ 177,799**	**$ 40,892**	**$ 136,907**	**$ 57,052,035**	**$ 52,599,841**
December 31, 2021										
Everyday Financial Services	$ 119,193	$ 31,556	$ 150,749	$ 7,072	$ 129,628	$ 14,049	$ 3,248	$ 10,801	$ 27,747,583	$ 16,658,241
ATB Business	181,657	63,429	245,086	(77,238)	107,830	214,494	49,290	165,204	23,906,310	18,862,735
ATB Wealth	8,049	72,826	80,875	671	69,316	10,888	2,504	8,384	791,176	805,857
Strategic support units (2)	9,142	(11,661)	(2,519)	(4,898)	48,424	(46,045)	(10,563)	(35,482)	4,117,441	15,795,927
Total	**$ 318,041**	**$ 156,150**	**$ 474,191**	**$ (74,393)**	**$ 355,198**	**$ 193,386**	**$ 44,479**	**$ 148,907**	**$ 56,562,510**	**$ 52,122,760**
September 30, 2021										
Everyday Financial Services	$ 121,002	$ 29,433	$ 150,435	$ (237)	$ 130,477	$ 20,195	$ 3,476	$ 16,719	$ 27,435,619	$ 16,498,866
ATB Business	174,633	59,000	233,633	(21,931)	105,470	150,094	34,565	115,529	24,234,752	19,467,836
ATB Wealth	7,892	72,279	80,171	(661)	70,229	10,603	2,439	8,164	956,482	979,458
Strategic support units	7,361	(5,034)	2,327	(3,703)	6,657	(627)	981	(1,608)	2,984,048	14,295,371
Total	**$ 310,888**	**$ 155,678**	**$ 466,566**	**$ (26,532)**	**$ 312,833**	**$ 180,265**	**$ 41,461**	**$ 138,804**	**$ 55,610,901**	**$ 51,241,531**
June 30, 2021										
Everyday Financial Services	$ 120,414	$ 28,405	$ 148,819	$ 4,104	$ 128,302	$ 16,413	$ 4,926	$ 11,487	$ 27,195,280	$ 17,694,859
ATB Business	167,404	54,070	221,474	(60,748)	102,692	179,530	41,293	138,237	23,667,364	19,139,801
ATB Wealth	6,530	68,152	74,682	(1,270)	67,647	8,305	1,910	6,395	978,651	1,000,227
Strategic support units	10,404	4,459	14,863	(3,255)	12,284	5,834	191	5,643	3,676,597	13,438,649
Total	**$ 304,752**	**$ 155,086**	**$ 459,838**	**$ (61,169)**	**$ 310,925**	**$ 210,082**	**$ 48,320**	**$ 161,762**	**$ 55,517,892**	**$ 51,273,536**
Year ended March 31, 2022	**$ 1,242,315**	**$ 661,566**	**$ 1,903,881**	**$ (203,879)**	**$ 1,346,228**	**$ 761,532**	**$ 175,152**	**$ 586,380**	**$ 57,052,035**	**$ 52,599,841**

(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(2) For the three months ended December 31, 2021, results include the $37.2 million write-off of a non-strategic technology asset.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

ATB Financial's (ATB) consolidated financial statements and all other information contained in the annual report, including Management's Discussion and Analysis (MD&A) of ATB's operating results and financial position, have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information therein. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). See the Glossary and Acronyms for our defined terms.

Other financial information presented in this annual report is consistent with that in the consolidated financial statements. The consolidated financial statements, MD&A and related financial information presented in this annual report reflect amounts determined by management, based on informed judgments and estimates as to the expected future effects of current events and transactions, with appropriate consideration to materiality.

Management is responsible for the design and maintenance of an accounting and financial reporting system, along with supporting systems of internal controls designed to provide reasonable assurance that financial information is reliable, transactions are properly authorized and recorded, liabilities are recognized and ATB's assets are appropriately safeguarded. These controls include written policies and procedures, the careful selection and training of qualified staff and a corporate code of conduct. Additionally, they prescribe the establishment of organizational structures with well-defined delegations of authority that provide appropriately defined divisions of responsibilities and accountabilities for performance. This process includes a Compliance team that independently supports management in its evaluation of the design and effectiveness of its internal controls over financial reporting.

The Senior Vice President of Internal Assurance and his team of internal assurance partners periodically review and evaluate all aspects of ATB's operations and, in particular, our systems of internal controls. The Senior Vice President of Internal Assurance has full and unrestricted access to, and meets regularly with, the Audit Committee to discuss the results of his team's work.

The Board of Directors (the Board), acting through the Audit Committee, oversees management's responsibilities for ATB's financial reporting and systems of internal controls. The committee reviews the consolidated financial statements and other financial information presented in the quarterly and annual reports, as well as any issues related to them, with management and the external auditors before recommending the consolidated financial statements for approval to the Board. The Audit Committee's review of the consolidated financial statements includes an assessment of key management estimates and judgments material to the financial results. The committee also assesses the effectiveness of internal controls over the accounting and financial reporting systems.

The Auditor General of Alberta has performed an independent external audit of these consolidated financial statements, in accordance with Canadian generally accepted auditing standards, and has expressed his opinion in the report that follows. The Auditor General has full and unrestricted access to the Audit Committee and meets with it periodically to discuss his audit, both in the presence and absence of management, including any findings as to the integrity of ATB's financial reporting processes and the adequacy of our systems of internal controls.

Joan Hertz
Chair of the Board
Edmonton, Alberta
May 18, 2023

Curtis Stange
President and CEO
Edmonton, Alberta
May 18, 2023

Dan Hugo
Chief Financial Officer
Edmonton, Alberta
May 18, 2023

Auditor General
OF ALBERTA

Independent Auditor's Report

To the President of Treasury Board and Minister of Finance

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of ATB Financial (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *2023 Annual Report*, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 18, 2023
Edmonton, Alberta

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at *($ in thousands)*	Note	March 31 2023	March 31 2022
Cash	6	$ 2,091,699	$ 2,606,379
Interest-bearing deposits with financial institutions		267,758	1,210,901
Total cash resources		**2,359,457**	**3,817,280**
Total securities	7	**5,888,220**	**4,535,586**
Business		25,734,540	24,092,016
Residential mortgages		16,830,720	16,596,726
Personal		4,305,315	4,971,346
Credit card		719,313	686,871
Total gross loans		**47,589,888**	**46,346,959**
Allowance for loan losses	9	(355,805)	(418,255)
Total net loans	8	**47,234,083**	**45,928,704**
Derivative financial instruments	10	1,051,015	1,779,577
Property and equipment	11	205,466	222,984
Software and other intangibles	12	216,199	227,575
Other assets	13	516,417	540,329
Total other assets		**1,989,097**	**2,770,465**
Total assets		**$ 57,470,857**	**$ 57,052,035**
Transaction accounts		$ 13,106,160	$ 13,386,975
Saving accounts		10,086,677	12,060,980
Notice accounts		5,676,301	6,095,213
Non-redeemable fixed-date deposits		9,307,271	4,687,929
Redeemable fixed-date deposits		1,297,084	1,088,385
Total deposits	14	**39,473,493**	**37,319,482**
Collateralized borrowings	15	7,891,866	7,614,949
Wholesale borrowings	20	2,512,503	4,442,967
Derivative financial instruments	10	1,212,289	1,882,405
Securities sold under repurchase agreements		122,568	-
Other liabilities	16	1,441,218	1,340,038
Total other liabilities		**13,180,444**	**15,280,359**
Total liabilities		**52,653,937**	**52,599,841**
Retained earnings		4,976,622	4,548,190
Accumulated other comprehensive income (loss)		(159,702)	(95,996)
Total equity		**4,816,920**	**4,452,194**
Total liabilities and equity		**$ 57,470,857**	**$ 57,052,035**

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

Approved by the Board:

Joan Hertz
Chair of the Board

Barry James
Chair of the Audit Committee

CONSOLIDATED STATEMENT OF INCOME

For the year ended *($ in thousands)*	Note	March 31 2023	March 31 2022
Loans		$ 2,032,315	$ 1,674,395
Securities		170,595	13,968
Interest-bearing deposits with financial institutions		78,768	11,614
Interest income		**2,281,678**	**1,699,977**
Deposits		639,603	251,556
Wholesale borrowings		112,656	64,931
Collateralized borrowings		210,126	141,175
Interest expense		**962,385**	**457,662**
Net interest income		**1,319,293**	**1,242,315**
Wealth management		258,195	279,166
Service charges		90,821	83,840
Card fees		86,103	73,834
Credit fees		53,579	54,426
Financial markets		61,786	58,556
Capital markets		48,725	53,035
Foreign exchange		10,303	11,462
Insurance		18,639	25,138
Net gains (losses) on derivative financial instruments		10,789	(12,246)
Net gains (losses) on securities		(5,594)	22,542
Sundry		(17,108)	11,813
Other income		**616,238**	**661,566**
Total revenue		**1,935,531**	**1,903,881**
Provision for (recovery of) loan losses	9	**24,633**	**(203,879)**
Salaries and employee benefits	17, 18	747,402	729,705
Data processing		174,260	152,467
Premises and occupancy, including depreciation		74,384	69,800
Professional and consulting costs		78,484	80,225
Deposit guarantee fee	14	54,368	51,483
Equipment, including depreciation		11,914	14,131
Software and other intangibles amortization	12	77,457	79,795
General and administrative		82,550	69,859
ATB agencies		16,506	15,150
Other		37,168	46,451
Write-off of a non-strategic technology asset	12	-	37,162
Non-interest expense		**1,354,493**	**1,346,228**
Income before payment in lieu of tax		**556,405**	**761,532**
Payment in lieu of tax	19	127,973	175,152
Net income		**$ 428,432**	**$ 586,380**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended *($ in thousands)*	March 31 2023	March 31 2022
Net income	$ 428,432	$ 586,380
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Unrealized net gains (losses) on securities measured at fair value through other comprehensive income (loss)		
Unrealized net gains (losses) arising during the period	473	(5,628)
Net losses (gains) reclassified to net income	14,189	11,080
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges		
Unrealized net gains (losses) arising during the period	(140,613)	(206,703)
Net losses (gains) reclassified to net income	67,549	(101,288)
Items that will not be reclassified to profit or loss		
Remeasurement of defined-benefit plan liabilities	(5,304)	93,028
Other comprehensive income (loss)	**(63,706)**	**(209,511)**
Comprehensive income (loss)	**$ 364,726**	**$ 376,869**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended *($ in thousands)*	March 31 2023	March 31 2022
Retained earnings		
Balance at beginning of the period	$ 4,548,190	$ 3,961,408
Net income	428,432	586,380
Other	-	402
Balance at end of the period	**4,976,622**	**4,548,190**
Accumulated other comprehensive income (loss)		
Securities measured at fair value through other comprehensive income		
Balance at beginning of the year	3,515	(1,937)
Other comprehensive income (loss)	14,662	5,452
Balance at end of the period	**18,177**	**3,515**
Derivative financial instruments designated as cash flow hedges		
Balance at beginning of the period	(176,246)	131,745
Other comprehensive income (loss)	(73,064)	(307,991)
Balance at end of the period	**(249,310)**	**(176,246)**
Defined-benefit plan liabilities		
Balance at beginning of the year	76,735	(16,293)
Other comprehensive income (loss)	(5,304)	93,028
Balance at end of the period	**71,431**	**76,735**
Accumulated other comprehensive income (loss)	**(159,702)**	**(95,996)**
Equity	**$ 4,816,920**	**$ 4,452,194**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended *($ in thousands)*	**March 31 2023**	**March 31 2022**
Cash flows from operating activities		
Net income	$ 428,432	$ 586,380
Adjustments for non-cash items and other items		
Provision for (recovery of) loan losses	24,633	(203,879)
Depreciation and amortization	118,698	124,831
Net (gains) losses on securities	5,594	(22,542)
(Gains) losses on foreign-denominated wholesale borrowings	20,747	(1,600)
Write-off of a non-strategic technology asset	-	37,162
Adjustments for net changes in operating assets and liabilities		
Loans	(1,330,012)	(1,127,603)
Deposits	2,158,504	(438,833)
Derivative financial instruments	(14,619)	44,467
Prepayments and other receivables	74,663	(77,794)
Accounts receivable—financial market products	2,303	73,851
Due to (from) clients, brokers and dealers	(26,636)	32,259
Deposit guarantee fee payable	(162)	598
Accounts payable and accrued liabilities	162,805	88,344
Accounts payable—financial market products	(102,160)	31,781
Liability for payment in lieu of tax	(47,179)	112,268
Net interest receivable and payable	90,698	(68,379)
Change in accrued-pension-benefit liability	(2,578)	4,870
Other	(4,547)	921
Net cash provided by (used in) operating activities	**1,559,184**	**(802,898)**
Cash flows from investing activities		
Purchase of securities	(8,959,889)	(2,348,336)
Proceeds from sales and maturities of securities	7,600,444	1,432,875
Change in interest-bearing deposits with financial institutions	943,143	(821,430)
Purchases and disposals of property and equipment, software and other intangibles	(89,676)	(91,575)
Net cash provided by (used in) investing activities	**(505,978)**	**(1,828,466)**
Cash flows from financing activities		
Issuance of wholesale borrowings	8,427,870	11,021,629
Repayment of wholesale borrowings	(10,377,870)	(10,080,000)
Issuance of collateralized borrowings	1,454,702	852,713
Repayment of collateralized borrowings	(1,162,310)	(1,149,546)
Change in securities sold under repurchase agreements	122,556	(14,730)
Repayment of lease liabilities	(32,834)	(35,926)
Net cash provided by (used in) financing activities	**(1,567,886)**	**594,140**
Net increase (decrease) in cash	(514,680)	(2,037,224)
Cash at beginning of the period	2,606,379	4,643,603
Cash at end of the period	**$ 2,091,699**	**$ 2,606,379**
Net cash provided by (used in) operating activities includes:		
Interest paid	$ (782,816)	$ (536,053)
Interest received	2,207,676	1,706,637

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023

1 Nature of Operations

ATB is an Alberta-based financial services provider engaged in retail and commercial banking, credit cards and wealth management, investment-management and capital-markets services. ATB is an agent of the Crown in right of Alberta and operates under the authority of the *ATB Financial Act* (the *ATB Act*), Revised Statutes of Alberta, 2000, Chapter A-37. Under the *ATB Act*, ATB was established as a provincial Crown corporation governed by a Board of Directors appointed by the Lieutenant-Governor in Council (LGIC). Under the Alberta Public Agencies Governance Act (APAGA), ATB is recognized as a government commercial enterprise and remains operationally independent from the provincial government. The address of the head office is 2100, 10020-100 Street, Edmonton, Alberta, Canada, T5J 0N3.

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the Government of Alberta (GoA) designed to be in lieu of such charges. (See Note 19.)

2 Significant Accounting Policies

a. General Information

Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) and the accounting requirements of the Alberta Superintendent of Financial Institutions (ASFI). These consolidated financial statements were approved by the Board on May 18, 2023.

The consolidated financial statements have been prepared on a historical cost basis, except for securities measured at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI), derivative financial instruments, financial assets and liabilities designated at FVTPL, equity instruments designated at FVOCI and liabilities for cash-settled, share-based payments, which have been measured at fair value.

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand dollars, except where otherwise indicated.

Consolidation—Subsidiaries

Subsidiaries are entities controlled by ATB. Control exists when ATB is exposed to or has rights to variable returns from our involvement with the entity and can affect those returns through our power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements, from the date control starts until the date it ends. The financial statements of the subsidiaries have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

These consolidated financial statements include the assets, liabilities and results of operations and cash flows of ATB and our subsidiaries. All intercompany transactions and balances have been eliminated from the consolidated results.

The following wholly owned subsidiaries, created for the purpose of offering investor services, were established by Order in Council (OC) and incorporated under the *Business Corporations Act* (Alberta):

- ATB Investment Management Inc., incorporated August 21, 2002
- ATB Securities Inc., incorporated February 6, 2003
- ATB Insurance Advisors Inc., incorporated July 21, 2006

The following wholly owned subsidiaries, created for the purpose of offering advisory and institutional financial services, were incorporated under the *Business Corporations Act* (Alberta):

- ATB Capital Markets Inc., incorporated May 17, 2010
- ATB Capital Markets (USA) Inc., incorporated June 21, 2010
- ATB Private Equity GP Inc., incorporated February 24, 2012
- ATB Private Equity, LP, registered March 23, 2020

A series of consolidated structured entities were incorporated on November 19, 2020, under the *Business Corporations Act* (Alberta). There was no significant activity in these entities as of March 31, 2023, resulting in no impact on the consolidated statements of financial position, income or cash flow.

Significant Accounting Judgments, Estimates and Assumptions

While applying ATB's accounting policies, management has exercised judgment and made estimates in determining amounts recognized in the consolidated financial statements. The most significant judgments and estimates include the allowance for loan losses, the fair value of financial instruments and the assumptions underlying the accounting for employee benefit obligations. Actual results could differ significantly from these estimates, and the impact of any such differences will be recorded in future periods.

The consolidated financial statements for the year ended March 31, 2023, provide additional information in the following notes:

2(b): Impairment of financial assets—for establishing the allowance for loan losses
2(b): Financial instruments—for establishing the fair value
7: Securities—for establishing the fair value of investments made by ATB and subsidiaries in a broad range of mainly private Alberta companies
18: Employee benefits—for establishing the assumptions used

Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Total revenue and expenses related to foreign currency transactions are translated using the exchange rate in effect at the date of the transaction. Realized and unrealized gains and losses arising from these translations are included in other income, in the consolidated statement of income.

b. Financial Instruments

Classification and Measurement of Financial Assets

To determine the classification and measurement category of financial assets, IFRS 9 *Financial Instruments* requires all financial assets except equity instruments and derivatives to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The categories under IFRS 9 are:

- Debt instruments at amortized cost.
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses in profit or loss on derecognition.
- FVTPL.

Business Model Assessment

ATB determines our business models at a level that best reflects how the financial assets are managed. Judgment is used in determining ATB's business models, which is supported by observable relevant factors, such as:

- How the asset and performance are evaluated and reported to key management personnel.
- The risks that affect the asset's performance and how they are managed.
- The expected frequency, value and timing of sales.

ATB's business models fall into three categories, which are indicative of the key strategies used:

- Hold to collect (HTC): In the HTC model, financial assets are held to collect the contractual principal and interest cash flows. Sales may occur, but they are incidental and expected to be insignificant or infrequent.
- Hold to collect and sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving this business model's objective.
- Other fair-value business models: Neither HTC nor HTC&S, other fair-value business models represent business objectives where assets are managed on a fair-value basis.

The following table presents the business models for ATB's financial assets:

Financial asset	Business model
Cash	Hold to collect
Interest-bearing deposits with financial institutions	Other fair-value business models
Securities measured at fair value through profit or loss	Other fair-value business models
Securities measured at fair value through other comprehensive income	Hold to collect and sell
Securities purchased under reverse repurchase agreements	Hold to collect
Loans	Hold to collect
Derivatives	Other fair-value business models
Other assets	Hold to collect

Financial Assets Measured at Amortized Cost

Financial assets are measured at amortized cost if they are held within an HTC business model and their contractual cash flows pass the solely payments of principal and interest (SPPI) test. The assets are initially recognized at fair value—which is the cash consideration to originate or purchase the asset, including any transaction costs and up-front fees—and subsequently measured at amortized cost using the effective interest rate (EIR) method. Financial assets measured at amortized cost are reported in the consolidated statement of financial position as loans, securities purchased under reverse repurchase agreements and other assets. Interest is included in the consolidated statement of income as part of net interest income (NII). For loans, expected credit losses (ECLs) are reported in the consolidated statement of financial position as an allowance for loan losses that reduces the loan's carrying value and are recognized in the consolidated statement of income as a provision for loan losses (LLP).

The Solely Payments of Principal and Interest Test

ATB assesses the contractual terms of the financial asset to determine if the contractual cash flows represent a basic lending agreement, where the cash flows comprise SPPI. Principal is defined as the fair value of the asset at initial recognition, and it may change over the asset's life due to repayments or amortization of premiums and discounts. Interest payments primarily include compensation for credit risk and the time value of money, as well as liquidity risks and servicing or administrative costs.

The contractual terms of a financial asset may also include contractual cash flows that are not related to a basic lending agreement. Where contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending agreement, the related financial asset is classified and measured at FVTPL.

Fair Value Through Other Comprehensive Income

Financial assets with an HTC&S business model where contractual cash flows meet the SPPI test are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value, with gains and losses arising due to changes in fair value recognized in other comprehensive income (OCI). Interest income and foreign exchange (FX) gains and losses are included in the consolidated statement of income in NII and FX revenue in other income (OI), respectively.

Fair Value Through Profit or Loss

Financial assets in this category are not held for trading and are either irrevocably designated by management upon initial recognition or mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL only upon initial recognition, on an instrument-by-instrument basis, when the designation eliminates or significantly reduces the inconsistent treatment that would result from measuring the assets or recognizing gains or losses differently.

Financial assets at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded to the relevant category in OI, in the consolidated statement of income. Interest earned from instruments designated at FVTPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs as being integral parts of the instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded to OI in the consolidated statement of income as sundry income, when the right to the payment has been established.

Equity Instruments

Upon initial recognition, ATB occasionally elects to irrevocably classify, on an instrument-by-instrument basis, some of our equity investments at FVOCI when they are not held for trading.

Gains and losses on these equity instruments are never transferred to the consolidated statement of income. Dividends are recognized as sundry income when the right of the payment has been established, except when the proceeds are a partial recovery of the instrument's cost. If so, the proceeds are instead recorded in OCI. Equity instruments at FVOCI are not assessed for impairment.

If the instrument is measured at FVTPL, fair-value changes are recorded as part of net gains on securities in OI in the consolidated statement of income.

Classification of Financial Liabilities

Financial liabilities are classified and measured either at FVTPL or amortized cost.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities in this category are those not held for trading and either designated by management upon initial recognition or mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL only upon initial recognition, instrument by instrument, when one of the following criteria is met:

- The designation eliminates or significantly reduces the inconsistent treatment that would result from measuring the liabilities or recognizing gains or losses differently.
- The liabilities are part of a group of financial liabilities that are managed and have their performance evaluated on a fair-value basis, in accordance with a documented risk management or investment strategy.

