MANAGEMENT'S DISCUSSION AND ANALYSIS

FY2025 Q2 Financial Highlights

	For the three months ended			For the six months ended	
	September 30 2024	**June 30 2024**	**September 30 2023**	**September 30 2024**	**September 30 2023**
Operating results *($ in thousands)*					
Net interest income	$ 353,877	$ 352,439	$ 344,374	$ 706,316	$ 676,201
Other income	172,341	181,189	158,829	353,530	324,961
Total revenue	526,218	533,628	503,203	1,059,846	1,001,162
Provision for (recovery of) loan losses	18,916	13,024	30,320	31,940	27,411
Non-interest expense	370,494	384,274	359,483	754,768	704,544
Income before payment in lieu of tax	136,808	136,330	113,400	273,138	269,207
Payment in lieu of tax	31,466	31,356	26,081	62,822	61,917
Net income	**$ 105,342**	**$ 104,974**	**$ 87,319**	**$ 210,316**	**$ 207,290**
Income before provisions (1)					
Total revenue	$ 526,218	$ 533,628	$ 503,203	$ 1,059,846	$ 1,001,162
Less: non-interest expense	370,494	384,274	359,483	$ 754,768	704,544
Income before provisions	**$ 155,724**	**$ 149,354**	**$ 143,720**	**$ 305,078**	**$ 296,618**
Financial position *($ in thousands)*					
Net loans	$ 53,087,763	$ 51,787,528	$ 49,741,384	$ 53,087,763	$ 49,741,384
Total assets	62,337,363	62,041,865	60,918,565	62,337,363	60,918,565
Total risk-weighted assets (1)	43,105,674	42,753,650	40,047,110	43,105,674	40,047,110
Total deposits	42,957,172	42,092,928	41,139,306	42,957,172	41,139,306
Equity	5,581,754	5,394,032	4,972,624	5,581,754	4,972,624
Key performance measures *(%)* (1)					
Return on average assets	0.7	0.7	0.7	0.7	0.7
Return on average risk-weighted assets	1.0	1.0	0.9	1.0	1.1
Total revenue change	4.6	7.2	4.0	5.9	4.3
Other income to total revenue	32.8	34.0	31.6	33.4	32.5
Total expense change	3.1	11.4	10.1	7.1	7.9
Efficiency ratio	70.4	72.0	71.4	71.2	70.4
Net interest margin	2.32	2.37	2.40	2.35	2.40
Provision for (recovery of) loan losses to average loans	0.1	0.1	0.1	0.12	0.0
Net loan change	2.5	1.0	3.6	3.6	5.3
Total asset change	0.5	2.7	4.4	3.2	6.0
Total deposit change	2.1	3.7	2.0	5.9	4.2
Change in assets under administration	4.6	0.1	(1.5)	4.8	(0.5)
Tier 1 capital ratio	12.7	12.6	13.0	12.7	13.0
Total capital ratio	15.5	15.4	16.2	15.5	16.2
Other information					
ATB Wealth's assets under administration *($ in thousands)*	$ 29,914,295	$ 28,595,492	$ 25,769,471	$ 29,914,295	$ 25,769,471
Dividends paid *($ in thousands)*	25,000	25,000	-	50,000	-
Total clients	822,549	818,342	806,968	822,549	806,968
Team members (2)	5,281	5,350	5,361	5,281	5,361

(1) Refer to the glossary for definitions of the key performance measures listed.
(2) Reported as full-time equivalents.

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 three and six months ended September 30, 2024 and is dated November 21, 2024. (See the Glossary and Acronyms for our defined terms.) The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the period ended September 30, 2024 as well as the audited consolidated financial statements for the year ended March 31, 2024.

Caution Regarding Forward-Looking Statements

This 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 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.

ECONOMIC OUTLOOK

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

As an Alberta-based financial institution, helping Albertans achieve their financial goals is at the forefront of everything we do. ATB regularly monitors provincial, national and international economies and considers how these may impact our clients, team members and operations.

Interest rates have been coming down, and we anticipate this trend to continue with the Bank of Canada ultimately stabilizing the policy rate at 2.75% by mid next year. The Canadian economy is forecast to gain momentum in early 2025 as borrowing costs ease. We see the Canadian economy growing by 1.2% this year and 2% next year.

Despite this, per capita output has been falling and the unemployment rate is rising, with many households continuing to feel the pain of cumulative price increases and past interest rate hikes. For businesses, worries have shifted from supply chains and labour shortages to uncertainty about future sales, financing costs, and geopolitical risks, including the U.S. election. There are also some long-term challenges to address, notably Canada's weak productivity performance and stretched housing affordability.

In Alberta, we expect real GDP growth of 2.5% this year and 2.8% next year, outpacing the national economy. Alberta's population growth has led the country, but is poised to slow amid lower federal targets for immigration and non-permanent residents. However, robust inflow of interprovincial migrants coming for jobs and more affordable housing has led to a tighter housing market, and will continue to fuel gains in home construction.

The energy sector is also fueling growth, but not through the normal channel. New market access is enabling significant production gains, propelling exports even as oil and gas investment remains steady. Further, more downstream projects are taking place in petrochemicals, hydrogen, and biofuels, with a focus on emissions reductions. Other sectors like technology and food manufacturing are also adding to the growth picture.