Financial liabilities at FVTPL are recorded at fair value in the consolidated statement of financial position. Changes in fair value are recorded to the relevant category in OI in the consolidated statement of income, excluding movements in fair value of liabilities designated at FVTPL, if there were changes in ATB's own credit risk. Such changes in fair value are recorded in the credit reserve through OCI and do not get transferred to profit or loss. Interest incurred on instruments designated at FVTPL is accrued in interest expense using the EIR, taking into account any discount/premium and qualifying transaction costs being integral parts of the instrument. ATB classifies certain wholesale borrowings at FVTPL.

Financial Liabilities Measured at Amortized Cost

Financial liabilities not classified as FVTPL are measured at amortized cost and reported on the consolidated statement of financial position. They include deposits, wholesale borrowings, collateralized borrowings and other liabilities. Interest expense is recognized using the EIR method and included in the consolidated statement of income as part of NII.

Reclassification of Financial Assets and Liabilities

ATB has not reclassified any of our financial assets and would do so only if a significant change were to occur subsequent to initial recognition. Financial liabilities are never reclassified.

Impairment of Financial Assets

IFRS 9 incorporates a forward-looking ECL approach. ATB records an allowance for loan losses for all loans and financial assets not held at FVTPL, which includes loan commitments and financial guarantee contracts. Equity investments are not subject to impairment under IFRS 9.

For financial assets measured at FVOCI, the calculated ECL is recognized as an allowance in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. When the asset is derecognized, the accumulated loss recognized in OCI is transferred to OI as net gains on securities.

For loans carried at amortized cost, impairment losses are recognized at each reporting date as an allowance for loan loss on the consolidated statement of financial position and an LLP on the consolidated statement of income. Allowances associated with undrawn amounts are presented under other liabilities on the consolidated statement of position and disclosed in Note 9. Losses are based on the three-stage impairment model outlined below.

ATB assesses at each reporting date whether an asset has experienced a significant increase in credit risk since initial recognition. Assets are grouped into Stage 1, Stage 2 or Stage 3, described as follows:

- **Stage 1:** When the asset is recognized, an allowance is recorded based on the 12-month ECL, which represents a portion of the lifetime ECL expected within 12 months of the reporting date. An asset will remain in Stage 1 until it has experienced a significant increase in credit risk since origination. Stage 1 also includes assets previously classified as Stage 2 if the credit risk has improved.
- **Stage 2:** When an asset has experienced a significant increase in credit risk since origination, an allowance is recognized for the lifetime ECL. Stage 2 also includes assets previously classified as Stage 3 if the asset is no longer credit impaired.
- **Stage 3:** Assets are considered credit impaired, with an allowance recognized equal to the discounted contractual cash shortfall expected over the remaining lifetime. Interest for assets in this stage is calculated based on the net loan balance.

Assessing for significant increases in credit risk is done at least quarterly based on the following three factors. Should any of these indicate a significant increase in credit risk, the loan is moved from Stage 1 to Stage 2:

- Established thresholds are based on both a percentage and absolute change in lifetime probabilities of default relative to initial recognition.
- Loans 30 days past due are typically considered to have experienced a significant increase in credit risk, except, all else being equal, for payment deferrals granted under ATB's relief programs.
- All non-retail loans with a borrower risk rating (BRR) between 10 and 13 are generally considered high risk, as described in Note 8.

Both the lifetime and 12-month ECLs are calculated either individually or collectively. If the credit quality improves in subsequent periods to the point where a significant increase in credit risk no longer exists, the ECLs are measured at the 12-month ECL as the loan is moved back to Stage 1 from Stage 2.

Measurement of Expected Credit Losses

ECL calculations use a complex model that is reviewed and updated when necessary. The calculation methods for each stage are as follows:

- **Stage 1:** ATB estimates an asset's projected probability of default (PD), exposure at default (EAD) and loss given default (LGD) over a maximum of 12 months following the reporting date and discounts the ECLs by the asset's EIR.
- **Stage 2:** ATB estimates an asset's projected PD, EAD and LGD over the remaining lifetime of the asset and discounts the ECLs by the asset's EIR.
- **Stage 3:** For credit-impaired assets, ATB recognizes the cumulative changes in lifetime ECLs since initial recognition. The calculation is similar to Stage 2 assets, with the PD set at 100%.

Forward-Looking Information

To measure the expected cash shortfalls, the model is based on three probability-weighted scenarios (pessimistic, baseline and optimistic) designed to capture a wide range of possible outcomes associated with different PDs, EADs and LGDs and probability of occurrence. The probability and scenarios are adjusted quarterly, based on forecasted future economic conditions. The scenarios are subject to review and challenged by the established Economic Forecast Committee, which comprises ATB team members from across the enterprise and includes Risk, Capital Markets (Energy, Foreign Exchange), the CFO Portfolio, Business (Agriculture, Real Estate), Everyday Financial Services and Customer Experience.

In the model, ATB relies on a broad range of forward-looking economic information. The inputs vary based on the asset and include:

- Gross Domestic Product (GDP).
- Unemployment rate.
- Housing starts.
- 3-month T-bill yield.
- Oil prices.

As the inputs may not capture all factors at the date of the financial statements, qualitative adjustments may be applied when these differences are considered material.

Expected Life

For loans in Stages 2 and 3, allowances are based on the ECLs over the loan's expected remaining lifetime. For most loans, the life is based on the remaining contractual life.

Exceptions can apply if:

- The loan includes both a loan and an undrawn commitment component.
- The loan agreement includes the contractual ability to demand repayment and cancel the undrawn commitment.
- Credit loss exposure exceeds the contractual notice period.

Loans with these characteristics are exposed to credit losses exceeding the remaining contractual life and are not mitigated by ATB's normal credit risk management practices. The estimated period is based on significant judgment using historical information for similar exposures and normal credit risk management actions that vary by product.

Significant Increase in Credit Risk

Stage 1 and Stage 2 movement relies on significant judgment to assess whether a loan's credit risk has significantly increased, relative to the date the loan was initially recognized. For this assessment, an increase in credit risk is based on a loan's lifetime PD, segregated by product or segment and done at the instrument level.

Movement from Stage 2 back to Stage 1 is symmetrical to moving from Stage 1 to Stage 2. As a result, if a loan is no longer considered to have a significant increase in credit risk relative to its initial recognition, the loan moves back to Stage 1.

Financial assets with low credit risk are considered to have a low risk of default, as the borrower can still fulfil its contractual obligations—even in stress scenarios. For these assets, ATB has assumed that the credit risk has not increased significantly since initial recognition. Securities measured at FVOCI, securities purchased under reverse repurchase agreements and certain financial assets have been identified as having low credit risk.

Definition of Default

Loans are assessed at each reporting date to determine if one or more loss events have occurred. ATB's definition of default is consistent with our internal credit risk management practices and varies across products. ATB's loans are considered impaired when they are more than 90 days past due, unless there is a reasonable expectation of timely collection of principal and interest. Impairment may also occur earlier if there is objective evidence of a negative impact on the loan's estimated future cash flows.

Write-Offs

Financial assets are written off either partially or entirely only when there is no reasonable expectation of recovery or ATB has stopped pursuing the recovery. If the amount written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance and then applied against the gross carrying amount. Any subsequent recoveries are credited to the consolidated statement of income.

Modifications and Derecognitions

A modification occurs when a financial asset's original term, payment schedule, interest rate and limit are renegotiated or modified, which results in a change to the loan's contractual cash flows.

A modification gain or loss is calculated by taking the net present value of the new contractual cash flows, discounted at the original EIR less the current carrying value. The asset will continue to be subject to the same assessments for significant increase in credit risk and stage migration prior to being modified.

When an asset is derecognized and re-recognized, the new loan will be recorded in Stage 1 unless the loan was credit impaired when renegotiated. When assessing for significant increases in credit risk, the date of initial recognition is based on the date the loan was modified.

Estimated Fair Value

The fair value of a financial instrument is the price that would be received in the sale of a financial asset, or paid to transfer a financial liability, in an orderly transaction between market participants at the measurement date. The best evidence of the fair value of a financial instrument at initial recognition is the fair value of the consideration received or paid.

When financial instruments are subsequently remeasured, quoted market prices in an active market provide the best evidence of fair value. When such prices are available, ATB uses them to measure financial instruments. A financial instrument is considered to be quoted in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group or pricing service and those prices reflect actual and regularly occurring market transactions on an arm's-length basis. The fair value of a financial asset traded in an active market generally reflects the quoted closing bid price, while that of a financial liability traded in an active market generally reflects the quoted closing ask price.

If the market for a financial instrument is not active, ATB establishes fair value using a valuation technique that primarily makes use of observable market inputs. Such valuation techniques include the use of available information concerning recent market transactions, reference to the current fair value of a comparable financial instrument, discounted cash flow analysis, option pricing models and all other valuation techniques commonly used by market participants that provide reliable estimates.

In cases where the fair value is established using valuation models, ATB makes assumptions about the amount, including the timing of estimated future cash flows and the discount rates used. These assumptions are based primarily on observable market inputs such as interest rate yield curves, FX rates, credit curves and price and rate volatility factors. When one or more significant inputs are not observable in the markets, fair value is established primarily on the basis of internal estimates and data, with consideration of the valuation policies in effect at ATB, the economic environment, the specific characteristics of the financial asset or liability and other relevant factors. For investments made by ATB and our subsidiaries in private Alberta companies where there is no observable market price, fair value is estimated using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies while applying liquidity discounts as appropriate, and other valuation techniques. (See Notes 4 and 7.)

The fair values are estimated at the balance sheet date using the following valuation methods and assumptions.

Financial Instruments Whose Carrying Value Equals Fair Value

The estimated fair value of items that are short-term in nature is considered to be equal to their carrying value. These items include cash, securities purchased under reverse repurchase agreements, other assets and other liabilities.

Securities and Interest-Bearing Deposits With Financial Institutions

The fair values of securities and interest-bearing deposits with financial institutions are based on quoted market prices, if available. Where an active market for identical assets does not exist, the fair value is estimated using observable market data. Where there is no quoted and observable market data, management judgment and valuation techniques based on certain assumptions are used.

Derivative Instruments

Fair value of over-the-counter (OTC) and embedded derivative financial instruments is estimated using pricing models that take into account credit valuation adjustments, current market and contractual prices for the underlying instruments, time value and yield curve or volatility factors underlying the positions. The fair value of exchange-traded contracts is based on quoted market prices in an active market.

Hybrid instruments are contracts that contain an embedded derivative. If the contract is a financial asset in scope of the standard, IFRS 9's classification and measurement criteria are applied to the entire hybrid instrument. If the contract is either a financial liability or an asset not in scope of IFRS 9, the embedded derivative is separately recognized if it is not closely related to the contract, unless the fair-value option has been elected. The contract is then accounted for in accordance with its relevant accounting standard.

Loans and Deposits

For floating-rate financial instruments, fair value is equal to carrying value as the interest rates reprice when market rates change. For fixed-rate loans, fair value is estimated by discounting the expected future cash flows at market rates. For fixed-rate deposits, fair value is estimated by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms.

Due to the use of subjective assumptions and measurement uncertainty, the fair-value amounts should not be interpreted as being realizable in an immediate settlement of these instruments.

Wholesale Borrowings and Collateralized Borrowings

The fair values of wholesale borrowings and collateralized borrowings are estimated by discounting contractual cash flows, using market reference rates currently offered for debt instruments, with similar terms and credit risk ratings.

Derecognition of Financial Assets and Liabilities

ATB derecognizes a financial asset when the contractual right to receive cash flows from the asset has expired or when all risks and rewards of ownership are substantially transferred. For funding transactions, all financial assets that cannot be derecognized continue to be held on ATB's consolidated statement of financial position, and a secured liability is recognized for the proceeds received. ATB derecognizes a financial liability when its contractual obligations are discharged or cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and consideration paid is recognized as sundry income in the consolidated statement of income.

Securities Purchased Under Reverse Repurchase Agreements and Securities Sold Under Repurchase Agreements

Securities purchased under reverse repurchase agreements represent a purchase of Government of Canada securities by ATB with a simultaneous agreement to sell them back at a specified price on a future date. The difference between the cost of the purchase and the predetermined proceeds to be received, based on the repurchase agreement, is recorded as securities interest income in the consolidated statement of income. Securities purchased under reverse repurchase agreements are fully collateralized—minimizing credit risk—and have been classified and measured at amortized cost.

Securities sold under repurchase agreements represent a sale of Government of Canada securities by ATB with a simultaneous agreement to buy them back at a specified price on a future date. The difference between the proceeds of the sale and the predetermined cost to be paid based on the repurchase agreement is recorded as interest expense in the consolidated statement of income.

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying reference rate such as an interest rate, a currency exchange rate, the price of an equity or debt security, or an equity or commodity index.

In the normal course of business, ATB enters into various over-the-counter and exchange-traded derivatives, including interest rate swaps, futures and FX and commodity contracts. ATB uses such instruments for two purposes: for our risk management program and to meet the needs of ATB clients.

ATB's corporate derivative portfolio is not intended for speculative income generation but for asset/liability management purposes—that is, to manage ATB's interest rate, FX and equity-related exposures arising from our portfolio of investments, loan assets, deposits, Canada Mortgage Bonds (CMB) and wholesale borrowings.

ATB's client derivative portfolio is not used to generate trading income through active assumption of market risk, but rather to meet the risk management requirements of ATB clients. ATB accepts no net exposure to such derivative contracts (except for credit risk), as we either enter into offsetting contracts with other financial institution counterparties or incorporate them into our own risk management programs.

Derivative financial instruments are measured at fair value in the consolidated statement of financial position. Derivatives with positive fair value are presented as derivative assets, and those with negative fair value are presented as derivative liabilities. Changes in the fair value of derivative financial instruments are recorded to the relevant category in OI in the consolidated statement of income, unless the derivative is designated for hedge accounting as a cash flow hedge, in which case the effective portion of changes in fair value are reflected in OCI.

Hedge Accounting

For a derivative instrument to qualify for hedge accounting, the hedging relationship between the derivative (hedging) instrument and the hedged item(s) must be designated and formally documented at inception. ATB must also document, both at the inception of the hedging relationship and on an ongoing basis, an assessment of the effectiveness of the derivative instrument in offsetting changes in cash flows or fair value of the hedged item. When ATB designates a derivative as a hedge, it is classified as either a cash flow or fair-value hedge. ATB has elected to continue applying the hedge accounting principles under International Accounting Standard (IAS) 39 instead of those under IFRS 9.

ATB discontinues hedge accounting when one of the following conditions occurs:

- Hedge accounting criteria are no longer met (e.g., the hedging relationship is no longer highly effective or its effectiveness is no longer measurable).
- The hedging instrument expires or is sold, terminated or exercised.
- The hedged item matures or is sold or repaid.
- The hedged forecast transaction is no longer highly probable or no longer expected to occur.
- The entity de-designates the hedge relationship.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time remains in equity and is recognized when the hedged item is ultimately recognized in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately transferred to OI as net gains on derivatives in the consolidated statement of income.

Cash Flow Hedge

ATB's derivative instruments in cash flow hedges are intended to generate cash flows that offset the variability in expected and/or anticipated cash flows from the hedged item(s). ATB uses various interest rate and cross-currency derivatives to manage risk relating to the variability of cash flows from certain loans and deposits. In a qualifying cash flow hedge relationship, the effective portion of the change in fair value of the hedging derivative instrument is recognized in OCI and the ineffective portion to net gains/losses on derivatives in the consolidated statement of income. Amounts are reclassified from OCI into NII in the consolidated statement of income in the same period that the underlying hedged item affects NII.

Fair-Value Hedge

Changes in fair value of derivatives that are designated as fair-value hedges are recorded to net gains on derivatives in OI in the consolidated statement of income, together with changes in the fair value of the hedged asset or liability attributable to the hedged risk recorded in OI in the consolidated statement of income. ATB uses interest rate swaps to manage our exposure to fair-value changes of certain fixed-interest-rate loans and deposits and alternative funding sources caused by interest rate changes. If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair-value hedges of interest rate risk, the fair-value adjustment to the hedged item is amortized to the consolidated statement of income over the period to maturity of the previously designated hedge relationship, using the EIR method. If the hedged item is sold or repaid, the unamortized fair-value adjustment is recognized immediately in the consolidated statement of income.

Financial Guarantees

Liabilities under financial guarantee contracts are initially recorded at their fair value, which is generally the fee received or receivable. Subsequently, the financial guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortization, or the best estimate of the expenditure required to settle the obligation.

Interest Income and Expenses

Interest income and expenses for all interest-bearing financial instruments are recognized in the consolidated statement of income using the EIR method. When calculating the EIR, ATB estimates cash flows by considering all contractual terms of the financial instrument (e.g., prepayment options). The calculation includes all fees integral to the EIR that are paid or received between parties to the contract, transaction costs and all other premiums or discounts.

Financial Markets

Income comprises various OTC and exchange-traded derivatives, including interest rate swaps, FX and commodity contracts. These are used to meet the risk management requirements of ATB clients, and ATB either enters into offsetting contracts with other financial institution counterparties or incorporates them into our own risk management programs, thereby resulting in no net exposure. Changes in the fair value of derivative financial instruments are recorded as part of financial markets in OI in the consolidated statement of income.

c. Property and Equipment

Property and equipment are carried at cost less accumulated depreciation, except for land, which is carried at cost. Buildings, computer equipment, furniture and fixtures, other equipment and leasehold improvements are depreciated on a straight-line basis over their estimated useful lives, consistent with the period over which expected economic benefits are obtained from the asset. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets, considering expected usage and expected physical wear and tear. The depreciable amount is the gross carrying amount less the estimated residual value at the end of the asset's useful economic life. Property and equipment acquired under a finance lease are capitalized, and the depreciation period for a finance lease corresponds to the lesser of the useful life or lease term. No depreciation is recorded on property and equipment under construction or development until the assets are available for use. The estimated useful life for each asset class is as follows:

- Buildings: Up to 20 years
- Right-of-use assets: Up to 20 years, with renewals assessed case by case
- Computer equipment: Up to 5 years
- Furniture and fixtures: Up to 10 years
- Other equipment: Up to 5 years
- Leasehold improvements:
    - Branch properties: Lease term, plus one renewal period if reasonably assured
    - Corporate properties: Lease term

Depreciation rates, calculation methods and the residual values underlying the calculation of depreciation of property and equipment are reviewed to account for any change in circumstances. Gains and losses on the disposal of property and equipment are recorded to other expenses in the consolidated statement of income in the year of disposal.

d. Software, Goodwill and Other Intangibles

Software and other intangibles are carried at cost less accumulated amortization and amortized on a straight-line basis over their estimated useful lives, consistent with the period over which expected economic benefits are obtained from the asset. Goodwill refers to any sum paid above the fair value of the net identifiable assets obtained on the date the business is acquired. No amortization is recorded on software under construction or development until the assets are available for use. The estimated useful life for software and other intangibles is 3 to 5 years, with certain software having a useful life of 15 years.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefits will flow to ATB and that the cost can be measured reliably. Eligible costs include external direct costs for materials and services, as well as payroll and payroll-related costs for employees directly associated with an internally developed software project.

e. Impairment of Property and Equipment, Software, Goodwill and Other Intangibles

The carrying amount of non-financial assets—which include property and equipment, software, goodwill and other intangibles—is reviewed for impairment whenever events, changes in circumstances or technical or commercial obsolescence indicate that the carrying amount may not be recoverable. Goodwill and software under development are tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest level, where there are separately identifiable cash inflows or cash-generating units (CGU).

If there is any indication of impairment, the asset's recoverable amount is estimated. The recoverable amount is the greater of an asset's fair value, less cost to sell, or its value in use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Impairment losses are recorded to the appropriate line under non-interest expenses (NIE) in the consolidated statement of income.

Impairment losses may be reversed if the circumstances leading to impairment are no longer present, and only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized. Impairment loss reversals are recorded to the appropriate line under NIE in the consolidated statement of income.

Goodwill is tested for impairment annually, or more frequently if there are objective indications of impairment, by comparing the recoverable amount of a CGU with its carrying amount. The recoverable amount of a CGU is the higher of its fair value, less costs of disposal, or its value in use. The recoverable amount is determined using a discounted cash flow model that projects future cash flows based on forecasted revenue. The discount rate is based on an implied internal rate of return using a combination of working capital, cash flow growth, annual capital expenditures and ATB's payment in lieu of tax (PILOT). Both estimates involve significant judgment when determining the inputs. If the carrying amount of a CGU exceeds its recoverable amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to other identifiable assets proportionately, based on the carrying amount of each asset. Subsequent reversals of goodwill impairment are prohibited. No goodwill impairment was recorded for the year ended March 31, 2023, or the year ended March 31, 2022.

f. Leases

IFRS 16 *Leases* provides a single lessee accounting model, requiring all leases to be included in the consolidated statement of financial position.

The interest rate for lease liabilities has been calculated using the weighted-average approach. ATB did not hold any short-term or low-value asset leases as at March 31, 2023, or at March 31, 2022.

Lessee Accounting

Classification

At the start of a contract, ATB assesses if the contract is a lease or contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-of-use asset and a lease liability are recognized. The right-of-use asset is presented under property and equipment, and the lease liability is presented under other liabilities on the consolidated statement of financial position.

Measurement

Measuring the lease liability includes the following components:

- Fixed lease payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts ATB expects to pay for residual-value guarantees
- The amount paid for a purchase option if ATB is reasonably certain we will exercise the option
- Penalties for terminating the lease, if the term includes the option to terminate and that option is exercised

The lease liability is measured at amortized cost using the EIR method and remeasured when:

- Future lease payments change due to an index or rate change.
- The amount ATB expects to collect for a residual-value guarantee changes.
- The likelihood of exercising a purchase, extension or termination option changes.

Remeasurements are recorded to the carrying amount of the right-of-use asset or, if that carrying amount is zero, to the appropriate line in the consolidated statement of income.

Lease payments are discounted over the non-cancellable term using the interest rate implicit in the lease. However, if the interest rate cannot be readily determined, the incremental borrowing rate is used. For ATB, the incremental borrowing rate is based on our wholesale borrowing costs.

The right-of-use asset is initially measured to be equal to the right-of-use liability and is recorded under property and equipment.

The assets are depreciated until the earlier of the end of the useful life of the right-of-use asset or the lease term.

The straight-line method is applied, as it best reflects the expected pattern of consumption of the future economic benefits. In addition, right-of-use assets may be reduced by impairment losses, if any, or for certain remeasurements made to the lease liability.

If the contract does not contain a lease, no asset or liability is recorded on the consolidated statement of financial position. Instead, payments are recognized to NIE as equipment, including depreciation, in the consolidated statement of income on a straight-line basis over the term of the contract.

Lessor Accounting

Classification

A lease is classified as a "finance lease" if it transfers substantially all risks and rewards related to the underlying asset. A lease is classified as "operating" if it does not transfer substantially all risks and rewards related to the underlying asset.

The classification is done at inception and is reassessed only if a lease modification occurs. Changes in estimates (e.g., of the economic life or residual value of the underlying asset) or changes in circumstances (e.g., by default by the lessee) do not change a lease's classification.

Measurement

A lessor recognizes a finance lease on its consolidated statement of financial position (presented as a receivable at an amount equal to the net investment in the lease). The lease receivable includes:

- Fixed payments (including in-substance fixed payments) less any lease incentives payable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts ATB expects to receive for residual-value guarantees.
- The amount received for a purchase option if the lessee is reasonably certain to exercise it.
- Penalties for terminating the lease if the term includes the option to terminate and the lessee is expected to exercise the option.

Subleases

A sublease is a transaction where a lessee ("intermediate lessor") leases an underlying asset to a third party. The lease ("head lease") between the head lessor and lessee remains unchanged.

If a transaction fits this criteria, the sublease is classified as either a finance or operating lease based on the right-of-use asset arising from the head lease. However, if the recognition exemption is applied to the head lease, the sublease shall be classified as an operating lease.

g. Salaries and Employee Benefits

ATB provides benefits to current and past employees through a combination of defined-benefit (DB) and defined-contribution (DC) plans.

Non-management employees currently participate in the Public Service Pension Plan (PSPP) with other Alberta public-sector employees. The PSPP is a DB pension plan that provides benefits based on members' years of service and earnings. ATB provides our management employees with a registered pension plan (the ATB Plan) with either DB or DC provisions. ATB also provides a non-registered DB supplemental retirement plan (SRP) and other post-employment benefits (OPEB) for designated management employees. Where employees have annual contributions over the allowed maximum under the *Income Tax Act,* ATB provides the employees with a notional supplemental plan (NSP) in which excess amounts are allocated. This non-registered plan gives employees notional DC benefits that cannot be provided with the ATB Plan due to contribution limitations.

All expenses related to employee benefits are recorded in the consolidated statement of income as salaries and employee benefits in NIE.

The cost of the DB plan is determined using an actuarial valuation. The valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Details of the salaries and benefits of ATB's key management personnel included in Note 17 are presented in the audited Compensation Summary table of this report relating to key management personnel compensation.

Accounting for Defined-Benefit Plans—Registered, Supplemental and Other

The PSPP and the DB portion of the ATB Plan, SRP and OPEB obligations provides employee benefits based on members' years of service and highest average salary. The net liability recognized in other liabilities, or the net asset recognized in other assets in the consolidated statement of financial position, in respect of DB pension plans, is the present value of the DB obligation at the date of the consolidated statement of financial position, less the fair value of plan assets. The DB obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the DB obligation is determined by discounting the estimated future cash outflows. Actuarial gains and losses are recognized in OCI. Past-service costs are recognized immediately in salaries and employee benefits in the consolidated statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Accounting for Defined-Contribution Plans

Contributions are expensed as they become due and recorded in salaries and employee benefits in the consolidated statement of income.

Plan Valuations, Asset Allocation and Funding

On March 31 each year, ATB measures our accrued-benefit obligations and the fair values of plan assets for accounting purposes for the PSPP, ATB Plan, SRP and OPEB obligations. ATB makes regular funding contributions to the DB plan according to the most recent valuation for funding purposes. The SRP and OPEB obligations are not pre-funded, and such benefits are paid from ATB's assets as they become due. The most recent actuarial valuation of the DB provisions of the ATB Plan was performed on December 31, 2019. The DB plan's investment policy sets targets for an acceptable range for the allocation of plan assets between equity, debt and other assets. (See Note 18.)

h. Provisions

Provisions are recognized when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate of the amount of the obligation can be made.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are:

- Possible obligations that arise from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ATB, or
- Present obligations that have arisen from past events but are not recognized because settlements will not require an outflow of economic benefits or the amount of the obligations cannot be reliably measured.

Contingent liabilities are not recognized in the financial statements but are disclosed in Note 21, unless the probability of settlement is remote.

i. Securitization

To provide ATB with additional sources of liquidity, we periodically securitize and guarantee certain securities and residential mortgage loans (RMLs) through the Canada Mortgage Housing Corporation (CMHC) CMB program or third-party investors. Credit card receivables may also be secured by ATB. All of our securitization activities are recorded on our consolidated statement of financial position and carried at amortized cost, as the derecognition criteria are not met due to retaining substantially all risks and rewards of ownership. ATB recognizes a liability for cash proceeds received from securitization. This liability is presented under collateralized borrowings in the consolidated statement of financial position.

j. Segmented Information

An area of expertise (AOE) is a distinguishable component of ATB that provides products or services and is subject to risks and returns that are different from those of other AOEs. The Strategic Leadership Team (SLT) regularly reviews operating activity by AOE. All transactions between AOEs are conducted at arm's length, with intra-segment revenue and expenses being eliminated in ATB's strategic support unit (SSU). Income and expenses associated with each AOE are included in determining that AOE's performance.

k. Revenue Recognition

Fees and Commission Income

Wealth Management

Wealth management income includes revenue earned from trailer fees and mutual fund commissions, fund management, financial planning servicing and account servicing fees. Except for certain one-time account fees and commissions that are recognized when the services are completed, revenues are deferred and recognized over time for management and advisory services provided evenly throughout the month—assuming that a significant reversal of revenue will likely not occur.

Most commission revenue for insurance services is recognized immediately. A portion is deferred and recorded as a contract liability in other liabilities in the consolidated statement of financial position. The liability is then recognized as revenue in future years as performance obligations are fulfilled by managing policyholder relationships.

Service Charges

Service charges generate revenue from offering services to clients. Transaction-based fees are recognized when the transaction occurs or the service is completed.

Card Fees

Revenue is generated from issuing Mastercard® and Visa[1] Debit cards, from merchant credit card terminals and associated services and from interchange fees. All three types of fees are recognized when the transaction has taken place, except for certain recurring merchant fees that are recognized over time. Credit card reward program expenses are recorded as a reduction to card fee revenue, as the program is managed by a third party, with ATB acting as an agent.

Credit Fees

Fees are earned on various services related to a client's loan, letters of credit and guarantees, syndication and standby fees. When a fee is charged for a one-time service, revenue is recorded immediately. If the fee relates to an ongoing service, revenue is recorded over time. Fees associated with letters of credit and guarantees are deferred and recorded to revenue monthly, over the term of the letter.

Insurance

This refers to revenue generated from insurance plans offered with loans. There are two fees: variable fees based on the plan's surplus, which are deferred and recognized over the loan, and commission earned from each successful referral made to Sun Life Financial Inc. by ATB, which is recognized when the transaction takes place.

Capital Markets Revenue

These fees include underwriting services, mergers and acquisitions (M&A) and Project Finance advisory services. Underwriting services are earned and recognized upon completion by an agent/underwriter distributing the securities of issuers. M&A fees are deferred and recognized over the period of the engagement as the services are provided, and the remaining fees are recognized when the transactions and services provided are completed or certain milestones have been achieved.

Contract Assets and Liabilities

A contract asset is defined as an entity's right to consideration in exchange for goods or services that the entity has transferred to a client when that right is conditional on something other than the passage of time (e.g., the entity's future performance). This is similar to the concept of unbilled receivables.

A contract liability is defined as an entity's obligation to transfer to a client goods or services for which the entity has received consideration (or the amount is due) from the client. This is similar to the concept of unearned revenue. (See Note 25.)

ATB had no material contract assets or liabilities as at March 31, 2023, or at March 31, 2022.

Remaining Performance Obligations

Remaining performance obligations are defined as unsatisfied or partially satisfied performance obligations that an entity has promised to transfer to a client, as stated in the contract.

ATB had no material remaining performance obligations longer than one year as at March 31, 2023, or at March 31, 2022.

I. Business Combinations

Business combinations are accounted for using the acquisition method, which involves recognizing the identifiable assets, including intangible assets not previously recognized by the acquiree, and liabilities, including contingent liabilities, for the acquired business. The assets and liabilities are measured at their fair value on the date of acquisition, and any transaction costs are recorded directly to other expenses in the consolidated statement of income. Goodwill is recorded as part of software and other intangibles on the consolidated statement of financial position if the acquisition cost exceeds the fair value of the identifiable net assets acquired. If the acquisition cost is less than the fair value of the net assets acquired, the fair value is remeasured and any remaining difference is recognized immediately to other expenses in the consolidated statement of income. Subsequent fair-value changes for contingent liabilities are recorded to other expenses on the consolidated statement of income.

ATB had no business combinations for the years ended March 31, 2023, and March 31, 2022.

[1] Trademark of Visa International Service Association and used under license.

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Interest Rate Benchmark Reform Phase 2

In August 2020, the IASB finalized amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*. The amendments provide guidance to address instances, for issues that may affect financial reporting, where an existing interest rate benchmark is replaced with an alternative interest rate that modifies financial assets and financial liabilities, including lease liabilities, hedge accounting requirements and interbank offered rate (IBOR)-reform-related disclosures. In October 2020, the Accounting Standards Board (AcSB) approved the amendments.

The amendments provide relief when a financial instrument moves to an alternative interest rate that is economically equivalent to IBOR:

- For modifications of financial instruments carried at amortized cost, benchmark interest rate changes are reflected prospectively by updating the effective interest rate with no immediate gain or loss recognized.
- Existing hedging relationships are allowed to continue upon moving to an alternative rate under certain qualifying criteria. If an alternative interest rate is not specifically identified at the date it is designated for hedge accounting, it will be deemed to meet the requirements if the rate can be identified within a 24-month period. If this criterion cannot be met, then hedge accounting will be discontinued prospectively.

ATB continues to make progress on our plan to cease offering United States Dollar (USD) London Interbank Offered Rate (LIBOR) products and is ensuring an orderly transition and managing the impacts through appropriate mitigating actions. We are following the recommended target date for cessation of LIBOR-based products, which is June 30, 2023.

In December 2021, the Canadian Alternative Reference Rate Working Group (CARR) recommended that the Canadian Dollar Offered Rate (CDOR) should cease being calculated and published after June 28, 2024, with the Canadian Overnight Repo Rate Average (CORRA) suggested as the replacement benchmark rate. On May 16, 2022, the CDOR administrator announced the cessation of CDOR consistent with the recommendations outlined by CARR. Term CORRA is expected to be launched by the end of Q1 of FY2024, and we are following the recommended target dates for cessation of CDOR-based products. For CDOR-based derivatives and securities, this would be June 28, 2023, and for CDOR-based loans, June 28, 2024.

Hedging Relationships Impacted by the Interest Rate Benchmark Reform

The following table presents the notional amount of our hedging instruments as at March 31, 2023, and at March 31, 2022, which reference CDOR that will expire after June 28, 2024, and represents our opening balances for the annual period ending on March 31, 2023. The notional amounts of our hedging instruments also approximate the extent of the risk exposure we manage through hedging relationships. Changes in our exposures during the period did not result in significant changes to the risks arising from transition. In the normal course of business, our derivative notional amounts may fluctuate with no significant impact to our CDOR transition plans.

As at March 31	**Notional amount**	
($ in thousands)	**2023**	**2022**
Interest rate swaps		
USD London Interbank Offered Rate (LIBOR)	**$ 427,491**	$ 188,484
Canadian Dollar Offered Rate (CDOR)	**24,803,780**	15,002,035

Non-Derivative Financial Assets and Undrawn Commitments

The following table reflects ATB's exposure to non-derivative financial assets, non-derivative financial liabilities and undrawn commitments maturing after June 28, 2024, as at March 31, 2023, and March 31, 2022, which represent our opening balances for the annual period ending on March 31, 2023. These are subject to reforms that have yet to transition to alternative benchmark rates. These exposures will remain outstanding until CDOR ceases, which is expected to be June 28, 2024. Changes in our exposures during the period did not result in significant changes to the risks arising from transition.

As at March 31	**2023**		**2022**	
($ in thousands)	LIBOR	CDOR	LIBOR	CDOR
Non-derivative financial assets (1)	**$ 223,219**	**$ 1,336,173**	$ 916,061	$ 783,804
Non-derivative financial liabilities (2)	**1,144**	**1,474,246**	3,191	1,808,557
Authorized and committed undrawn commitments	**-**	**54,315**	-	13

(1) Non-derivative financial assets include carrying amounts of loans.
(2) Non-derivative financial liabilities include carrying amounts of deposits.

Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued *Annual Improvements to IFRS Standards 2018-2020*, amending a number of standards as part of its annual improvements. IFRS 9 *Financial Instruments* clarifies which fees are included when applying the "10% test" to assess whether a financial liability is derecognized. Under IFRS 16 *Leases*, an example for reimbursements made by the lessor for leasehold improvements has been removed. In September 2020, the AcSB endorsed the IASB's annual improvements.

During the first quarter of FY2023, ATB adopted the annual improvement, which had no impact on our financial statements.

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets)

In May 2020, the IASB issued *Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)*, which clarifies that the cost of fulfilling a contract is included in determining whether a contract is onerous or not. The cost includes incremental and allocated costs that relate directly to fulfilling the contract.

During the first quarter of FY2023, ATB adopted the amendment, which had no impact on our financial statements.

Property, Plant and Equipment—Proceeds Before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)

In May 2020, the IASB issued *Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)*. The change prohibits deducting from the cost of property, plant and equipment any proceeds from selling items produced while readying the assets for use. Instead, the cost of producing those items and the proceeds from selling them must be recognized immediately in profit or loss.

During the first quarter of FY2023, ATB adopted the amendment, which had no impact on our financial statements.

Future Accounting Policy Changes

The following standards have been issued but are not yet effective on the date of issuance of ATB's consolidated financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements)

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*, which amends the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, nor the information that entities disclose about those items.

ATB has assessed the impact of the new definition, which is effective for annual reporting periods beginning on or after January 1, 2023, and determined there is no impact on our financial presentation. Earlier application is permitted. We will adopt the amendments to IAS 1 on April 1, 2023—the start of ATB's FY2024.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements)

In February 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1)*, which is intended to disclose material accounting policies and distinguish these from significant accounting policies. The amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance on how to apply a four-step materiality process to accounting policy disclosures.

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied prospectively, with earlier application permitted. There are no significant changes to be anticipated upon adopting the amendments to IAS 1 on April 1, 2023—the start of ATB's FY2024.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

In February 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*, which updates the definition of accounting estimates and provides guidance to help entities distinguish changes in accounting estimates from changes in accounting policies.

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023. There are no significant changes to be anticipated when adopting the updated definition of accounting estimates on April 1, 2023—the start of ATB's FY2024.

IFRS 17 *Insurance Contracts*

In May 2017, the IASB published a new standard, IFRS 17 *Insurance Contracts*, establishing the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

ATB assessed the impact of the new standard and determined there is no impact on our financial statements. IFRS 17 will replace IFRS 4 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023, and, for ATB, effective starting April 1, 2023—the start of ATB's FY2024. Earlier application is permitted if IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have also been applied. ATB has chosen to not adopt the standard early.

Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, which clarifies that the initial recognition exemption permitted in IAS 12 does not apply to transactions where an asset and liability are recorded that result in equal and offsetting temporary tax differences (such as with leases and decommissioning obligations).

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied retrospectively. The amendments to IAS 12 take effect April 1, 2023—the start of ATB's FY2024. Instead of income tax, ATB pays an amount equal to 23% of consolidated net income as reported in our audited annual financial statements. (See Note 19.) Therefore, there is no impact on our financial statements.

Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendments to IAS 17 Insurance Contracts)

In December 2021, the IASB issued *Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17).* The amendment applies to entities that apply IFRS 17 and 9 at the same time. The option allows, on an instrument-by-instrument basis, an entity to present comparative information under IFRS 9 for financial assets that would not have been restated for IFRS 9. The relief helps entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities and improves the usefulness of comparative information.

ATB has assessed the impact of the amendment and determined there is no impact on our financial statements. The amendment is effective from April 1, 2023—the start of ATB's FY2024.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).* The amendment clarifies how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability arising from a sale and leaseback transaction that qualifies under IFRS 15 *Revenue from Contracts with Customers*. Specifically, this prevents a seller-lessee from recognizing any gain or loss that relates to the right of use it retains over an asset.

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2024, and is applied retrospectively, with earlier application permitted. The amendments to IFRS 16 take effect April 1, 2024—the start of ATB's FY2025.

Non-Current Liabilities With Covenants (Amendments to IAS 1 Presentation of Financial Statements)

In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1).* The purpose of the amendment is to clarify the classification of liabilities with covenants as current or non-current and improve the disclosures of these covenants in the notes to the financial statements.

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2024, and is applied retrospectively, with earlier application permitted. The amendments to IAS 1 take effect April 1, 2024—the start of ATB's FY2025.

4 Financial Instruments

Classification and Carrying Value

The following tables summarize ATB's financial instrument classifications and provide their carrying value:

As at March 31, 2023 *($ in thousands)*	Carrying value					
	Financial instruments classified as FVTPL	**Financial instruments designated as FVTPL**	**Financial instruments classified as FVOCI**	**Financial instruments designated as FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 2,091,699	$ 2,091,699
Interest-bearing deposits with financial institutions (1)	-	267,758	-	-	-	267,758
Total cash resources	-	267,758	-	-	2,091,699	2,359,457
Total securities (1)	83,112	33,953	5,717,014	54,141	-	5,888,220
Total net loans (2)	-	-	-	-	47,234,083	47,234,083
Derivative financial instruments	1,051,015	-	-	-	-	1,051,015
Other assets (1) (6)	-	-	-	-	377,601	377,601
Total other assets	1,051,015	-	-	-	377,601	1,428,616
Total financial assets	**$ 1,134,127**	**$ 301,711**	**$ 5,717,014**	**$ 54,141**	**$ 49,703,383**	**$ 56,910,376**
Financial liabilities						
Total deposits (3)	-	-	-	-	39,473,493	39,473,493
Collateralized borrowings (4)	-	-	-	-	7,891,866	7,891,866
Wholesale borrowings (5)	-	267,959	-	-	2,244,544	2,512,503
Derivative financial instruments (1)	1,212,289	-	-	-	-	1,212,289
Securities sold under repurchase agreements (1)	-	-	-	-	122,568	122,568
Other liabilities (1) (6)	-	-	-	-	1,254,176	1,254,176
Total other liabilities	1,212,289	267,959	-	-	11,513,154	12,993,402
Total financial liabilities	**$ 1,212,289**	**$ 267,959**	**$ -**	**$ -**	**$ 50,986,647**	**$ 52,466,895**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $47,810,374.
(3) The fair value of deposits is estimated at $38,872,151.
(4) The fair value of collateralized borrowings is estimated at $7,743,224.
(5) The fair value of wholesale borrowings is estimated at $2,451,396..
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

As at March 31, 2022 ($ in thousands)	Carrying value Financial instruments classified as FVTPL	Financial instruments designated as FVTPL	Financial instruments classified as FVOCI	Financial instruments designated as FVOCI	Financial instruments measured at amortized cost	Total carrying value
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 2,606,379	$ 2,606,379
Interest-bearing deposits with financial institutions (2)	-	1,210,901	-	-	-	1,210,901
Total cash resources	-	1,210,901	-	-	2,606,379	3,817,280
Total securities (1)	83,185	46,368	4,358,351	47,682	-	4,535,586
Total loans (2)	-	-	-	-	45,928,704	45,928,704
Derivative financial instruments	1,779,577	-	-	-	-	1,779,577
Other assets (1) (6)	-	-	-	-	402,579	402,579
Total other assets	1,779,577	-	-	-	402,579	2,182,156
Total financial assets	**$ 1,862,762**	**$ 1,257,269**	**$ 4,358,351**	**$ 47,682**	**$ 48,937,662**	**$ 56,463,726**
Financial liabilities						
Total deposits (3)	-	-	-	-	37,319,482	37,319,482
Collateralized borrowings (4)	-	-	-	-	7,614,949	7,614,949
Wholesale borrowings (5)	-	253,998	-	-	4,188,969	4,442,967
Derivative financial instruments (1)	1,882,405	-	-	-	-	1,882,405
Securities sold under repurchase agreements (1)	-	-	-	-	-	-
Other liabilities (1) (6)	-	-	-	-	1,106,257	1,106,257
Total other liabilities	1,882,405	253,998	-	-	12,910,175	15,046,578
Total financial liabilities	**$ 1,882,405**	**$ 253,998**	**$ -**	**$ -**	**$ 50,229,657**	**$ 52,366,060**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $46,277,309.
(3) The fair value of deposits is estimated at $36,283,156.
(4) The fair value of collateralized borrowings is estimated at $7,530,073.
(5) The fair value of wholesale borrowings is estimated at $4,403,013.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

Fair-Value Hierarchy

Financial instruments recorded at fair value in the consolidated statement of financial position are classified using a fair-value hierarchy based on the quality and reliability of the information used to estimate the fair value. The fair-value hierarchy has the following levels:

- **Level 1**: Fair value based on quoted prices in active markets
- **Level 2**: Fair value estimated using valuation techniques with market-observable inputs other than quoted market prices
- **Level 3**: Fair value estimated using inputs not based on observable market data

The fair-value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For the years ended March 31, 2023, and March 31, 2022, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

The categories of financial instruments whose fair values are classified as Level 3 consist of investments made by ATB and our subsidiaries in a broad range of private Alberta companies and funds. Valuation techniques are disclosed in Note 7.

The following tables present the level within the fair-value hierarchy of ATB's financial assets and liabilities measured at fair value:

As at *($ in thousands)*	Level 1	Level 2	Level 3	Total
March 31, 2023				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 267,758	$ -	$ 267,758
Securities				
Securities measured at FVTPL	34,152	-	82,913	117,065
Securities measured at FVOCI	5,717,014	-	54,141	5,771,155
Other assets				
Derivative financial instruments	-	1,051,015	-	1,051,015
Total financial assets	**$ 5,751,166**	**$ 1,318,773**	**$ 137,054**	**$ 7,206,993**
Financial liabilities				
Wholesale borrowings	$ 267,959	$ -	$ -	$ 267,959
Other liabilities				
Derivative financial instruments	-	1,212,289	-	1,212,289
Total financial liabilities	**$ 267,959**	**$ 1,212,289**	**$ -**	**$ 1,480,248**
March 31, 2022				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 1,210,901	$ -	$ 1,210,901
Securities				
Securities measured at FVTPL	45,132	-	84,421	129,553
Securities measured at FVOCI	4,358,351	-	47,682	4,406,033
Other assets				
Derivative financial instruments	-	1,779,577	-	1,779,577
Total financial assets	**$ 4,403,483**	**$ 2,990,478**	**$ 132,103**	**$ 7,526,064**
Financial liabilities				
Wholesale borrowings	$ 253,998	$ -	$ -	$ 253,998
Other liabilities				
Derivative financial instruments	-	1,882,405	-	1,882,405
Total financial liabilities	**$ 253,998**	**$ 1,882,405**	**$ -**	**$ 2,136,403**

Valuation of Level 3 Instruments

For direct investments in private companies—as there is no observable market price as at the balance sheet date—ATB estimates the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies. Specifically, the expected earnings before interest, income tax, depreciation and amortization (EBITDA). For direct investments in capital funds, the net asset value (NAV) is used in estimating the fair value of ATB's interest.

The following table presents ATB's sensitivity analysis for fair-value measurements classified as Level 3, substituting one or more reasonably possible alternative assumptions for the unobservable inputs:

				March 31 2023		**March 31 2022**
			Range of input values		**Range of input values**	
Product	**Valuation technique**	**Significant unobservable inputs**	**Low**	**High**	**Low**	**High**
Equity	Valuation multiple	Enterprise value/EBITDA multiple	4.0	6.4	3.9	11.6
		Enterprise value/revenue multiple	6.1	9.6	6.2	6.2
	Adjusted net asset value (1)	Net asset value (2)	n/a	n/a	n/a	n/a

(1) Adjusted net asset value is determined using reported net asset values obtained from the fund manager or general partner of the limited partnership and may be adjusted for current market levels where appropriate.

(2) ATB holds limited partnership interests in certain private capital funds. Net asset values are provided quarterly by each fund's general partner and, due to the wide range and diverse nature of the investments, no inputs are disclosed.

A 10% change to each multiple would result in a $7.6 million increase and $6.8 million decrease in fair value (March 2022: $7.1 million increase and $5.8 million decrease in fair value). The estimate is adjusted depending on the type of investment. Valuation techniques are detailed in Note 2.

The following tables present the changes in fair value of Level 3 financial instruments:

($ in thousands)	**Securities designated as FVOCI**	**Securities classified as FVTPL**
Fair value as at March 31, 2022	$ 47,682	$ 84,421
Total realized and unrealized gains included in net income	-	(143)
Total realized and unrealized losses included in other comprehensive income	(333)	-
Purchases and issuances	6,792	4,461
Sales and settlements	-	(5,826)
Fair value as at March 31, 2023	**$ 54,141**	**$ 82,913**
Change in unrealized gain included in income regarding financial instruments held as at March 31, 2023	$ -	$ (143)

Fair value as at March 31, 2021	$ 14,922	$ 54,166
Total realized and unrealized gains included in net income	-	23,581
Total realized and unrealized gains included in other comprehensive income	20,256	-
Purchases and issuances	12,504	13,131
Sales and settlements	-	(6,457)
Fair value as at March 31, 2022	**$ 47,682**	**$ 84,421**
Change in unrealized gain included in income regarding financial instruments held as at March 31, 2022	$ -	$ 19,863

The consolidated statement of income line item for net gains on securities includes realized and unrealized fair-value movements on all financial instruments classified and designated at FVTPL and realized gains on securities measured at FVOCI.

Offsetting Financial Assets and Financial Liabilities

A financial asset or liability or securities purchased under reverse repurchase agreements or derivative assets and liabilities must be offset in the consolidated statement of financial position when and only when there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realize the asset and settle the liability simultaneously. A legally enforceable right exists when the right is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy.

A financial asset or liability is not offset in the consolidated statement of financial position only if it is not subject to master netting arrangements (which include those by the International Swaps and Derivatives Association [ISDA]) or similar arrangements that permit offsetting outstanding transactions with the same counterparty in the event of default, insolvency or bankruptcy.

ATB receives and pledges collateral in the form of cash and marketable securities relating to our derivative assets and liabilities to manage credit risk in accordance with the terms and conditions of the ISDA credit support annex.

The following tables present information about financial assets and liabilities that are set off and not set off in the consolidated statement of financial position and are subject to a master netting agreement or similar arrangement:

As at ($ in thousands)	Gross recognized amounts	Set-off amounts	Net amounts recognized in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial instruments (1)	Related amounts not offset in the consolidated statement of financial position: Financial collateral received/ pledged	Net amount
March 31, 2023						
Financial assets						
Derivative financial instruments	$ 1,100,402	$ 49,387	$ 1,051,015	$ 689,887	$ 197,241	$ 163,887
Amounts receivable from clients and financial institutions	-	-	-	-	-	-
Total financial assets	**$ 1,100,402**	**$ 49,387**	**$ 1,051,015**	**$ 689,887**	**$ 197,241**	**$ 163,887**
Financial liabilities						
Securities sold under repurchase agreements	$ 122,568	$ -	$ 122,568	$ -	$ -	$ 122,568
Derivative financial instruments	1,261,676	49,387	1,212,289	689,887	150,361	372,041
Amounts payable to clients and financial institutions	135	-	135	-	-	135
Total financial liabilities	**$ 1,384,379**	**$ 49,387**	**$ 1,334,992**	**$ 689,887**	**$ 150,361**	**$ 494,744**
March 31, 2022						
Financial assets						
Derivative financial instruments	$ 2,004,571	$ 224,994	$ 1,779,577	$ 625,170	$ 108,291	$ 1,046,116
Amounts receivable from clients and financial institutions	2,303	-	2,303	-	-	2,303
Total financial assets	**$ 2,006,874**	**$ 224,994**	**$ 1,781,880**	**$ 625,170**	**$ 108,291**	**$ 1,048,419**
Financial liabilities						
Securities sold under repurchase agreements	$ -	$ -	$ -	$ -	$ -	$ -
Derivative financial instruments	2,107,399	224,994	1,882,405	625,170	1,000,518	256,717
Amounts payable to clients and financial institutions	102,695	-	102,695	-	-	102,695
Total financial liabilities	**$ 2,210,094**	**$ 224,994**	**$ 1,985,100**	**$ 625,170**	**$ 1,000,518**	**$ 359,412**

(1) This is the carrying amount of financial assets and liabilities that are subject to a master netting agreement or similar arrangement but do not meet the offsetting criteria.

5 Financial Instruments—Risk Management

ATB has included in the Risk Management section of the MD&A certain disclosures required by IFRS 7 relating to credit, market, foreign exchange and liquidity risks. These risks are shaded in blue and form an integral part of the 2023 consolidated financial statements.

6 Cash Resources

Cash consists of cash on hand, bank notes and coins, non-interest-bearing deposits and cash held at the Bank of Canada through the Large-value transfer system (LVTS). Interest-bearing deposits with financial institutions have been designated at FVTPL and are recorded at fair value. Interest income on interest-bearing deposits with financial institutions is recorded on an accrual basis. Cash has been classified as financial instruments measured at amortized cost, as disclosed in Note 4.

As at March 31, 2023, the carrying value of interest-bearing deposits with financial institutions consists of $0.3 billion (2022: $1.2 billion) designated at FVTPL.

ATB has restricted cash that represents deposits held in trust, in connection with securitization activities. These deposits include cash accounts that hold principal and interest payments collected from mortgages securitized through the *National Housing Act* Mortgage-Backed Security (MBS) Program. The deposits are awaiting payment to their respective investors and are held in interest reinvestment accounts, in connection with ATB's participation in the CMB program. As at March 31, 2023, the amount of restricted cash is $124.3 million (2022: $220.4 million).

7 Securities

The carrying value of securities by remaining term to maturity and net of valuation provisions is as follows:

As at *($ in thousands)*	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**No maturity**	**Total carrying value**
March 31, 2023					
Securities measured at FVTPL					
Issued or guaranteed by the federal or provincial government	$ 33,894	$ -	$ -	$ -	$ 33,894
Other securities (1)	145	55	45,141	37,830	83,171
Total securities measured at FVTPL	**$ 34,039**	**$ 55**	**$ 45,141**	**$ 37,830**	**$ 117,065**
Securities measured at FVOCI					
Issued or guaranteed by the federal or provincial government	$ 3,264,849	$ 2,098,262	$ 353,903	$ -	$ 5,717,014
Other securities (1)	-	-	54,141	-	54,141
Total securities measured at FVOCI	**$ 3,264,849**	**$ 2,098,262**	**$ 408,044**	**$ -**	**$ 5,771,155**
March 31, 2022					
Securities measured at FVTPL					
Issued or guaranteed by the federal or provincial government	$ 44,976	$ -	$ -	$ -	$ 44,976
Other securities (1)	119	9	40,278	44,171	84,577
Total securities measured at FVTPL	**$ 45,095**	**$ 9**	**$ 40,278**	**$ 44,171**	**$ 129,553**
Securities measured at FVOCI					
Issued or guaranteed by the federal or provincial government	$ 2,645,734	$ 1,712,617	$ -	$ -	$ 4,358,351
Other securities (1)	-	-	47,682	-	47,682
Total securities measured at FVOCI	**$ 2,645,734**	**$ 1,712,617**	**$ 47,682**	**$ -**	**$ 4,406,033**

(1) These securities relate to investments made by ATB and our subsidiaries in a broad range of mainly private Alberta companies and funds.

As at March 31, 2023, and March 31, 2022 we had no securities classified as held-to-maturity.

8 Loans

In the retail portfolio, each borrower is assessed based on its Fair Isaac Corporation (FICO) score. The following table outlines the borrower-risk-assessment level assigned to each FICO score range:

Risk assessment	FICO score range
Very low risk	800–900
Low risk	700–799
Medium risk	620–699
High risk	619 or lower

For non-retail loans, each borrower is assigned a BRR. The following table outlines the borrower-risk-assessment level assigned to each range:

Risk assessment	BRR range
Very low risk	1–4
Low risk	5–7
Medium risk	8–9
High risk	10–13

Credit Quality

The following tables present the gross carrying amount of loans and the full contractual amount of undrawn loan commitments subject to the impairment requirements under IFRS 9:

As at				March 31				March 31
($ in thousands)				2023				2022
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$ 5,429,095	$ 59,371	$ -	$ 5,488,466	$ 4,396,886	$ 133,175	$ -	$ 4,530,061
Low risk	15,774,426	371,695	-	16,146,121	13,896,167	480,903	-	14,377,070
Medium risk	2,825,132	235,659	-	3,060,791	3,732,998	235,997	-	3,968,995
High risk	-	556,730	-	556,730	-	615,848	-	615,848
Not rated (1)	24,681	4,997	-	29,678	56,462	5,375	-	61,837
Impaired	-	-	452,754	452,754	-	-	538,205	538,205
Total business	**24,053,334**	**1,228,452**	**452,754**	**25,734,540**	**22,082,513**	**1,471,298**	**538,205**	**24,092,016**
Very low risk	8,167,679	10,021	-	8,177,700	7,855,319	6,476	-	7,861,795
Low risk	5,667,978	32,253	-	5,700,231	5,723,778	20,086	-	5,743,864
Medium risk	2,240,368	57,144	-	2,297,512	2,286,246	50,388	-	2,336,634
High risk	474,982	123,127	-	598,109	466,168	115,819	-	581,987
Not rated (1)	11,337	467	-	11,804	13,983	230	-	14,213
Impaired	-	-	45,364	45,364	-	-	58,233	58,233
Total residential mortgages	**16,562,344**	**223,012**	**45,364**	**16,830,720**	**16,345,494**	**192,999**	**58,233**	**16,596,726**
Very low risk	1,899,780	6,739	-	1,906,519	2,240,715	18,002	-	2,258,717
Low risk	1,475,912	15,073	-	1,490,985	1,681,869	35,001	-	1,716,870
Medium risk	643,102	26,941	-	670,043	686,908	63,512	-	750,420
High risk	143,559	47,988	-	191,547	115,326	84,100	-	199,426
Not rated (1)	14,321	64	-	14,385	14,739	367	-	15,106
Impaired	-	-	31,836	31,836	-	-	30,807	30,807
Total personal	**4,176,674**	**96,805**	**31,836**	**4,305,315**	**4,739,557**	**200,982**	**30,807**	**4,971,346**
Very low risk	106,326	2,256	-	108,582	101,778	2,918	-	104,696
Low risk	294,087	18,173	-	312,260	284,351	18,532	-	302,883
Medium risk	163,064	40,900	-	203,964	172,505	16,942	-	189,447
High risk	12,348	25,411	-	37,759	25,118	10,209	-	35,327
Not rated (1)	47,375	5,840	-	53,215	43,213	6,155	-	49,368
Impaired	-	-	3,533	3,533	-	-	5,150	5,150
Total credit card	**623,200**	**92,580**	**3,533**	**719,313**	**626,965**	**54,756**	**5,150**	**686,871**
Total loans	45,415,552	1,640,849	533,487	47,589,888	**43,794,529**	**1,920,035**	**632,395**	**46,346,959**
Total allowance for loan losses	(76,159)	(93,072)	(186,574)	(355,805)	(91,872)	(111,150)	(215,233)	(418,255)
Total net loans	**$ 45,339,393**	**$ 1,547,777**	**$ 346,913**	**$ 47,234,083**	**$ 43,702,657**	**$ 1,808,885**	**$ 417,162**	**$ 45,928,704**

(1) Loans where the client account-level risk rating has not been determined have been included in the "not rated" category.

As at *($ in thousands)*				March 31 2023				March 31 2022
	Performing		Impaired		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Very low risk	$ 4,909,358	$ 9,021	$ -	$ 4,918,379	$ 4,656,276	$ 5,990	$ -	$ 4,662,266
Low risk	1,251,200	11,479	-	1,262,679	1,147,588	5,282	-	1,152,870
Medium risk	172,579	14,463	-	187,042	170,724	2,101	-	172,825
High risk	13,406	7,850	-	21,256	14,181	6,311	-	20,492
Not rated (1)	12,447	160	-	12,607	14,344	56	-	14,400
Total undrawn loan commitments—retail	**6,358,990**	**42,973**	**-**	**6,401,963**	**6,003,113**	**19,740**	**-**	**6,022,853**
Total allowance for loan losses (2)	(15,344)	(4,471)	-	(19,815)	(17,169)	(2,547)	-	(19,716)
Total net undrawn	**$ 6,343,646**	**$ 38,502**	**$ -**	**$ 6,382,148**	**$ 5,985,944**	**$ 17,193**	**$ -**	**$ 6,003,137**
Very low risk	$ 5,736,885	$ 37,382	$ -	$ 5,774,267	$ 5,513,705	$ 78,750	$ -	$ 5,592,455
Low risk	8,437,598	163,799	-	8,601,397	7,746,963	149,686	-	7,896,649
Medium risk	650,221	32,042	-	682,263	801,340	30,947	-	832,287
High risk	3,617	94,559	-	98,176	1,923	76,881	-	78,804
Not rated (1)	146,839	4,263	-	151,102	158,743	7,455	-	166,198
Total undrawn loan commitments—non retail	**14,975,160**	**332,045**	**-**	**15,307,205**	**14,222,674**	**343,719**	**-**	**14,566,393**
Total allowance for loan losses (2)	(13,194)	(9,182)	-	(22,376)	(10,953)	(4,332)	-	(15,285)
Total net undrawn	**$ 14,961,966**	**$ 322,863**	**$ -**	**$ 15,284,829**	**$ 14,211,721**	**$ 339,387**	**$ -**	**$ 14,551,108**

(1) Loans where the client account-level risk rating has not been determined have been included in the “not rated” category.
(2) The allowance is presented under other liabilities in the consolidated statement of financial position.

The total net carrying value of the above loans includes those denominated in USD but are translated to Canadian dollars (CAD), totalling $1.6 billion as at March 31, 2023 (2022: $1.2 billion). As at March 31, 2023, the amount of foreclosed assets held for resale is $15.9 million (2022: $21.4 million).

Loans Past Due

The following loans are past due but not impaired because they are less than 90 days past due or because it is otherwise reasonable to expect timely collection of principal and interest:

As at *($ in thousands)*	**Business**	**Residential mortgages**	**Personal**	**Credit card**	**Total**	**Percentage of total gross loans**
March 31, 2023						
Up to 1 month (1)	$ 28,734	$ 131,818	$ 18,772	$ 27,160	$ 206,484	0.4%
Over 1 month up to 2 months	118,995	113,578	54,960	7,990	295,523	0.6%
Over 2 months up to 3 months	3,059	7,758	2,001	3,176	15,994	0.1%
Over 3 months	4,712	1,000	236	3,521	9,469	0.0%
Total past due but not impaired	**$ 155,500**	**$ 254,154**	**$ 75,969**	**$ 41,847**	**$ 527,470**	**1.1%**
March 31, 2022						
Up to 1 month (1)	$ 11,602	$ 104,823	$ 18,512	$ 27,173	$ 162,110	0.4%
Over 1 month up to 2 months	88,030	81,153	18,324	6,508	194,015	0.4%
Over 2 months up to 3 months	11,542	13,259	5,279	3,405	33,485	0.1%
Over 3 months	1,720	-	170	5,026	6,916	0.0%
Total past due but not impaired	**$ 112,894**	**$ 199,235**	**$ 42,285**	**$ 42,112**	**$ 396,526**	**0.9%**

(1) Loans past due by one day do not represent the borrowers’ ability to meet their payment obligations and therefore are not administratively considered past due nor disclosed.

9 Allowance for Loan Losses

ATB records an allowance for losses for all loans by incorporating a forward-looking ECLs approach, as required under IFRS 9. This process involves complex models, with inputs and assumptions requiring a high degree of judgment to assess forecasts of macroeconomic variables and significant increases in credit risk. Our estimates and assumptions consider a range of possible scenarios, including the economic impact of the COVID-19 pandemic, the Russia-Ukraine conflict and the current interest rate environment. We continue to closely monitor external conditions and their impacts on our clients. Due to the unique conditions in the current environment, uncertainty in judgments and assumptions remain elevated as at March 31, 2023.

Key Inputs and Assumptions

Measuring ECLs requires a complex calculation that involves a number of variables and assumptions. The key inputs for determining ECLs are:

- A borrower's credit quality, reflected through changes in risk ratings.
- Forward-looking macroeconomic conditions.
- Changes to the probability-weighted scenarios.
- Stage migration as a result of the inputs noted above.

Forward-Looking Information

Relevant forward-looking economic information is incorporated for each loan portfolio when measuring ECLs, based on a five-year outlook considering a combination of past, current and future economic conditions and outlooks. (See Note 2 for more on how forward-looking information is incorporated to measure ECLs.)

The following tables presents the primary forward-looking economic information used to measure ECLs over the next 12 months, and the remaining two-year forecast period for the three probability-weighted scenarios:

	Baseline scenario			Optimistic scenario			Pessimistic scenario		
As at	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
March 31, 2023									
GDP *(%)*	2.6	2.3	2.3	4.8	3.3	2.9	0.3	1.3	1.6
Unemployment rate *(%)*	5.9	5.8	5.7	4.8	4.4	4.3	7.0	7.3	7.1
Housing starts	32,833	31,496	31,212	37,994	37,548	38,427	27,402	25,494	23,880
Oil prices *(WTI, USD/bbl)*	79	77	78	99	96	97	60	58	58
3m T-bill yield *(%)*	4.5	3.8	3.2	5.6	4.7	3.9	3.3	2.8	2.4
	2022	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
March 31, 2022									
GDP *(%)*	4.7	3.2	2.7	7.0	4.3	3.6	2.0	1.9	1.5
Unemployment rate *(%)*	7.0	6.3	5.9	5.9	5.0	4.5	8.4	8.1	7.9
Housing starts	31,777	31,026	29,631	35,825	37,245	37,690	28,322	25,875	22,817
Oil prices *(WTI, USD/bbl)*	92	76	73	115	95	91	69	57	55
3m T-bill yield *(%)*	1.2	2.1	2.2	1.5	2.6	2.7	0.9	1.5	1.6

Sensitivity of Allowance for Loan Losses

The Stage 1 and 2 allowance for loan losses is sensitive to the inputs used in the model, as described in Note 2. Changes to these inputs and assumptions would have an impact when assessing for a significant increase in credit risk and the measurement of ECL.

The following tables present a comparison between the reported allowance for loan losses for Stage 1 and 2 loans and the allowance under the baseline, optimistic and pessimistic scenarios:

	March 31, 2023				March 31, 2022			
As at *($ in thousands)*	**Reported under IFRS 9**	**Baseline scenario**	**Optimistic scenario**	**Pessimistic scenario**	**Reported under IFRS 9**	**Baseline scenario**	**Optimistic scenario**	**Pessimistic scenario**
Allowance for loan losses (Stage 1 and 2)	$ 211,422	$ 206,242	$ 184,212	$ 243,178	$ 238,023	$ 235,238	$ 212,269	$ 269,156

The following tables presents the estimated impact of staging on the allowance for loan losses for loans and off-balance-sheet commitments if they were fully calculated under Stage 1 compared to the actual allowance recorded:

	March 31, 2023			March 31, 2022		
As at *($ in thousands)*	**Stage 1 and 2 allowance under IFRS 9**	**Allowance—100% in Stage 1**	**Impact of staging**	**Stage 1 and 2 allowance under IFRS 9**	**Allowance—100% in Stage 1**	**Impact of staging**
Loans	$ 211,422	$ 185,798	$ (25,624)	$ 238,023	$ 220,028	$ (17,995)

The following tables reconcile the opening and closing allowances for loans, by each major category:

						Comprises	
For the year ended *($ in thousands)*	**Balance at beginning of period**	**Provision for (recovery of) loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**	**Loans**	**Other credit instruments (1)**
March 31, 2023							
Business	$ 347,800	$ 10,797	$ (53,060)	$ 4,052	$ 309,589	$ 287,879	$ 21,710
Residential mortgages	9,197	4,731	(5,290)	177	8,815	7,978	837
Personal	57,202	2,801	(20,814)	746	39,935	33,038	6,897
Credit card	39,057	6,304	(5,781)	77	39,657	26,910	12,747
Total	**$ 453,256**	**$ 24,633**	**$ (84,945)**	**$ 5,052**	**$ 397,996**	**$ 355,805**	**$ 42,191**
March 31, 2022							
Business	$ 633,122	$ (203,730)	$ (93,126)	$ 11,534	$ 347,800	$ 331,079	$ 16,721
Residential mortgages	16,042	(4,368)	(2,612)	135	9,197	8,372	825
Personal	88,921	(6,526)	(25,389)	196	57,202	48,729	8,473
Credit card	32,672	10,745	(4,205)	(155)	39,057	30,075	8,982
Total	**$ 770,757**	**$ (203,879)**	**$ (125,332)**	**$ 11,710**	**$ 453,256**	**$ 418,255**	**$ 35,001**

(1) Other credit instruments, including off-balance-sheet items, are recorded to other liabilities on the consolidated statement of financial position.

The following tables reconcile the opening and closing allowances for loans, by stage, for each major category:

For the year ended ($ in thousands)	March 31, 2023				March 31, 2022			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses—business loans								
Balance at beginning of period	$ 61,708	$ 85,846	$ 200,246	$ 347,800	$ 92,490	$ 210,688	$ 329,944	$ 633,122
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	27,550	(12,209)	(15,341)	-	41,220	(39,567)	(1,653)	-
Transfers into (out of) Stage 2 (1)	(11,653)	13,254	(1,601)	-	(7,772)	23,908	(16,136)	-
Transfers into (out of) Stage 3 (1)	(3,505)	(11,012)	14,517	-	(158)	(20,011)	20,169	-
New originations (2)	14,863	-	-	14,863	34,333	139,758	44,517	218,608
Repayments (3)	(6,361)	(20,900)	(11,799)	(39,060)	(32,582)	(195,647)	(24,448)	(252,677)
Remeasurements (4)	(25,396)	22,545	37,845	34,994	(65,801)	(33,388)	(70,472)	(169,661)
Total provision for (recovery of) loan losses	**(4,502)**	**(8,322)**	**23,621**	**10,797**	**(30,760)**	**(124,947)**	**(48,023)**	**(203,730)**
Write-offs	-	-	(61,594)	(61,594)	-	-	(101,692)	(101,692)
Recoveries	-	-	8,534	8,534	-	-	8,566	8,566
Discounted cash flows on impaired loans and other	256	419	3,377	4,052	(22)	105	11,451	11,534
Balance at end of period	**$ 57,462**	**$ 77,943**	**$ 174,184**	**$ 309,589**	**$ 61,708**	**$ 85,846**	**$ 200,246**	**$ 347,800**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 4,269	$ 2,146	$ 2,782	$ 9,197	$ 4,571	$ 8,056	$ 3,415	$ 16,042
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	1,382	(1,053)	(329)	-	4,107	(3,620)	(487)	-
Transfers into (out of) Stage 2 (1)	(212)	481	(269)	-	(200)	591	(391)	-
Transfers into (out of) Stage 3 (1)	(7)	(373)	380	-	(5)	(410)	415	-
New originations (2)	148	-	-	148	386	(634)	173	(75)
Repayments (3)	(116)	(112)	29	(199)	(211)	(238)	(149)	(598)
Remeasurements (4)	(467)	1,622	3,627	4,782	(4,379)	(1,599)	2,283	(3,695)
Total provision for (recovery of) loan losses	**728**	**565**	**3,438**	**4,731**	**(302)**	**(5,910)**	**1,844**	**(4,368)**
Write-offs	-	-	(5,388)	(5,388)	-	-	(3,098)	(3,098)
Recoveries	-	-	98	98	-	-	486	486
Discounted cash flows on impaired loans and other	-	-	177	177	-	-	135	135
Balance at end of period	**$ 4,997**	**$ 2,711**	**$ 1,107**	**$ 8,815**	**$ 4,269**	**$ 2,146**	**$ 2,782**	**$ 9,197**

(1) Stage transfers represent movement between stages and exclude changes due to remeasurements.
(2) New originations relate to new loans recognized during the period.
(3) Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred.
(4) Remeasurements represent the change in the allowance due to changes in economic factors and risk and model parameters.
(5) Other credit instruments, including off-balance-sheet items, are recorded to other liabilities on the consolidated statement of financial position.

For the year ended ($ in thousands)	March 31, 2023 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	March 31, 2022 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 32,048	$ 16,157	$ 8,997	$ 57,202	$ 36,095	$ 41,290	$ 11,536	$ 88,921
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	15,689	(14,549)	(1,140)	-	27,370	(26,882)	(488)	-
Transfers into (out of) Stage 2 (1)	(2,232)	3,332	(1,100)	-	(2,657)	4,502	(1,845)	-
Transfers into (out of) Stage 3 (1)	(835)	(2,587)	3,422	-	(120)	(3,560)	3,680	-
New originations (2)	3,413	-	-	3,413	4,306	502	402	5,210
Repayments (3)	(1,786)	(1,038)	(627)	(3,451)	(3,141)	(3,135)	(722)	(6,998)
Remeasurements (4)	(23,232)	6,541	19,530	2,839	(29,805)	3,440	21,627	(4,738)
Total provision for (recovery of) loan losses	**(8,983)**	**(8,301)**	**20,085**	**2,801**	**(4,047)**	**(25,133)**	**22,654**	**(6,526)**
Write-offs	-	-	(20,905)	(20,905)	-	-	(26,030)	(26,030)
Recoveries	-	-	91	91	-	-	641	641
Discounted cash flows on impaired loans and other	-	-	746	746	-	-	196	196
Balance at end of period	**$ 23,065**	**$ 7,856**	**$ 9,014**	**$ 39,935**	**$ 32,048**	**$ 16,157**	**$ 8,997**	**$ 57,202**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 21,969	$ 13,880	$ 3,208	$ 39,057	$ 19,920	$ 10,002	$ 2,750	$ 32,672
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	38,235	(38,235)	-	-	14,576	(14,576)	-	-
Transfers into (out of) Stage 2 (1)	(5,980)	5,980	-	-	(1,734)	1,734	-	-
Transfers into (out of) Stage 3 (1)	(75)	(2,058)	2,133	-	(115)	(1,951)	2,066	-
New originations (2)	1,327	-	-	1,327	564	112	-	676
Repayments (3)	(520)	(4,135)	(23)	(4,678)	294	650	39	983
Remeasurements (4)	(35,824)	42,742	2,737	9,655	(11,536)	17,911	2,711	9,086
Total provision for (recovery of) loan losses	**(2,837)**	**4,294**	**4,847**	**6,304**	**2,049**	**3,880**	**4,816**	**10,745**
Write-offs	-	-	(13,214)	(13,214)	-	-	(19,008)	(19,008)
Recoveries	-	-	7,433	7,433	-	-	14,803	14,803
Discounted cash flows on impaired loans and other	41	41	(5)	77	-	(2)	(153)	(155)
Balance at end of period	**$ 19,173**	**$ 18,215**	**$ 2,269**	**$ 39,657**	**$ 21,969**	**$ 13,880**	**$ 3,208**	**$ 39,057**
Total balance as at end of period	**$ 104,697**	**$ 106,725**	**$ 186,574**	**$ 397,996**	**$ 119,994**	**$ 118,029**	**$ 215,233**	**$ 453,256**
Comprises: Loans	$ 76,159	$ 93,072	$ 186,574	$ 355,805	$ 91,872	$ 111,150	$ 215,233	$ 418,255
Comprises: Other credit instruments (5)	28,538	13,653	-	42,191	28,122	6,879	-	35,001

(1) Stage transfers represent movement between stages and exclude changes due to remeasurements.
(2) New originations relate to new loans recognized during the period.
(3) Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred.
(4) Remeasurements represent the change in the allowance due to changes in economic factors and risk and model parameters.
(5) Other credit instruments, including off-balance-sheet items, are recorded to other liabilities on the consolidated statement of financial position.

10 Derivative Financial Instruments

Most of ATB's derivative contracts are OTC transactions that are privately negotiated between ATB and the counterparty to the contract. The remainder are exchange-traded contracts transacted through organized and regulated exchanges and consist primarily of futures. Fair-value changes in our corporate derivative portfolios are recorded to the relevant category in OI in the consolidated statement of income, and fair-value changes in our client derivative portfolios are recorded as part of financial markets in OI in the consolidated statement of income. ATB uses the following derivative financial instruments.

Swaps

Swaps are transactions in which two parties agree to exchange defined cash flows. ATB uses the following types of swap contracts:

- Interest rate swaps are OTC contracts in which ATB exchanges fixed- and floating-rate interest payments with a counterparty, based on an agreed notional principal amount denominated in a single currency. These are used in the corporate derivative portfolio to manage exposure to interest rate fluctuations primarily arising from the investment, loan and deposit portfolios. Interest rate swaps are also used in the client derivative portfolio to help our corporate clients in managing risks associated with interest rate fluctuations.
- Cross-currency swaps are FX transactions in which ATB exchanges interest and principal payments in different currencies. These are used in both the corporate and client portfolios to manage ATB's and our corporate clients' FX risk.

Forwards and Futures

FX and commodity forwards are OTC transactions in which two parties agree to either buy or sell a specified amount of a currency or commodity at a specific price and on a predetermined future date. ATB uses FX forward contracts in both our corporate and client derivative portfolios to manage currency exposure either arising from our own foreign currency–denominated loans and deposits or for our clients. Commodity forward contracts are used only in the client derivative portfolio.

Futures are contractual obligations to buy or sell an interest-rate-sensitive financial instrument on a predetermined future date at a specified price. Futures contracts are transacted in standardized amounts on regulated exchanges that are subject to daily cash margining, and they are used only in the corporate derivative portfolio.

Options

An options contract is an agreement between two parties to facilitate a potential transaction involving an asset at a preset price and date. It allows the holder the right but not the obligation to buy or sell an underlying asset at a specified strike price on or before a specified date. ATB uses commodity options and FX options in our client derivative portfolios to manage clients' commodity price and currency risk exposure.

The fair value of derivative financial instruments segregated between contracts in a favourable position (i.e., having positive fair value) and contracts in an unfavourable position (i.e., having negative fair value) consists of the following:

As at March 31 ($ in thousands)	2023 Favourable position	2023 Unfavourable position	2022 Favourable position	2022 Unfavourable position
Contracts not designated for hedge accounting				
Interest rate contracts				
Swaps	$ 260,243	$ (226,028)	$ 161,455	$ (140,883)
Futures	-	-	-	-
Total interest rate contracts	**260,243**	**(226,028)**	**161,455**	**(140,883)**
Embedded derivatives				
Market-linked deposits	-	-	-	-
Total embedded derivatives	**-**	**-**	**-**	**-**
Foreign-exchange contracts				
Forwards	132,812	(101,091)	79,984	(76,351)
Cross-currency swaps	49,698	(38,615)	29,802	(30,143)
Total foreign-exchange contracts	**182,510**	**(139,706)**	**109,786**	**(106,494)**
Commodity contracts				
Forwards	342,159	(301,461)	1,332,433	(1,299,549)
Total commodity contracts	**342,159**	**(301,461)**	**1,332,433**	**(1,299,549)**
Total fair value of contracts not designated for hedge accounting	**784,912**	**(667,195)**	**1,603,674**	**(1,546,926)**
Contracts designated for hedge accounting				
Foreign-exchange contracts				
Cross-currency swaps	-	-	-	(627)
Total foreign-exchange contracts	**-**	**-**	**-**	**(627)**
Interest rate contracts				
Swaps	266,103	(545,094)	175,903	(334,852)
Total interest rate contracts	**266,103**	**(545,094)**	**175,903**	**(334,852)**
Total fair value of contracts designated for hedge accounting	**266,103**	**(545,094)**	**175,903**	**(335,479)**
Total fair value	**$ 1,051,015**	**$ (1,212,289)**	**$ 1,779,577**	**$ (1,882,405)**
Less: impact of master netting agreements	(689,887)	689,887	(625,170)	625,170
Less: impact of financial institution counterparty collateral held/posted	(197,241)	150,361	(108,291)	1,000,518
Residual credit exposure on derivatives to ATB	**$ 163,887**	**$ (372,041)**	**$ 1,046,116**	**$ (256,717)**

Fair-Value Hedges

The following tables presents the effects of fair-value hedges on the consolidated statement of financial position and the consolidated statement of income:

For the year ended ($ in thousands)	Change in value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Hedge ineffectiveness gains(losses)	Carrying amounts for hedged items	Accumulated amount of fair-value hedge adjustments on hedged items
March 31, 2023					
Assets					
Interest rate risk					
Financial assets at FVOCI	$ (9,284)	$ 15,280	$ 5,996	$ 3,261,006	$ (19,276)
Loans	(5,033)	6,498	1,465	1,396,491	(9,965)
Total assets	**$ (14,317)**	**$ 21,778**	**$ 7,461**	**$ 4,657,497**	**$ (29,241)**
Liabilities					
Interest rate risk					
Deposit	$ (4,486)	$ 4,205	$ (281)	$ 104,486	$ (4,486)
Securitization liabilities at amortized cost	19	(2,435)	(2,416)	1,372,008	19
Total liabilities	**$ (4,467)**	**$ 1,770**	**$ (2,697)**	**$ 1,476,494**	**$ (4,467)**
Total	**$ (18,784)**	**$ 23,548**	**$ 4,764**		
March 31, 2022					
Assets					
Interest rate risk					
Financial assets at FVOCI	$ (9,992)	$ 9,768	$ (224)	$ 1,648,745	$ (9,992)
Loans	(4,932)	4,237	(695)	73,823	(4,932)
Total assets	**$ (14,924)**	**$ 14,005**	**$ (919)**	**$ 1,722,568**	**$ (14,924)**
Liabilities					
Interest rate risk					
Deposit	$ -	$ -	$ -	$ -	$ -
Securitization liabilities at amortized cost	9,600	(9,952)	(352)	390,400	9,600
Total liabilities	**$ 9,600**	**$ (9,952)**	**$ (352)**	**$ 390,400**	**$ 9,600**
Total	**$ (5,324)**	**$ 4,053**	**$ (1,271)**		

Cash Flow Hedges

The following tables presents the effects of cash flow hedges on the consolidated statement of income and consolidated statement of comprehensive income:

For the year ended ($ in thousands)	Change in value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Hedge ineffectiveness gains (losses)	Hedging gains (losses) recognized in other comprehensive income	Amount reclassified from accumulated other comprehensive income (loss) to earnings	Net change in other comprehensive income (loss)
March 31, 2023						
Cash flow hedges						
Interest rate risk	$ 53,241	$ (66,778)	$ (13,537)	$ (161,025)	$ (90,702)	$ (70,323)
Foreign exchange risk	(20,175)	20,175	-	20,412	23,153	(2,741)
Total cash flow hedges	**$ 33,066**	**$ (46,603)**	**$ (13,537)**	**$ (140,613)**	**$ (67,549)**	**$ (73,064)**
March 31, 2022						
Cash flow hedges						
Interest rate risk	$ 302,554	$ (320,802)	$ (18,248)	$ (207,728)	$ 99,448	$ (307,176)
Foreign exchange risk	(2,860)	2,860	-	1,025	1,840	(815)
Total cash flow hedges	**$ 299,694**	**$ (317,942)**	**$ (18,248)**	**$ (206,703)**	**$ 101,288**	**$ (307,991)**

Reconciliation of Accumulated Other Comprehensive Income (Loss)

The following tables presents the effects of cash flow hedges on the consolidated statement of comprehensive income:

For the year ended ($ in thousands)	Accumulated other comprehensive income (loss) at beginning of year	Net changes in other comprehensive income (loss)	Accumulated other comprehensive income (loss) at end of year	Accumulated other comprehensive income (loss) on designated hedges	Accumulated comprehensive income (loss) on de-designated hedges
March 31, 2023					
Cash flow hedges					
Interest rate risk	$ (178,987)	$ (70,323)	$ (249,310)	$ (289,799)	$ 40,489
Foreign exchange risk	2,741	(2,741)	-	-	-
Total cash flow hedges	**$ (176,246)**	**$ (73,064)**	**$ (249,310)**	**$ (289,799)**	**$ 40,489**
March 31, 2022					
Cash flow hedges					
Interest rate risk	$ 128,189	$ (307,176)	$ (178,987)	$ (237,716)	$ 58,729
Foreign exchange risk	3,556	(815)	2,741	2,741	-
Total cash flow hedges	**$ 131,745**	**$ (307,991)**	**$ (176,246)**	**$ (234,975)**	**$ 58,729**

Term to Maturity

The notional amounts of derivative instruments represent the underlying principal amount, to which the specified rate or price is applied in order to calculate the amount of cash flows to be exchanged, and have varying maturity dates. Notional amounts do not represent assets or liabilities and are not recorded in the consolidated statement of financial position. The remaining contractual terms to maturity for the notional amounts of all derivative instruments are as follows:

As at March 31, 2023 ($ in thousands)	Not designated for hedge accounting	Designated for hedge accounting	Residual term of contract: Within 1 year	1 to 5 years	Over 5 years	Total
Over-the-counter contracts						
Interest rate contracts						
Swaps	$ 14,312,105	$ 27,011,700	$ 12,980,689	$ 20,557,693	$ 7,785,423	$ 41,323,805
Total interest rate contracts	**14,312,105**	**27,011,700**	**12,980,689**	**20,557,693**	**7,785,423**	**41,323,805**
Embedded derivatives						
Market-linked deposits	-	-	-	-	-	-
Total embedded derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Foreign-exchange contracts						
Forwards	15,238,023	-	12,941,548	2,220,572	75,903	15,238,023
Cross-currency swaps	1,321,912	-	620,360	579,890	121,662	1,321,912
Total foreign-exchange contracts	**16,559,935**	**-**	**13,561,908**	**2,800,462**	**197,565**	**16,559,935**
Commodity contracts						
Forwards	9,414,700	-	5,219,722	4,185,355	9,623	9,414,700
Total commodity contracts	**9,414,700**	**-**	**5,219,722**	**4,185,355**	**9,623**	**9,414,700**
Total over-the-counter contracts	**40,286,740**	**27,011,700**	**31,762,319**	**27,543,510**	**7,992,611**	**67,298,440**
Exchange-traded contracts						
Interest rate contracts						
Futures	-	-	-	-	-	-
Total interest rate contracts	**-**	**-**	**-**	**-**	**-**	**-**
Total exchange-traded contracts	**-**	**-**	**-**	**-**	**-**	**-**
Total	**$ 40,286,740**	**$ 27,011,700**	**$ 31,762,319**	**$ 27,543,510**	**$ 7,992,611**	**$ 67,298,440**

As at March 31, 2022 *($ in thousands)*	Not designated for hedge accounting	Designated for hedge accounting	Residual term of contract: Within 1 year	1 to 5 years	Over 5 years	Total
Over-the-counter contracts						
Interest rate contracts						
Swaps	$ 10,458,234	$ 16,419,499	$ 6,116,239	$ 13,454,688	$ 7,306,806	$ 26,877,733
Total interest rate contracts	**10,458,234**	**16,419,499**	**6,116,239**	**13,454,688**	**7,306,806**	**26,877,733**
Embedded derivatives						
Market-linked deposits	-	-	-	-	-	-
Total embedded derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Foreign-exchange contracts						
Forwards	11,504,231	-	10,506,484	997,747	-	11,504,231
Cross-currency swaps	1,136,304	18,786	19,111	1,023,533	112,446	1,155,090
Total foreign-exchange contracts	**12,640,535**	**18,786**	**10,525,595**	**2,021,280**	**112,446**	**12,659,321**
Commodity contracts						
Forwards	10,784,100	-	7,993,912	2,790,188	-	10,784,100
Total commodity contracts	**10,784,100**	**-**	**7,993,912**	**2,790,188**	**-**	**10,784,100**
Total over-the-counter contracts	**33,882,869**	**16,438,285**	**24,635,746**	**18,266,156**	**7,419,252**	**50,321,154**
Exchange-traded contracts						
Interest rate contracts						
Futures	-	-	-	-	-	-
Total interest rate contracts	**-**	**-**	**-**	**-**	**-**	**-**
Total exchange-traded contracts	**-**	**-**	**-**	**-**	**-**	**-**
Total	**$ 33,882,869**	**$ 16,438,285**	**$ 24,635,746**	**$ 18,266,156**	**$ 7,419,252**	**$ 50,321,154**

Hedging Instruments by Remaining Term-to-Maturity

The following tables discloses the notional amount and average price of derivative instruments designated in qualifying hedge accounting relationships:

	For the year ended March 31, 2023			
($ in thousands)	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Interest rate risk				
Interest rate swaps				
Notional—pay fixed	$ 3,260,000	$ 5,671,600	$ 1,392,000	$ 10,323,600
Average fixed interest rate *(%)*	3.3	3.3	2.2	
Notional—receive fixed	$ 4,934,100	$ 9,677,000	$ 2,077,000	$ 16,688,100
Average fixed interest rate *(%)*	3.6	2.4	2.6	
Total notional—interest rate risk	**$ 8,194,100**	**$ 15,348,600**	**$ 3,469,000**	**$ 27,011,700**
Foreign exchange risk				
Cross-currency swaps				
Notional—USD/CAD	$ -	$ -	$ -	$ -
Average FX rate *(CAD$1/USD$1)*	-	-	-	
Total notional—foreign exchange risk	**$ -**	**$ -**	**$ -**	**$ -**

	For the year ended March 31, 2022			
($ in thousands)	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Interest rate risk				
Interest rate swaps				
Notional—pay fixed	$ 1,939,975	$ 1,893,000	$ 1,569,524	$ 5,402,499
Average fixed interest rate *(%)*	1.4	1.6	1.9	
Notional—receive fixed	$ 1,870,000	$ 6,820,400	$ 2,326,600	$ 11,017,000
Average fixed interest rate *(%)*	1.1	1.8	2.2	
Total notional—interest rate risk	**$ 3,809,975**	**$ 8,713,400**	**$ 3,896,124**	**$ 16,419,499**
Foreign exchange risk				
Cross-currency swaps				
Notional—USD/CAD	$ 18,786	$ -	$ -	$ 18,786
Average FX rate *(CAD$1/USD$1)*	1.3	-	-	
Total notional—foreign exchange risk	**$ 18,786**	**$ -**	**$ -**	**$ 18,786**

Derivative-Related Credit Risk

Derivative financial instruments traded in the OTC market could incur financial loss if a counterparty defaults on its contractual obligation. ATB's maximum credit risk in respect of such derivatives is the fair value of all derivatives where ATB is in a favourable position.

ATB endeavours to limit our credit risk by dealing only with counterparties assessed to be creditworthy, and we manage the credit risk for derivatives using the same credit-risk process applied to loans and other credit assets. Financial institution counterparties must have a minimum long-term public credit rating of A-low / A3 / A- or better. The exposure to credit risk on derivatives is also reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that unfavourable contracts with the counterparty are not settled, they reduce ATB's net exposure in respect of favourable contracts with the same counterparty.

The current replacement cost represents the cost of replacing, at current market rates, all contracts with a positive fair value to ATB. The credit equivalent amount is the sum of the current replacement cost and the potential future exposure, which is defined in a President of Treasury Board and Minister of Finance (Minister) authorized guideline that was modelled after guidelines governing other Canadian deposit-taking institutions. The risk-weighted amount is determined by applying standard measures of counterparty credit risk to the credit equivalent amount. The derivative-related credit risks for derivative instruments are as follows:

As at *($ in thousands)*	2023 Replacement cost	2023 Credit equivalent amount	2023 Risk-adjusted balance	2022 Replacement cost	2022 Credit equivalent amount	2022 Risk-adjusted balance
Contracts not designated for hedge accounting						
Interest rate contracts						
Swaps	$ 255,391	$ 305,338	$ 72,922	$ 161,455	$ 199,653	$ 42,883
Total interest rate contracts	255,391	305,338	72,922	161,455	199,653	42,883
Foreign-exchange contracts						
Forwards	132,812	260,612	96,289	79,984	161,190	53,574
Cross-currency swaps	49,698	74,961	22,324	29,802	53,065	17,342
Total foreign-exchange contracts	182,510	335,573	118,613	109,786	214,255	70,916
Commodity contracts						
Forwards	342,159	867,076	223,680	1,332,433	1,885,377	794,937
Total commodity contracts	342,159	867,076	223,680	1,332,433	1,885,377	794,937
Total contracts not designated for hedge accounting	**780,060**	**1,507,987**	**415,215**	**1,603,674**	**2,299,285**	**908,736**
Contracts designated for hedge accounting						
Interest rate contracts						
Swaps	270,955	328,233	65,647	175,903	224,616	44,923
Total interest rate contracts	270,955	328,233	65,647	175,903	224,616	44,923
Total contracts designated for hedge accounting	270,955	328,233	65,647	175,903	224,616	44,923
Total	**$ 1,051,015**	**$ 1,836,220**	**$ 480,862**	**$ 1,779,577**	**$ 2,523,901**	**$ 953,659**

11 Property and Equipment

For the year ended ($ in thousands)	Owned by ATB						Right-of-use lease assets		
	Leasehold improvements	Computer equipment	Buildings	Furniture and fixtures and other equipment	Land	Work in progress	Buildings under finance lease	Equipment under finance lease	Total
March 31, 2023									
Cost									
Balance at beginning of period	$ 206,849	$ 44,443	$ 113,866	$ 85,336	$ 7,328	$ 10,171	$ 258,066	$ 14,268	$ 740,327
Additions	848	5,439	1,544	3,814	-	13,196	9,032	4,671	38,544
Disposals	(2,502)	(712)	(30)	(18,691)	-	(11,690)	(9,261)	(10,862)	(53,748)
Balance at end of period	**$ 205,195**	**$ 49,170**	**$ 115,380**	**$ 70,459**	**$ 7,328**	**$ 11,677**	**$ 257,837**	**$ 8,077**	**$ 725,123**
Depreciation									
Balance at beginning of period	$ 152,222	$ 37,572	$ 81,203	$ 76,945	$ -	$ -	$ 157,735	$ 11,666	$ 517,343
Depreciation	7,177	5,171	2,335	3,924	-	-	19,402	3,183	41,192
Disposals	(1,766)	(410)	(12)	(18,615)	-	-	(7,243)	(10,832)	(38,878)
Balance at end of period	**$ 157,633**	**$ 42,333**	**$ 83,526**	**$ 62,254**	**$ -**	**$ -**	**$ 169,894**	**$ 4,017**	**$ 519,657**
Carrying amounts									
Balance at end of period	**$ 47,562**	**$ 6,837**	**$ 31,854**	**$ 8,205**	**$ 7,328**	**$ 11,677**	**$ 87,943**	**$ 4,060**	**$ 205,466**
March 31, 2022									
Cost									
Balance at beginning of period	$ 209,568	$ 45,070	$ 107,814	$ 87,521	$ 7,328	$ 6,888	$ 254,054	$ 14,149	$ 732,392
Additions	2028	3,490	6,052	2,289	-	11,487	14,513	119	39,978
Disposals	(4,747)	(4,117)	-	(4,474)	-	(8,204)	(10,501)	-	(32,043)
Balance at end of period	**$ 206,849**	**$ 44,443**	**$ 113,866**	**$ 85,336**	**$ 7,328**	**$ 10,171**	**$ 258,066**	**$ 14,268**	**$ 740,327**
Depreciation									
Balance at beginning of period	$ 148,600	$ 35,618	$ 78,919	$ 77,403	$ -	$ -	$ 147,373	$ 6,210	$ 494,123
Depreciation	7,974	5,475	2,284	3,817	-	-	20,030	5,456	45,036
Disposals	(4,352)	(3,521)	-	(4,275)	-	-	(9,668)	-	(21,816)
Balance at end of period	**$ 152,222**	**$ 37,572**	**$ 81,203**	**$ 76,945**	**$ -**	**$ -**	**$ 157,735**	**$ 11,666**	**$ 517,343**
Carrying amounts									
Balance at end of period	**$ 54,627**	**$ 6,871**	**$ 32,663**	**$ 8,391**	**$ 7,328**	**$ 10,171**	**$ 100,331**	**$ 2,602**	**$ 222,984**

A loss of $1.2 million (2022: $1.2 million loss) was recognized in the consolidated statement of income for the disposal and write-offs of property and equipment. Income of $2.6 million (2022: $2.5 million) was recorded in the consolidated statement of income from our sublease arrangements.

12 Software and Other Intangibles

For the year ended *($ in thousands)*	Computer software	Software under development	Other intangibles	Goodwill	Total
March 31, 2023					
Cost					
Balance at beginning of period	$ 680,577	$ 50,143	$ 279	$ 6,845	$ 737,844
Transfers and additions	81,511	67,677	3	-	149,191
Transfers and disposals	(959)	(82,151)	-	-	(83,110)
Impairment losses	-	-	-	-	-
Balance at end of period	**$ 761,129**	**$ 35,669**	**$ 282**	**$ 6,845**	**$ 803,925**
Depreciation					
Balance at beginning of period	$ 510,125	$ -	$ 144	$ -	$ 510,269
Depreciation	77,426	-	31	-	77,457
Disposals	-	-	-	-	-
Impairment losses	-	-	-	-	-
Balance at end of period	**$ 587,551**	**$ -**	**$ 175**	**$ -**	**$ 587,726**
Carrying amounts					
Balance at end of period	**$ 173,578**	**$ 35,669**	**$ 107**	**$ 6,845**	**$ 216,199**
March 31, 2022					
Cost					
Balance at beginning of period	$ 688,355	$ 58,672	$ 274	$ 6,845	$ 754,146
Transfers and additions	71,260	63,245	5	-	134,510
Transfers and disposals	(27,759)	(71,774)	-	-	(99,533)
Impairment losses (1)	(51,279)	-	-	-	(51,279)
Balance at end of period	**$ 680,577**	**$ 50,143**	**$ 279**	**$ 6,845**	**$ 737,844**
Depreciation					
Balance at beginning of period	$ 471,329	$ -	$ 109	$ -	$ 471,438
Depreciation	79,760	-	35	-	79,795
Disposals	(26,847)	-	-	-	(26,847)
Impairment losses (1)	(14,117)	-	-	-	(14,117)
Balance at end of period	**$ 510,125**	**$ -**	**$ 144**	**$ -**	**$ 510,269**
Carrying amounts					
Balance at end of period	**$ 170,452**	**$ 50,143**	**$ 135**	**$ 6,845**	**$ 227,575**

(1) During the year ended March 31, 2022, ATB determined that a non-strategic technology asset would no longer be maintained. As a result of this decision, a $37.2 million write-off was recognized in NIE in the consolidated statement of income and reported as part of NIEs in SSUs segment results.

A loss of $1.0 million (2022: $0.9 million loss) was recognized in NIE in the consolidated statement of income during the year for the disposal and write-offs of software and other intangibles.

The goodwill associated with our purchase of Grow Technologies Inc. (Grow) is $6.8 million. ATB performs an impairment test annually on March 31 by assessing for any indications of impairment and comparing Grow's carrying value to its recoverable amount. As at March 31, 2023, and at March 31, 2022, there were no indicators of impairment or amounts recorded.

13 Other Assets

As at *($ in thousands)*	Note	March 31 2023	March 31 2022
Accounts receivable—financial market products		$ -	$ 2,303
Prepaid expenses and other receivables		291,610	368,574
Accrued interest receivable		89,987	64,059
Net pension asset	18	51,624	54,350
Other		83,196	51,043
Total		**$ 516,417**	**$ 540,329**

14 Deposits

All of our deposits are 100% guaranteed by the Government of Alberta.

	Payable on demand	Payable on a fixed date					Total
As at *($ in thousands)*		Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	
March 31, 2023							
Transaction accounts	$ 13,106,160	$ -	$ -	$ -	$ -	$ -	$ 13,106,160
Saving accounts	10,086,677	-	-	-	-	-	10,086,677
Notice accounts	5,676,301	-	-	-	-	-	5,676,301
Non-redeemable fixed-date deposits	-	7,099,569	1,396,751	288,112	102,259	420,580	9,307,271
Redeemable fixed-date deposits	-	1,194,105	60,134	11,980	6,220	24,645	1,297,084
Total	**$ 28,869,138**	**$ 8,293,674**	**$ 1,456,885**	**$ 300,092**	**$ 108,479**	**$ 445,225**	**$ 39,473,493**
March 31, 2022							
Transaction accounts	$ 13,386,975	$ -	$ -	$ -	$ -	$ -	$ 13,386,975
Saving accounts	12,060,980	-	-	-	-	-	12,060,980
Notice accounts	6,095,213	-	-	-	-	-	6,095,213
Non-redeemable fixed-date deposits	-	2,799,613	1,479,797	266,267	65,029	77,223	4,687,929
Redeemable fixed-date deposits	-	1,018,080	49,156	10,277	4,514	6,358	1,088,385
Total	**$ 31,543,168**	**$ 3,817,693**	**$ 1,528,953**	**$ 275,544**	**$ 69,543**	**$ 83,581**	**$ 37,319,482**

The total deposits presented above include $1.3 billion (2022: $1.4 billion) denominated in USD but are translated to CAD in the table above.

As at March 31, 2023, deposits by various departments and agencies of the GoA included in the preceding schedule total $297.2 million (2022: $326.2 million).

The repayment of all deposits and wholesale borrowings, without limit, including accrued interest, is guaranteed by the Crown in right of Alberta in respect of which the Crown assesses an annual deposit-guarantee fee payable by ATB. For the year ended March 31, 2023, the fee is $58.9 million (2022: $59.1 million), with $54.4 million (2022: $51.5 million) recorded to NIE for deposits and the remainder to NII for wholesale borrowings and collateralized borrowings for credit cards.

15 Collateralized Borrowings

Canada Mortgage Bonds Program

ATB periodically securitizes insured RMLs and certain securities by participating in the *National Housing Act* MBS Program. The MBSs issued as a result of this program are pledged to the CMB program or to third-party investors. The Canada Housing Trust (CHT) uses the proceeds of its bond issuance to finance the purchase of MBSs issued by ATB. As an issuer of the MBSs, ATB is responsible for advancing all scheduled principal and interest payments to CMHC, whether or not the amounts have been collected on the underlying transferred mortgages. Amounts advanced but not recovered are ultimately recovered from the insurer.

The sale of mortgage pools and certain securities that comprise the MBSs does not qualify for derecognition as outlined in IFRS 9 *Financial Instruments*, as ATB retains the prepayment, credit and interest rate risks, which represent substantially all of the risks and rewards. Therefore, it is accounted for as a collateralized borrowing. Also included in the collateralized borrowing liabilities are deferred transaction costs and premiums and discounts, representing the difference between cash proceeds and the notional amount of the liability issued. Accrued interest on the collateralized borrowing liability is based on the CMB coupon for each respective series. At the time of the CMB coupon settlement, any excess or shortfall between the CMB coupon payment and interest accumulated with swap counterparties is received or paid by ATB.

There are no ECLs on the securitized mortgage assets, as the mortgages are insured against default. Further, the investors and CMHC have no recourse to other assets of ATB in the event of failure of debtors to pay when due.

As part of a CMB transaction, ATB must enter into a total return swap with highly rated counterparties, exchanging cash flows of the CMB for those of the MBSs transferred to CHT. Any excess or shortfall in these cash flows is absorbed by ATB. These swaps are not recognized on ATB's consolidated statement of financial position, as the underlying cash flows of these derivatives are captured through the continued recognition of the mortgages, certain securities and associated CMB collateralized borrowing liabilities. Accordingly, these swaps are recognized on an accrual basis and not fair-valued through ATB's consolidated statement of income. The notional amount of these swaps as at March 31, 2023, is $7.7 billion (2022: $7.5 billion).

Collateralized borrowing liabilities are non-amortizing liabilities with fixed maturity dates. Principal payments collected from the mortgages underlying the MBSs sold to the CHT are transferred to the CHT monthly, where they are either reinvested in new MBSs or invested in eligible investments.

Credit Card Securitization

ATB entered into a program with another financial institution to securitize credit card receivables to obtain additional funding. This program allows ATB to borrow up to 85% of the amount of credit card receivables pledged. The secured credit card receivables remain on ATB's consolidated statement of financial position and have not been transferred, as they do not qualify for derecognition. Should the amount securitized not adequately support the program, ATB will be responsible for funding this shortfall.

The following table presents the carrying amount of ATB's RMLs, credit card receivables and assets pledged as collateral for the associated liability recognized in the consolidated statement of financial position:

As at *($ in thousands)*	**March 31 2023**	**March 31 2022**
Principal value of mortgages pledged as collateral	$ 6,093,429	$ 5,763,282
ATB mortgage-backed securities (MBSs) pledged as collateral through repurchase agreements	1,721,022	1,772,250
Externally purchased MBSs	99,829	145,010
Principal value of credit card receivables pledged as collateral	651,923	635,048
Total	**$ 8,566,203**	**$ 8,315,590**
Associated liabilities	$ 7,891,866	$ 7,614,949

16 Other Liabilities

As at *($ in thousands)*	Note	March 31 2023	March 31 2022
Accounts payable and accrued liabilities (1)		$ 862,039	$ 728,092
Accounts payable—financial market products		135	102,295
Accrued interest payable		195,706	79,081
Payment in lieu of tax	19	127,973	175,152
Due to clients, brokers and dealers		135,873	131,788
Achievement notes	23	60,569	64,545
Deposit guarantee fee payable		58,923	59,085
Total		**$ 1,441,218**	**$ 1,340,038**

(1) Includes lease liabilities of $141,947 (2022: $160,561). (See Note 21.)

17 Salaries and Benefits

ATB has included certain disclosures required in the Director Compensation section of the MD&A relating to the Board of Directors' compensation and an audited Compensation Summary section of the MD&A relating to key management personnel compensation.

18 Employee Benefits

Public Service Pension Plan

The PSPP is a multi-employer pension plan for eligible employees of the Province of Alberta, approved provincial agencies and public bodies.

The plan provides a pension of 1.4% for each year of pensionable service, based on average salary of the highest five consecutive years, up to the year's maximum pensionable earnings and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act*.

As a participant in this plan, ATB and our participating employees are responsible for making current-service contributions sufficient to provide for the accruing service of members and the amortization of any unfunded liability. ATB's share of the current-service contributions (employer and employee) is based on the current pensionable earnings of active ATB participants (prorated against the total current pensionable earnings of all active PSPP members). The employer and employee share the required contributions 50/50.

Although the PSPP pools all assets and liabilities of participating employers, and there is no allocation of assets and liabilities to participating employers, ATB has applied DB accounting in order to recognize an estimate of our current liability under this plan. ATB has estimated our share of the fair value of assets, the DB obligation and the net pension liability as at March 31, 2023, based on our prorated share of plan contributions adjusted for our prorated contribution rate (split 50/50 between employer and employee). ATB reassesses and discloses the estimated value of this liability annually.

Registered Pension Plan

ATB provides our management employees with a registered pension plan (the ATB Plan) with either DB or DC provisions. The DB component provides benefits based on members' years of service and earnings. The DC component provides annual contributions based on members' earnings.

ATB amended the ATB Plan to change the annual contributions in the DC component effective January 1, 2015, and to close the DB component to service accruals effective July 7, 2016. Current members in the DB component will continue to accrue earnings for their highest average earnings calculations and service for early retirement subsidies but, effective July 8, 2016, accrue future benefits under the DC component. Since July 8, 2016, all new entrants into the ATB Plan automatically go into the DC component.

Effective July 15, 2006, ATB finalized arrangements with the GoA to assume pension obligations relating to current ATB employees who participated in the PSPP prior to joining the ATB Plan (the PSPP take-on). The arrangements formalized ATB's commitment to providing combined pensionable service (CPS) benefits for qualifying members whose CPS benefits were affected by the withdrawal of ATB from the Management Employees Pension Plan.

Since June 27, 2014, any employee promoted to a management position has joined the plan under the DC provision. Any pension benefit earned in the PSPP is deferred at Alberta Pension Services, or, if eligible, the employee may choose to withdraw their pension benefit.

Non-Registered Plans

ATB also provides a non-registered DB SRP and OPEB for designated management employees. The SRP provides benefits based on members' years of service and earnings over the Canada Revenue Agency maximum pension limits.

Notional Supplemental Plan

For any team member whose annual pension contributions exceed the allowable maximum under the *Income Tax Act*, excess amounts are allocated to the notional supplemental plan (NSP)—a non-registered plan that provides notional DC benefits that cannot be provided within the Flexible Pension Plan (FPP) due to income tax restrictions.

Plan Risks

The DB plans expose ATB to actuarial risks such as longevity, currency, interest rate and market risks. ATB, in conjunction with the Human Resource (HR) and Retirement committees, manages risk through the plan's statement of investment policies and procedures, which:

- Establishes allowable and prohibited investment types.
- Sets diversification requirements.
- Limits portfolio mismatch risk through an asset allocation policy.
- Limits market risks associated with the underlying fund assets.

Breakdown of Defined-Benefit Obligation

The following tables presents a breakdown of ATB's obligation for the ATB Plan and PSPP plan:

As at *($ in thousands)*	**Registered plan**	**Supplemental and other**	**ATB's share of PSPP**
March 31, 2023			
Active	$ 97,384	$ 493	$ 94,323
Deferred	20,033	343	28,068
Pensioners and beneficiaries	242,031	5,977	131,760
Total defined-benefit obligation	**$ 359,448**	**$ 6,813**	**$ 254,151**
March 31, 2022			
Active	$ 105,722	$ 495	$ 104,358
Deferred	21,328	356	29,172
Pensioners and beneficiaries	251,116	6,422	131,156
Total defined-benefit obligation	**$ 378,166**	**$ 7,273**	**$ 264,686**

Breakdown of ATB Plan Assets

The following table presents a breakdown of the assets held under the ATB Plan:

	2023	**2022**
As at March 31 *($ in thousands)*	**Quoted on an active market**	**Quoted on an active market**
Bonds	$ 306,245	$ 328,533
Shares	83,966	92,833
Cash and money-market securities	298	2,985
Total fair value of plan assets	**$ 390,509**	**$ 424,351**

Asset/Liability Matching Strategy

ATB's pension plan investment policy is reviewed each year. The current policy is to match those assets in respect of inactive members with a matching fixed-income portfolio. For active members who have liabilities with other variables, such as salary growth, assets are not matched but an equity-centric portfolio is held (70% benchmark in equities). A more in-depth asset/liability study, which involves a detailed risk assessment, is conducted every three to five years.

Cash Payments

For the year ended March 31, 2023, total cash paid or payable for employee benefits—cash contributed by ATB for the DB and DC provisions of the ATB Plan—made directly to beneficiaries for the unfunded SRP and cash contributed to the PSPP is $52.7 million (2022: $50.9 million).

Contributions during the year totalled $0.8 million (2022: $0.8 million) for the DB portion of the ATB Plan, $0.4 million (2022: $0.4 million) for the unfunded SRP and CPS and $9.3 million (2022: $8.3 million) for the PSPP.

Pension Plan Obligation Maturity Profile

For 2023, the weighted-average financial duration of the main group plans was approximately 14.4 years (2022: 15 years).

Net Accrued-Benefit Liability

The funded status and net accrued-pension-benefit liability for the DB provisions of the ATB Plan and the other pension obligations—which include the PSPP, SRP, obligations recognized in respect of the CPS benefit obligation to inactive plan members, OPEB and the NSP—consist of the following:

As at *($ in thousands)*	**March 31 2023**	**March 31 2022**
Registered plan		
Fair value of plan assets	$ 390,508	$ 424,351
Projected benefit obligation	(349,947)	(367,334)
Net pension-benefit asset (liability) (1)	**$ 40,561**	**$ 57,017**
Supplemental and other		
Unfunded projected benefit obligation, representing the plan funding deficit	$ (6,813)	$ (7,273)
Net pension-benefit liability (1)	**$ (6,813)**	**$ (7,273)**
ATB's share of PSPP		
Fair value of plan assets	$ 284,162	$ 280,851
Projected benefit obligation	(254,151)	(264,686)
Net pension-benefit asset (liability) (1)	**$ 30,011**	**$ 16,165**
Notional supplemental plan liability	$ (12,135)	$ (11,559)
Total net pension-benefit asset (liability) (1) (2)	**$ 51,624**	**$ 54,350**

(1) The effect of asset limitation and IAS minimum funding requirements is nil.
(2) There are no unrecognized actuarial gains/losses and past-service costs.

The net accrued-benefit asset or liability is included in other assets or liabilities in the consolidated statement of financial position as appropriate. (See Notes 13 and 16.)

Other Comprehensive Income

As at March 31 *($ in thousands)*	Registered plan		Supplemental and other		ATB's share of PSPP	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Actuarial (gain) loss on plan assets	$ 34,568	$ 20,401	$ -	$ -	$ 7,869	$ (18,932)
Effect of changes in financial assumptions	(15,632)	(47,522)	(361)	(860)	(18,345)	(41,543)
Experience (gain) loss on plan liabilities	29	(76)	37	345	(2,861)	(4,841)
Amount recognized in other comprehensive (income) loss	**$ 18,965**	**$ (27,197)**	**$ (324)**	**$ (515)**	**$ (13,337)**	**$ (65,316)**
Beginning balance, accumulated other comprehensive loss (income)	25,390	52,587	4,240	4,755	(106,365)	(41,049)
Ending balance, accumulated other comprehensive loss (income)	**$ 44,355**	**$ 25,390**	**$ 3,916**	**$ 4,240**	**$ (119,702)**	**$ (106,365)**

Change in Plan Assets and Benefit Obligations

Changes in the estimated financial position of the DB provisions of the ATB Plan, the PSPP and the SRP and OPEB obligations are as follows:

As at March 31 *($ in thousands)*	Registered plan		Supplemental and other		ATB's share of PSPP	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Change in fair value of plan assets						
Fair value of plan assets at beginning of the year	$ 424,351	$ 450,461	$ -	$ -	$ 280,851	$ 253,744
Contributions from ATB	843	843	446	443	9,375	10,273
Interest income	18,265	15,012	-	-	12,304	8,639
Actuarial gain (loss) on plan assets	(34,402)	(20,234)	-	-	(7,869)	18,932
Benefits paid	(17,540)	(20,721)	(446)	(443)	(10,499)	(10,737)
Actual plan expenses	(1,009)	(1,010)	-	-	-	-
Fair value of plan assets at end of the year	**$ 390,508**	**$ 424,351**	**$ -**	**$ -**	**$ 284,162**	**$ 280,851**
Change in defined-benefit obligation						
Projected benefit obligation at beginning of the year	$ 367,334	$ 421,621	$ 7,273	$ 7,968	$ 264,686	$ 299,518
Effect of changes in financial assumptions	(15,632)	(47,522)	(361)	(860)	(18,345)	(41,543)
Experience (gain) loss on plan liabilities	29	(76)	37	345	(2,861)	(4,841)
Current-service costs	-	-	-	-	9,349	11,873
Interest expense	15,756	14,032	310	263	11,821	10,416
Benefits paid	(17,540)	(20,721)	(446)	(443)	(10,499)	(10,737)
Less: defined-benefit obligation at end of the year	**$ 349,947**	**$ 367,334**	**$ 6,813**	**$ 7,273**	**$ 254,151**	**$ 264,686**
Net pension-benefit asset (liability)	**$ 40,561**	**$ 57,017**	**$ (6,813)**	**$ (7,273)**	**$ 30,011**	**$ 16,165**

Defined-Benefit Pension Expense

Benefit expense for DB provisions of the ATB Plan and for PSPP, SRP and OPEB consists of the following:

	Registered plan		Supplemental and other		ATB's share of PSPP	
As at March 31 *($ in thousands)*	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current-service costs	$ -	$ -	$ -	$ -	$ 9,349	$ 11,873
Interest expense	15,756	14,032	310	263	11,821	10,416
Interest income	(18,265)	(15,012)	-	-	(12,304)	(8,639)
Administrative expenses and taxes	843	843	-	-	-	-
Net pension-benefit (income) expense recognized	**$ (1,666)**	**$ (137)**	**$ 310**	**$ 263**	**$ 8,866**	**$ 13,650**

Key Assumptions and Sensitivities

The significant assumptions used in the actuarial determination of projected benefit obligations and the related net benefit expense are, on a weighted-average basis, as follows:

	Registered plan		Supplemental and other		ATB's share of PSPP	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Accrued-benefit obligation as at March 31						
Discount rate at end of the year *(%)*	4.9	4.4	4.9	4.4	4.9	4.4
Inflation rate *(%)*	2.0	2.0	2.0	2.0	2.0	2.0
Rate of compensation increase *(%)* (1)	4.5	4.5	4.5	4.5	3.0	3.0
Defined-benefit expense for the year ended March 31						
Discount rate at beginning of the year *(%)*	4.4	3.4	4.4	3.4	4.4	3.4
Inflation rate *(%)*	2.0	2.0	2.0	2.0	2.0	2.0
Rate of compensation increase *(%)* (1)	n/a	n/a	n/a	n/a	3.0	3.0
ATB's share of PSPP contributions *(%)*	n/a	n/a	n/a	n/a	3.2	3.2

(1) This refers to the long-term weighted-average rate of compensation increase, including merit and promotion.

Mortality assumptions are significant in measuring the accrued-pension-benefit obligation. The following table outlines the assumptions used:

	2023	**2022**
Registered plan and supplemental and other	Canadian Pensioner Mortality (CPM) 2014 private sector mortality table, improvement scale MI-2017, no adjustment	Canadian Pensioner Mortality (CPM) 2014 public sector mortality table, improvement scale CPM-B
ATB's share of PSPP	Canadian Pensioner Mortality (CPM) 2014 private sector mortality table, improvement scale MI-2017, no adjustment	Canadian Pensioner Mortality (CPM) 2014 private sector mortality table, improvement scale MI-2017, no adjustment

The following table outlines the possible impact of changes in certain key weighted-average economic assumptions used to measure the accrued-pension-benefit obligations as at March 31, 2023, and the related expense for the year then ended:

As at March 31, 2023 ($ in thousands)		Registered plan		Supplemental and other		ATB's share of the PSPP	
		Benefit obligation	**Benefit expense**	**Benefit obligation**	**Benefit expense**	**Benefit obligation**	**Benefit expense**
Discount rate							
Impact of:	1.0% increase	$ (39,985)	$ (2,765)	$ (636)	$ 29	$ (33,068)	$ (3,916)
	1.0% decrease	49,059	2,320	754	(37)	38,015	3,837
Inflation rate							
Impact of:	1.0% increase	25,455	1,248	26	1	17,139	1,444
	1.0% decrease	(22,752)	(1,114)	(25)	(1)	(16,056)	(1,350)
Rate of compensation increase							
Impact of:	0.25% increase	990	49	9	-	1,658	268
	0.25% decrease	(957)	(47)	(10)	(1)	(1,647)	(261)
Mortality							
Impact of:	10.0% increase	(6,599)	(323)	(112)	(5)	n/a (1)	n/a (1)
	10.0% decrease	7,193	353	121	6	n/a (1)	n/a (1)

(1) Mortality sensitivity information for the PSPP is not available.

This sensitivity analysis should be used with caution as it is hypothetical and the effect of changes in each significant assumption may not be linear. Also, the sensitivities in each key variable have been calculated independently of changes in other key variables, and actual experience may result in simultaneous changes to a number of key assumptions. Changes in one factor could result in changes to another that may serve to amplify or reduce certain sensitivities.

19 Payment in Lieu of Tax

Pursuant to the *ATB Act*, the GoA may assess a charge to ATB as prescribed by the *Alberta Treasury Branches Regulation* (*ATB Regulation*). The *ATB Regulation* defines the charge to be an amount equal to 23% of ATB's consolidated NI as reported in our audited annual financial statements. PILOT is calculated as 23% of NI reported under IFRS.

As at March 31, 2023, ATB has accrued a total of $128.0 million (2022: $175.2 million) for PILOT.

20 Related-Party Transactions

In the ordinary course of business, ATB provides normal banking services to various departments and agencies of the GoA on terms similar to those offered to non-related parties. (See Note 14.) These services also include OTC FX forwards to manage currency exposure. (See Note 10.) The fair values of the asset and liability associated with these derivative contracts as at March 31, 2023, are nil (2022: $0.1 million) and $0.8 million (2022: $0.1 million), respectively.

During the year, ATB leased certain premises from the GoA. For the year ended March 31, 2023, the total of these payments was $0.4 million (2022: $0.4 million). ATB recognized a deposit guarantee fee payable to the Crown in right of Alberta, in return for a guarantee on all client deposits and a PILOT. (See Notes 14 and 19.)

ATB entered into a wholesale borrowing agreement with the Minister on November 24, 2003 (amended November 9, 2007). The agreement was amended again in December 2015 to increase the available limit of borrowings to $7.0 billion from $5.5 billion. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Under this agreement, the Minister acts as fiscal agent of ATB under the *Financial Administration Act* and is involved in raising wholesale borrowings in the marketplace. As at March 31, 2023, wholesale borrowings are $2.5 billion (2022: $4.4 billion), payable to the Minister.

On November 8, 2022, the Province of Alberta announced a $500 million reopening of its 2.95% Series DY Bonds due to mature on June 1, 2052. ATB Capital Markets acted as a co-manager on the offering.

ATB provides loans to key management personnel, defined as those having authority and responsibility for planning, directing and controlling the activities of ATB; their close family members and their related entities on market conditions, except for banking products and services that are subject to approved guidelines governing all employees. As at March 31, 2023, $12.1 million (2022: $8.9 million) in loans is outstanding. Key management personnel have deposits provided at standard market rates. As at March 31, 2023, $0.8 million (2021: $0.5 million) in deposits is outstanding.

No impairment losses were recorded against balances outstanding from key management personnel, and no specific allowances for impairment were recognized on balances with these personnel and their close family members. Key management personnel's compensation is disclosed in the audited Compensation Summary in the Executive Compensation Discussion and Analysis in the MD&A.

Key management personnel, excluding the President and Chief Executive Officer (CEO), may also purchase achievement notes based on their role within ATB. As at March 31, 2023, $4.2 million (2022: $4.6 million) in achievement notes is outstanding to this group.

ATB's key management personnel include our named executive officers (NEOs): the President & CEO; the Chief Financial Officer (CFO); the Group Head, Business; the Chief Client Experience & Technology Officer and the Group Head, Everyday Financial Services. The following table presents the compensation of ATB's Board and NEOs:

For the year ended *($ in thousands)*	**March 31** **2023**	**March 31** **2022 (1)**
Salaries and short-term incentives (2)	$ 5,041	$ 4,797
Pension (3)	32	32
Long-term incentives (4)	3,293	2,905
All other compensation and benefits (5)	702	617
Total	**$ 9,068**	**$ 8,351**

(1) In FY2022, the NEOs consisted of the President & CEO; the CFO; the Chief Experience Officer; Executive Vice President, Everyday Financial Services and the Chief Risk Officer.
(2) Salaries and STIs consist of all regular base pay earned by NEOs and Board of Directors' compensation and other direct cash remuneration. STI plan pay for NEOs is also included and is accrued based on goal attainment for the fiscal year but is paid after the fiscal year-end.
(3) Pension includes the annual compensatory value from the FPP for NEOs, based on employer contributions.
(4) LTIs include the grants awarded to NEOs for the fiscal year. Payment of the grants is deferred for three fiscal years and will include appreciation or depreciation based on ATB's risk-adjusted return on capital (RAROC) performance over the term of the grant and is contingent upon the NEO's continued employment with ATB.
(5) All other compensation may include the following for NEOs: perquisites, health-care spending account (HCSA) credits, executive health benefits, personal tax advice, relocation benefit, retention bonus, employer contributions to an RRSP and to an unfunded supplementary pension plan operating on a defined-contribution basis (DC supplemental executive retirement plan [SERP]) within the CEO Pension Plan and employer contributions to the NSP. ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the *Income Tax Act*. The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions.

21 Commitments, Guarantees and Contingent Liabilities

Credit Instruments

In the normal course of business, ATB enters into various off-balance-sheet commitments to provide clients with sources of credit. These may include letters of credit, letters of guarantee and loan guarantees and commitments to extend credit.

All these arrangements are subject to ATB's normal credit standards, and collateral may be obtained where appropriate. The contract amounts represent the maximum credit risk exposure to ATB should the contracts be fully drawn and any collateral held proves to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts do not necessarily represent future cash requirements.

Letters of Credit

Standby letters of credit represent an irrevocable obligation to make payments to a third party if the client cannot meet its financial or contractual performance obligations. In the event of a call on such commitments, ATB has recourse against the client.

Documentary and commercial letters of credit require ATB to honour drafts presented by third parties upon completion of specific activities.

Guarantees

Guarantees also represent an irrevocable obligation to make payments to a third party in certain situations. Guarantees include contracts or indemnities that contingently require ATB to make payments (either as some asset or service) to another party based on changes in an asset, liability or equity the other party holds, and when a third party either fails to perform under an obligating agreement or to pay its indebtedness when due. The term of these guarantees varies according to the contracts and normally does not exceed one year. In the event of a call on such commitments, ATB has recourse against the client.

Commitments to Extend Credit

Commitments to extend credit represent undertakings by ATB to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis.

The amounts presented in the current and comparative year for commitments to extend credit include demand facilities of $12.8 billion (2022: $12.5 billion). For demand facilities, ATB considers the undrawn portion to represent a commitment to the client. However, the terms of the commitment allow ATB to adjust the credit exposure if circumstances warrant doing so. Accordingly, these demand facilities are considered to represent a lesser exposure than facilities with extended commitment terms. Credit facilities are contracted for a limited period of usually less than one year and may expire or terminate without being drawn upon. The contractual amounts of all such credit instruments are outlined in the table below:

As at *($ in thousands)*	**March 31** **2023**	**March 31** **2022**
Loan guarantees and standby letters of credit	$ 1,288,861	$ 976,258
Commitments to extend credit	20,921,808	19,662,931
Total	**$ 22,210,669**	**$ 20,639,189**

Pledged Assets

In the ordinary course of business, ATB grants a security interest in certain collateral (including securities, interest-bearing deposits with financial institutions, and loans and accounts) to the Bank of Canada in order to participate in clearing and payment systems and to have access to its facilities. ATB also pledges securities to Clearing and Depository Services Inc. in order to participate in a settlement-agent credit ring, which is outlined in the following table:

As at *($ in thousands)*	**March 31** **2023**	**March 31** **2022**
Assets pledged to:		
Bank of Canada	$ 255,353	$ 386,012
Clearing and Depository Services Inc.	17,000	16,000
Merrill Lynch	4,000	4,000
Bank of New York	5,000	-
Total	**$ 281,353**	**$ 406,012**

In addition to the amounts above, ATB has pledged assets relating to certain derivative contracts and collateralized borrowing. (See Notes 10 and 15.)

Indemnification Agreements

In the normal course of operations, ATB enters into various agreements that provide general indemnification to the other party. Examples include service agreements, leasing agreements, clearing arrangements and service contracts. These indemnifications may require ATB, in certain circumstances, to compensate the other party for costs incurred as a result of various contingencies.

ATB also indemnifies directors and officers, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the company. The terms of these indemnifications vary based on the contract, the nature of which prevents ATB from making a reasonable estimate of the maximum potential amount we could be required to pay to other parties. Historically, any such amounts have not been significant. No amount has been accrued in the consolidated statement of financial position in respect of such indemnifications.

Contingent Liabilities

Various actions and legal proceedings arising from the normal course of business are pending against ATB. Management does not consider the aggregate liability of these actions and proceedings to be material.

Contractual Obligations

ATB has various obligations under long-term non-cancellable contracts, which include service contracts and finance leases for buildings and equipment. The expected payments for such obligations for each of the next five fiscal years and thereafter are outlined in the following table:

As at *($ in thousands)*	**March 31 2023**	**March 31 2022**
2023	$ -	$ 117,248
2024	171,261	68,068
2025	62,627	36,733
2026	37,861	29,147
2027	22,666	21,793
2028	7,025	12,823
Thereafter	32,614	31,300
Total	**$ 334,054**	**$ 317,112**

Lease Commitments

The lease payments required under ATB's leases are as follows:

As at *($ in thousands)*	**March 31 2023**	**March 31 2022**
Lease payments		
Not later than 1 year	$ 33,718	$ 33,760
Later than 1 year but not later than 5 years	93,978	101,386
Later than 5 years	45,290	65,270
Total lease payments	**$ 172,986**	**$ 200,416**
Less: charges not yet due	31,039	39,853
Total lease commitments	**$ 141,947**	**$ 160,563**

In FY2023 $9.2 million (2022: $9.2 million) was recorded for interest expense to equipment, including depreciation, in the consolidated statement of income for our lease liabilities. The total cash outflow for leases this year is $32.8 million (2022: $35.9 million).

22 Interest Rate Risk

Interest Rate Gap Analysis

Gap analysis involves the allocation of interest-rate-sensitive assets and interest-rate-sensitive liabilities into categories according to their maturity or repricing date. Gaps can change significantly within a short period of time. The impact of changes in interest rates on NII will depend on the size and rate of change in interest rates, the size and maturity of the total gap position and the management of these positions over time. ATB actively manages our interest rate gap position to protect NII while minimizing risk. The following tables shows ATB's interest rate gap position:

	Term to maturity/repricing							
As at *($ in thousands)*	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Non-interest-rate-sensitive	Total
March 31, 2023								
Assets								
Cash resources and securities	$ 7,603,835	$ 362,852	$ 50,000	$ -	$ -	$ -	$ 230,990	$ 8,247,677
Loans	30,140,743	4,947,355	5,702,016	4,422,148	1,407,558	668,136	(53,873)	47,234,083
Other assets	-	-	-	-	-	-	1,989,097	1,989,097
Derivative financial instruments (1)	17,154,200	3,050,000	2,052,000	1,857,400	2,747,600	2,077,000	n/a	28,938,200
Total	**$ 54,898,778**	**$ 8,360,207**	**$ 7,804,016**	**$ 6,279,548**	**$ 4,155,158**	**$ 2,745,136**	**$ 2,166,214**	**$ 86,409,057**
Liabilities and equity								
Deposits	$ 28,087,182	$ 1,297,375	$ 305,419	$ 111,225	$ 311,193	$ 86,610	$ 9,274,489	$ 39,473,493
Securities sold under repurchase agreements (1)	122,568	-	-	-	-	-	-	122,568
Wholesale borrowings	470,360	-	350,000	700,000	600,000	400,000	(7,857)	2,512,503
Collateralized borrowings	2,804,195	1,420,118	795,280	1,090,176	1,103,023	690,832	(11,758)	7,891,866
Other liabilities	-	-	-	-	-	-	2,653,507	2,653,507
Equity	-	-	-	-	-	-	4,816,920	4,816,920
Derivative financial instruments (1)	21,912,100	1,743,900	2,640,000	1,027,700	260,000	1,354,500	n/a	28,938,200
Total	**$ 53,396,405**	**$ 4,461,393**	**$ 4,090,699**	**$ 2,929,101**	**$ 2,274,216**	**$ 2,531,942**	**$ 16,725,301**	**$ 86,409,057**
Interest-rate-sensitive gap as percentage of assets	$ 1,502,373 1.7%	$ 3,898,814 4.5%	$ 3,713,317 4.3%	$ 3,350,447 3.9%	$ 1,880,942 2.2%	$ 213,194 0.2%	$ (14,559,087) (16.8%)	
March 31, 2022								
Assets								
Cash resources and securities	$ 7,917,188	$ 66,790	$ 43,799	$ -	$ -	$ -	$ 325,089	$ 8,352,866
Loans	30,124,602	4,408,016	3,993,788	3,942,494	2,785,926	793,788	(119,910)	45,928,704
Other assets	2,770,465	-	-	-	-	-	-	2,770,465
Derivative financial instruments (1)	5,559,999	1,340,500	2,143,000	1,667,000	1,707,400	2,326,600	n/a	14,744,499
Total	**$ 46,372,254**	**$ 5,815,306**	**$ 6,180,587**	**$ 5,609,494**	**$ 4,493,326**	**$ 3,120,388**	**$ 205,179**	**$ 71,796,534**
Liabilities and equity								
Deposits	$ 22,829,200	$ 1,641,955	$ 527,910	$ 108,643	$ 33,210	$ 46	$ 12,178,518	$ 37,319,482
Securities sold under repurchase agreements	-	-	-	-	-	-	-	-
Wholesale borrowings	2,613,180	-	-	350,000	700,000	800,000	(20,213)	4,442,967
Collateralized borrowings	2,258,159	1,314,965	1,420,118	795,280	1,090,176	732,534	3,717	7,614,949
Other liabilities	3,222,443	-	-	-	-	-	-	3,222,443
Equity	-	-	-	-	-	-	4,452,194	4,452,194
Derivative financial instruments (1)	11,806,975	305,000	408,000	415,000	277,500	1,532,024	n/a	14,744,499
Total	**$ 42,729,957**	**$ 3,261,920**	**$ 2,356,028**	**$ 1,668,923**	**$ 2,100,886**	**$ 3,064,604**	**$ 16,614,216**	**$ 71,796,534**
Interest-rate-sensitive gap as percentage of assets	$ 3,642,297 5.1%	$ 2,553,386 3.6%	$ 3,824,559 5.3%	$ 3,940,571 5.5%	$ 2,392,440 3.3%	$ 55,784 0.1%	$ (16,409,037) (22.9%)	

(1) Derivative financial instruments are included in this table at the notional amount.

The effective yield represents the weighted-average effective yield based on the earlier of contractual repricing or maturity dates. The weighted-average effective yield for each class of financial asset and liability is shown below:

As at	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
March 31, 2023							
Total assets *(%)*	5.4	3.0	2.4	2.4	3.4	2.9	4.5
Total liabilities and equity *(%)*	3.4	2.6	2.2	1.7	2.4	2.8	3.1
Interest-rate-sensitive gap *(%)*	**2.0**	**0.4**	**0.2**	**0.7**	**1.0**	**0.1**	**1.4**
March 31, 2022							
Total assets *(%)*	2.5	2.8	2.6	2.2	2.4	2.5	2.5
Total liabilities and equity *(%)*	0.6	0.9	0.9	0.6	1.8	2.2	0.8
Interest-rate-sensitive gap *(%)*	**1.9**	**1.9**	**1.7**	**1.6**	**0.6**	**0.3**	**1.7**

Interest Rate Sensitivity

The following table provides the potential impact of an immediate and sustained 100- and 200-basis-point increase and decrease, respectively, in interest rates on ATB's NI:

As at *($ in thousands)*	March 31 2023	March 31 2022
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	$ 51,304	$ 35,921
200 basis points	101,604	69,591
Decrease in interest rates of:		
100 basis points (1)	(48,089)	(40,293)
200 basis points (1)	(105,994)	(78,018)

(1) Certain aspects of the decrease in interest rate scenarios are constrained by interest rate floors when appropriate.

The potential impact of a 100- and 200-basis-point increase is well within our interest-rate-risk-management policy.

23 Achievement Notes

ATB sells principal-at-risk achievement notes to certain eligible team members as an incentive for promoting the growth of ATB subsidiaries that provide, or will provide, services under the ATB Wealth brand name. Under this plan, eligible team members could purchase a 25-year note with a value linked to the fair market value of certain ATB subsidiaries—namely ATB Investment Management Inc., ATB Securities Inc. and ATB Insurance Advisors Inc. Holders of these notes do not have an ownership interest in ATB or our subsidiaries, nor do they have the rights of a direct holder of an interest in ATB or our subsidiaries.

Each note-holder is entitled to:

- Receive a cash payment at maturity representing the then-current value of the note.
- Submit a request to sell notes during the annual transaction window (subject to a three-year vesting period with additional restrictions on ATB Wealth executives).
- Receive cash distributions, if any, based on the formula set out in the note.

Upon an employee's termination, a designated affiliate of ATB has the right, but not the obligation, to acquire notes from the employee at the price applicable at the termination date.

The notes are not guaranteed under the deposit guarantee provided by the Crown in right of Alberta, and there is a risk—if the fair market value of the ATB subsidiaries specified above decreases—that the note-holder will lose some or all of the original investment. There is no public market for these notes, and the valuation of the ATB subsidiaries specified above is based on a model prepared by an external consultant.

During the year, ATB issued $6.0 million (2022: $5.2 million) of these notes, which are recorded in other liabilities in the consolidated statement of financial position. During the year, $5.3 million (2022: $5.7 million) of the notes were redeemed. As at March 31, 2023, the liability for these notes is $60.6 million (2022: $64.5 million). A recovery of $0.8 million (2022: $10.8 million expense) was recorded to the consolidated statement of income.

24 Capital Management

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, the ASFI, while supporting the continued growth of our business.

As a Crown corporation, ATB and our subsidiaries operate under a regulatory framework established pursuant to the *ATB Act* and associated regulations and guidelines. The capital adequacy requirements for ATB are defined in a guideline authorized by the Minister, which was modelled after guidelines governing other Canadian deposit-taking institutions. ATB's minimum Tier 1 capital requirement is 7%. The total capital requirement is the greater of 10% of risk-weighted assets or 5% of total assets. Risk weights are established for various on- and off-balance-sheet assets according to the degree of credit risk.

Tier 1 capital consists of retained earnings. Tier 2 capital consists of eligible portions of wholesale borrowings and the collective allowance for loan losses. As a result of an amendment to the capital requirements guideline, wholesale borrowings became eligible as Tier 2 capital as of December 2015. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Effective April 1, 2017, software and other intangibles were deducted from total capital.

As at March 31, 2023, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

As at *($ in thousands)*	**March 31 2023**	**March 31 2022**
Tier 1 capital		
Retained earnings	$ 4,976,622	$ 4,548,190
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	1,437,268	1,611,662
Collective allowance for loan losses	211,422	238,023
Total Tier 2 capital	**$ 1,648,690**	**$ 1,849,685**
Deductions from capital		
Software and other intangibles	216,199	227,575
Total capital	**$ 6,409,113**	**$ 6,170,300**
Total risk-weighted assets	$ 38,526,125	$ 37,462,503
Risk-weighted capital ratios		
Tier 1 capital ratio	12.9%	12.1%
Total capital ratio	16.6%	16.5%

25 Revenue

Disaggregation of Other Income

The following tables disaggregate fee and commission income by fee types and AOE and reflect the nature and amount of revenue collected in accordance with IFRS 15. (See Note 26 for more on ATB's segmented information.)

For the year ended ($ in thousands)	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units	Total
March 31, 2023					
Wealth management	$ 30	$ 102	$ 259,164	$ (1,101)	$ 258,195
Service charges	58,888	30,967	966	-	90,821
Card fees	50,128	34,709	1,247	19	86,103
Credit fees	836	53,234	23	(514)	53,579
Capital markets revenue	-	48,725	-	-	48,725
Insurance	16,069	2,570	-	-	18,639
Sundry	16	1,041	-	519	1,576
Total revenue from contracts with customers	**$ 125,967**	**$ 171,348**	**$ 261,400**	**$ (1,077)**	**$ 557,638**
Other non-contract fee income	9,660	65,710	407	(17,177)	58,600
Total other income	**$ 135,627**	**$ 237,058**	**$ 261,807**	**$ (18,254)**	**$ 616,238**
March 31, 2022					
Wealth management	$ 26	$ 102	$ 280,748	$ (1,710)	$ 279,166
Service charges	51,935	30,371	837	697	83,840
Card fees	40,017	32,639	1,157	21	73,834
Credit fees	374	54,045	7	-	54,426
Capital markets revenue	-	53,035	-	-	53,035
Insurance	21,923	3,215	-	-	25,138
Sundry	38	212	-	(68)	182
Total revenue from contracts with customers	**$ 114,313**	**$ 173,619**	**$ 282,749**	**$ (1,060)**	**$ 569,621**
Other non-contract fee income	8,153	71,572	213	12,007	91,945
Total other income	**$ 122,466**	**$ 245,191**	**$ 282,962**	**$ 10,947**	**$ 661,566**

26 Segmented Information

ATB has organized our operations and activities around the following three AOEs, which differ in products and services offered:

- **Everyday Financial Services** provides financial services to individuals, entrepreneurs and small businesses through our online banking platforms (ATB Personal and ATB Business Banking), voice banking, automated banking machine network and physical distribution network, powered by the ATB team members in branches, agencies and ATB Client Care.
- **ATB Business** provides financial advisory services to medium and large businesses, corporations and agricultural clients.
- **ATB Wealth** provides investment advisory services, investment management, insurance solutions, private banking and institutional portfolio management solutions.

ATB's SSUs provide company-wide expertise and support to our AOEs in being client-obsessed and providing and delivering the best experience, products and services to our clients. The SSUs comprise business units of a corporate nature, including finance, risk management, technology, treasury operations, HR, internal assurance and other functions.

Basis of Presentation

Results presented in the following schedule are based on ATB's internal financial reporting systems. The accounting policies used in preparing the schedules are consistent with those followed in preparing the consolidated financial statements, as we disclose in the notes to the statements. Since these AOEs align with ATB's internal management structure, they may not be directly comparable to those of other financial institutions.

NII is attributed to each AOE according to ATB's internal funds transfer pricing (FTP) system: assets earn NII to the extent that external revenues exceed internal FTP expense, and liabilities earn NII to the extent that internal FTP revenues exceed external interest expenses. LLP is allocated based on the loans the AOE has issued and is determined based on the methodology outlined in Notes 2 and 9.

Direct expenses are attributed across AOEs as incurred. Certain indirect expenses are allocated to ATB Wealth and ATB Capital Markets Inc. on the basis of service-level agreements. Other indirect costs are allocated between the reporting segments using indirect allocation methods that incorporate financial and activity-based cost drivers. Indirect expenses that are not allocated and direct expenses of a corporate or support nature are reported under SSUs.

For the year ended *($ in thousands)*	**Everyday Financial Services**	**ATB Business**	**ATB Wealth**	**Strategic support units**	**Total**
March 31, 2023					
Net interest income (loss)	$ 542,538	$ 768,140	$ 42,073	$ (33,458)	$ 1,319,293
Other income (loss)	135,627	237,057	261,807	(18,253)	616,238
Total revenue (loss)	678,165	1,005,197	303,880	(51,711)	1,935,531
Provision for (recovery of) loan losses	22,014	8,723	(710)	(5,394)	24,633
Non-interest expenses (1)	532,815	500,672	274,524	46,482	1,354,493
Income (loss) before payment in lieu of tax	123,336	495,802	30,066	(92,799)	556,405
Payment in lieu of (recovery of) tax	28,367	114,034	6,915	(21,343)	127,973
Net income (loss)	**$ 94,969**	**$ 381,768**	**$ 23,151**	**$ (71,456)**	**$ 428,432**
Total assets	$ 29,690,377	$ 25,138,891	$ 1,611,751	$ 1,029,838	$ 57,470,857
Total liabilities	17,855,557	18,647,478	1,636,339	14,514,563	52,653,937
March 31, 2022					
Net interest income	$ 481,153	$ 700,657	$ 30,564	$ 29,941	$ 1,242,315
Other income	122,466	245,191	282,962	10,947	661,566
Total revenue	603,619	945,848	313,526	40,888	1,903,881
Provision for (recovery of) loan losses	6,653	(204,846)	(1,700)	(3,986)	(203,879)
Non-interest expenses (1) (2)	531,066	443,510	276,379	95,273	1,346,228
Income (loss) before payment in lieu of tax	65,900	707,184	38,847	(50,399)	761,532
Payment in lieu of (recovery of) tax	15,157	162,652	8,935	(11,592)	175,152
Net income (loss)	**$ 50,743**	**$ 544,532**	**$ 29,912**	**$ (38,807)**	**$ 586,380**
Total assets	$ 28,192,931	$ 24,066,722	$ 1,058,865	$ 3,733,517	$ 57,052,035
Total liabilities	16,941,643	18,739,775	1,069,861	15,848,562	52,599,841

(1) Certain costs are allocated from the SSUs to the AOEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(2) For the year ended March 31, 2022, results include the $37.2 million write-off of a non-strategic technology asset.

27 Comparative Amounts

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

GLOSSARY

(unaudited)

Achievement note	A long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Wealth.
Allowance for loan losses	A total allowance that represents management's best estimate of expected losses for both performing and impaired loans that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month and lifetime horizon or on the discounted contractual cash shortfall expected over the remaining lifetime.
Assets-to-capital multiple	Total assets divided by total capital.
Assets under administration	Assets that are beneficially owned by clients for which ATB provides management and custodial services. These assets are not reported on ATB's consolidated statement of financial position.
Average assets	The average of the daily total asset balances during the year.
Average interest-earning assets	The daily average for the year of cash held in the Bank of Canada's large-value transfer system, deposits with financial institutions, securities and net loans.
Average risk-weighted assets	The monthly average value of assets calculated by applying a prescribed risk-weighted factor to on- and off-balance-sheet asset exposures.
Basis point	One one-hundredth of one percent (0.01%).
Carrying value	The net value of an asset or liability as reported within the consolidated financial statements.
Client Advocacy Index (CAI)	The standard metric ATB uses to measure a client's willingness to continue to bank with ATB and to recommend ATB to others, allowing us to benchmark ourselves against other financial institutions in Alberta.
Collateral	Assets pledged as security for a loan or other obligation.
Compass penetration	Market value of investments in Compass Mutual Fund Series as a % of total market value of all client investment (i.e., AUA).
Credit risk	The risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB.
Derivative or derivative contract	A contract whose value changes by reference to a specified underlying variable, such as interest rates, foreign exchange rates or equity or commodity prices. Use of derivatives allows for the mitigation of current or expected risks relating to these variables. Derivatives typically require little or no initial net investment and are settled at a future date. The most common types of derivatives ATB uses include interest rate swaps, foreign exchange and commodity forwards, and futures contracts.
Effective interest rate (EIR)	A rate that discounts estimated future cash payments or receipts over the expected life of a financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset or liability.
Efficiency ratio	Non-interest expense for the year divided by total revenue for the year. May be referred to as the "productivity ratio" by other financial institutions.
Embedded derivative	A component of a financial instrument or other contract with features similar to a derivative.
Fair value	The amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's-length transaction.
Financial instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset/liability is the right to receive/deliver cash or another financial asset or the right to exchange financial instruments with another party under favourable or unfavourable conditions. An equity instrument is a contract that represents a residual interest in another entity's assets.
Foreign exchange forward contract	A commitment to buy or sell a fixed amount of foreign currency on a future specified date at a set rate of exchange.
Foreign exchange risk	The potential risk of loss resulting from fluctuations in foreign exchange rates. It arises from the existence of a net asset or liability position denominated in foreign currencies and/or a difference in maturity profiles for purchases and sales of a given currency.
Forwards and futures	Commitments to buy or sell designated amounts of commodities or currencies on a specified date at a predetermined price. Forwards are customized contracts transacted in the over-the-counter market. Futures are traded on recognized exchanges.
Fund management fees	Fees earned from funds or investors for providing or arranging for investment decisions, management of funds and distribution and sales of fund units. The amount earned is linked to portfolio value and is received monthly.
Funds transfer pricing (FTP)	An internal allocation process used to calculate the profitability of the areas of expertise and isolate them from interest rate risk.
Growth in assets under administration	The current year's assets under administration less the previous year's assets under administration, divided by the previous year's assets under administration.
Hedging	A risk management technique used to reduce uncertainty associated with current or anticipated exposure to future movements in interest rates, foreign exchange rates and equity or commodity prices.
High-quality liquid assets	Instruments that are free of any restrictions on liquidating, selling or transferring. They are eligible for large-value transfer system collateral at the Bank of Canada and are low risk, so they can easily be converted into cash at little or no loss in value.

Impaired loan	A loan for which there is no longer reasonable assurance of the timely collection of principal or interest.
Income before provisions	All ATB revenue (operating revenue) minus non-interest expense (operating expenses). Does not include payment in lieu of tax or loan loss provision expenses.
Interest rate floor	A contract whereby the buyer pays the seller a premium in exchange for the payment of any difference below a set strike interest rate and the prevailing market interest rate on predetermined dates.
Interest rate gap	A measure of net assets or liabilities by future repricing date.
Interest rate risk	The potential for financial loss arising from changes in interest rates in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.
Letter of credit	ATB's guarantee of payment to an interested third party in the event the client defaults on an agreement.
Letter of guarantee	A contract issued by ATB for a client to purchase goods from a supplier, even if the client defaults.
Liquid securities	Securities including short-term investments that can be quickly converted into cash while maintaining its market value.
Liquidity coverage ratio (LCR)	High-quality liquid assets divided by total net cash outflows over the next 30 calendar days. LCR is designed to ensure sufficient liquid assets are on hand to endure a short-term liquidity stress scenario over 30 calendar days. Under normal conditions, the LCR should be no lower than 100%.
Liquidity risk	The risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or force the sale of assets. As with other similar financial institutions, ATB's risk arises from fluctuations in cash flows from lending, deposit-taking, investing and other activities. These commitments are generally met through cash flows supplemented by investment assets readily convertible to cash or through our capacity to borrow.
Loan loss provision (LLP)	An expense representing management's best estimate of expected losses for both performing and impaired loans as well as related off-balance-sheet loan commitments that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month or lifetime horizon or based on the discounted contractual cash shortfall expected over the remaining lifetime.
Loan losses to average loans	The provision for loan losses divided by average net loans.
Loss given default (LGD)	The loss incurred when a borrower defaults on a loan. This is typically a percentage of the exposure at risk that is not expected to be recovered in the event of default.
Market risk	The risk that a loss may be incurred as a result of adverse changes in interest rates, foreign exchange rates and equity or commodity market prices.
Mortgage-backed securities (MBS)	Securities established through the securitization of residential mortgage loans.
Net assets gathered	Net of assets inflows and outflows at year end
Net income (NI)	Income after the removal of expenses, provision for loan losses and payment in lieu of tax.
Net income before Provisions (NIBP) for short-term incentive plan (STIP)	Measures enterprise net income before payment in lieu of tax, provision for loan losses, STIs and exceptional expenses and/or revenue.
Net interest income (NII)	The difference between interest earned on assets, such as cash, securities and loans, and interest paid on liabilities, such as deposits and wholesale and collateralized borrowings.
Net interest margin (NIM)	The ratio of net interest income for the year to the value of average interest-earning assets for the year.
Net loan change	Net loans outstanding at year end less net loans outstanding at the previous year end, divided by net loans outstanding at the previous year end.
Net loans	Gross loans less the allowance for loan losses.
Notional amount	The principal value used to calculate interest and other payments under derivative contracts. The amounts are termed "notional" because they are not usually exchanged, except in the case of cross-currency swaps; they serve only as the basis for calculating amounts that do change hands.
Off-balance-sheet instruments	Assets or liabilities that are not recorded on the balance sheet but have the potential to produce future positive or negative cash flows. Various products offered to clients can be classified as off-balance sheet, and they fall into two general categories: credit-related arrangements, such as letters of credit and letters of guarantee, and the notional amount of derivatives.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but not strategic or reputational.
Option	A contract between two parties whereby the buyer of the option has the right but no obligation to buy (call) or sell (put) a specified financial instrument or currency at a set price or rate on or before a specified future date or on a series of specified future dates.
Other income to total revenue	Other income for the year divided by total revenue for the year.
Performing loan change	Performing loans outstanding at year end less performing loans outstanding at the previous year end, divided by performing loans outstanding at the previous year end.

Performing loans	Net loans, excluding impaired loans.
Probability of default (PD)	The likelihood that a borrower will not be able to make scheduled payments.
Project Finance advisory fees	Fees generated by the Project Finance team on advisory projects for external third-party ATB clients looking to structure a deal/bid for a project.
Provision for loan losses (LLP)	See "loan loss provision."
Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) the ATB Act and ATB Regulation and guidelines, and (b) other laws, rules, regulations and prescribed practices applicable to ATB in any jurisdiction in which it operates.
Reputational risk	The potential that negative stakeholder impressions, whether true or not, regarding ATB's business practices, actions or inaction will or may cause deterioration in ATB's value, brand, liquidity, client base or relationship with its Shareholder.
Return on average assets	Net income for the year divided by average total assets for the year.
Return on average risk-weighted assets	Net income for the year divided by average risk-weighted assets for the year.
Risk-adjusted return on capital (RAROC)	A relative performance measure that provides a standardized comparison across different investments, areas of expertise and financial institutions. It compares their net income, adjusted for risk, to their estimated losses in a worst-case scenario.
Securities purchased under reverse repurchase agreements	The purchase of securities for cash and the concurrent sale of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securities sold under repurchase agreements	The cash sale of securities and the concurrent repurchase of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securitization	The process by which a pool of financial assets, mainly loans, are converted into asset-backed securities and transferred to a trust that normally issues a series of asset-backed securities to investors to fund the purchase of loans.
Standby fees	Fees charged monthly, quarterly or annually to a client based on the average unused portion of their loan commitment. Standby fees can arise on any loan, including syndicated loans.
Swaps	A contractual agreement between two parties to exchange a series of cash flows. For interest rate swaps, counterparties generally exchange fixed- and floating-rate interest payments based on a notional amount in a single currency. For cross-currency swaps, counterparties generally exchange one currency for another at a set date.
Syndication fees	Fees associated with syndicated loans, where ATB participates with other financial institutions to fund a loan to a client.
Tier 1 capital	A measure of retained earnings used to determine regulatory ratios set out by our regulator, the Alberta Superintendent of Financial Institutions.
Tier 1 capital ratio	Tier 1 capital divided by risk-weighted assets.
Total asset change	Total assets outstanding at year end less total assets outstanding at the previous year end, divided by total assets outstanding at the previous year end. For year to date change, its net assets change recorded during the year
Total capital	An assessed regulatory measure of Tier 1 capital; Tier 2 capital consisting of eligible portions of subordinated debentures, wholesale borrowings and the collective allowance for loan losses; and the deduction of software and other intangibles.
Total capital ratio	Total capital divided by risk-weighted assets.
Total deposit change	Total deposits outstanding at year end less total deposits outstanding at the previous year end, divided by total deposits outstanding at the previous year end.
Total expense change	The current year's non-interest expense less the previous year's non-interest expense, divided by the previous year's non-interest expense.
Total revenue	The sum of net interest income and other income.
Total revenue change	The current year's total revenue less the previous year's total revenue, divided by the previous year's total revenue.
Trailer fees	Fees earned from asset management companies for providing advice to clients who hold investments in the mutual funds. The amount earned is linked to portfolio value and received quarterly.
Underwriting fees	Fees earned when ATB Capital Markets Inc. is agent/underwriter in distributing the securities of issuers.
Yield curve	A graph curve showing the return of a fixed-interest security against the term to maturity.

ACRONYMS

(unaudited)

ABM	Automated banking machine
AcSB	Accounting Standards Board
AI	Artificial intelligence
ALCO	Asset/Liability Committee
AML	Anti-money-laundering
AOCI	Accumulated other comprehensive income
AOE	Area of expertise
APAGA	*Alberta Public Agencies Governance Act*
ASFI	Alberta Superintendent of Financial Institutions
ATF	Anti-terrorist-financing
AUA	Assets under administration
BRR	Borrower risk rating
CA	Chartered Accountant
CAMLO	Chief Anti-Money Laundering Officer
CAR Guideline	Capital Adequacy Requirements Guideline
CARR	Canadian Alternative Reference Rate working group
CDOR	Canadian Dollar Offered Rate
CEO	Chief Executive Officer
CESC	Compensation Executive Steering Committee
CET 1	Common Equity Tier 1
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CGU	Cash-generating unit
CHI	Cultural Health Index
CHT	Canada Housing Trust
CMA	Certified Management Accountant
CMB	Canada Mortgage Bonds
CMHC	Canada Mortgage Housing Corporation
COI	Client Obsession Index
CORRA	Canadian Overnight Repo Rate Average
COV	Client-Obsessed Value
CPA	Chartered Professional Accountant
CPS	Combined pensionable service
CRO	Chief Risk Officer
CSA	Canadian Securities Administrators
DB	Defined-benefit (plan)
DC	Defined-contribution (plan)
DUC	Ducks Unlimited Canada
EAD	Exposure at default
EBITDA	Earnings before interest, income tax, depreciation and amortization
ECL	Expected credit loss
EFS	Everyday Financial Services
EIR	Effective interest rate
ETR	Economic Total Revenue
ERM	Enterprise risk management

ESG	Environmental, social and governance
EVP	Executive Vice President
FICO	Fair Isaac Corporation
FPP	Flexible Pension Plan
FTE	Full-time equivalent
FTP	Funds transfer pricing
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
FY	Fiscal year (e.g., FY2022)
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GoA	Government of Alberta
HCSA	Health-care spending account
HELOC	Home equity line of credit
HR	Human Resources
HTC	Hold to collect
HTC&S	Hold to collect and sell
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
ICD	Institute of Corporate Directors
IFRS	International Financial Reporting Standards
ISDA	International Swaps and Derivatives Association
ISSB	International Sustainability Standards Board
IT	Information technology
***LAR* Guideline**	*Liquidity adequacy requirements* Guideline
LCR	Liquidity coverage ratio
LGD	Loss given default
LGIC	Lieutenant-Governor in Council
LIBOR	London Interbank Offered Rate
LLP	Loan loss provision (also “provision for loan losses”)
LTI	Long-term incentive
LVTS	Large-value transfer system
M&A	Mergers and acquisitions
MBS	Mortgage-backed security
MD&A	Management’s discussion and analysis
MRM	Model Risk Management
NAV	Net asset value
NCCR	Net cumulative cash flow
NIBP	Net income before provision for loan losses
NEO	Named executive officer
NI	Net income
NIE	Non-interest expense
NII	Net interest income
NIM	Net interest margin
NSFR	Net stable funding ratio

NSP	Notional supplemental plan
OC	Order in Council
OCI	Other comprehensive income
OI	Other income
OPEB	Other post-employment benefits
OPEC+	Organization of the Petroleum Exporting Countries Plus
OSFI	Office of the Superintendent of Financial Institutions
OTC	Over the counter
PD	Probability of default
PFE	Potential future exposure
PIDA	*Public Interest Disclosure (Whistleblower Protection)* Act
PILOT	Payment in lieu of tax
PSPP	Public Service Pension Plan
RAROC	Risk-adjusted return on capital
RML	Residential mortgage loan
RRSP	Registered retirement savings plan
SERP	Supplemental executive retirement plan
SLT	Strategic Leadership Team
SPPI	Solely payments of principal and interest
SRP	Supplemental retirement plan
SSU	Strategic support unit
STI	Short-term incentive
TCFD	Task Force on Climate-related Financial DIsclosures
WTI	West Texas Intermediate