Rapid labour force entry will continue to put upward pressure on the unemployment rate for the rest of 2024 before easing next year. And, as in the rest of the country, consumers will remain cautious well into 2025 as the lagged impact of elevated interest rates work their way through the economy.

Implications for our clients

The economic challenges faced by our personal and business clients will spill over into their banking needs. Key economic issues that could impact our business decisions and practices include:

- Financial anxiety linked to geopolitical uncertainty.
- The impact of elevated inflation rates over the last several years will continue to stress household budgets and business operations.
- The impact of higher borrowing costs will continue (even after rate cuts) in the form of higher debt servicing costs and debt levels, housing affordability challenges, and mortgage stress.
- Financial challenges among agricultural sector clients due to drought conditions and potential trade disputes.
- Population growth and tight housing supply are driving price increases in the housing market and reducing days on market.

REVIEW OF CONSOLIDATED OPERATING RESULTS

Net Income

For the quarter ended September 30, 2024, net income (NI) was consistent with last quarter as the decrease in non-interest expenses (NIE) was offset by lower total revenue and higher loan loss provisions (LLP). The year-over-year increase was mainly due to higher total revenue and a lower LLP, offset by a slight increase in NIE. On a year-to-date basis, NI increased slightly due to higher total revenue but was mostly offset by an increased NIE.

ATB's net contribution—composed of NI, payment in lieu of tax (PILOT) and deposit guarantee fee—to the GoA was $154.0 million, consistent with last quarter ($152.6 million) and increased from the same time last year ($129.7 million), driven by higher NI. On a year-to-date basis ATB's net contribution is $307.0 million—an increase from last year ($301.0 million)—driven by higher NI.

Total Revenue

Total revenue consists of net interest income (NII) and other income (OI). This quarter's total revenue was $526.2 million, comprising $353.9 million in NII and $172.3 million in OI. Total revenue decreased from last quarter mainly due to lower OI, but increased compared to the same time last year, driven by higher OI and NII. On a year-to-date basis, total revenue is $1.1 billion. The increase from last year is driven by higher NII and OI.

Net Interest Income

NII represents the difference between the interest earned on assets (such as loans, securities and cash) and interest paid on liabilities (such as deposits, wholesale borrowings and securitization). NII increased slightly from last quarter, driven by continued growth in residential mortgage and business loan portfolios, as well as lower wholesale funding costs due to lower utilization. This was mostly offset by increased funding costs as a result of growth in higher-cost term deposit balances and lower rates earned on securities. Compared to the same period last year, NII increased due to strong loan growth, offset by elevated funding costs.

On a year-to-date basis, NII increased mainly due to stronger loan growth as well as higher loan yields, offset by higher interest expense on savings accounts driven by the highly competitive market environment. Increased funding costs mainly driven by deposit growth and higher wholesale borrowings also offset NII.

Table 1: Changes in Net Interest Income

For the three months ended ($ in thousands)	September 30, 2024 vs. June 30, 2024 Increase (decrease) due to changes in			September 30, 2024 vs. September 30, 2023 Increase (decrease) due to changes in		
	Volume	Rate	Net change	Volume	Rate	Net change
Assets						
Interest-bearing deposits with financial institutions and securities	$ (1,782)	$ (5,578)	$ (7,360)	$ (2,526)	$ (7,478)	$ (10,004)
Loans	11,087	4,098	15,185	50,197	27,434	77,631
Change in interest income	**9,305**	**(1,480)**	**7,825**	**47,671**	**19,956**	**67,627**
Liabilities						
Deposits	16,287	3,498	19,785	25,125	23,724	48,849
Wholesale borrowings	(8,623)	(2,349)	(10,972)	4,096	396	4,492
Securitization liabilities	(2,111)	(5,157)	(7,268)	(5,352)	(973)	(6,325)
Securities sold under repurchase agreements	4,236	(673)	3,563	8,208	1,621	9,829
Obligations for securities sold short	-	1,279	1,279	-	1,279	1,279
Change in interest expense	**9,789**	**(3,402)**	**6,387**	**32,077**	**26,047**	**58,124**
Change in net interest income	**$ (484)**	**$ 1,922**	**$ 1,438**	**$ 15,594**	**$ (6,091)**	**$ 9,503**

For the six months ended ($ in thousands)	September 30, 2024 vs. September 30, 2023 Increase (decrease) due to changes in		
	Volume	Rate	Net change
Assets			
Interest-bearing deposits with financial institutions and securities	$ (595)	$ (2,692)	$ (3,287)
Loans	126,722	64,610	191,332
Change in interest income	**126,127**	**61,918**	**188,045**
Liabilities			
Deposits	39,181	68,021	107,202
Wholesale borrowings	26,297	11,288	37,585
Securitization liabilities	(10,311)	6,335	(3,976)
Securities sold under repurchase agreements	13,018	2,822	15,840
Obligations for securities sold short	-	1,279	1,279
Change in interest expense	**68,185**	**89,745**	**157,930**
Change in net interest income	**$ 57,942**	**$ (27,827)**	**$ 30,115**

Net Interest Margin

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 lending business is. The ratio decreased to 2.32% from 2.37% last quarter and 2.40% last year. Although asset growth resulted in an increase in NII, the NIM decrease was driven by lower loan yields as a result of the BoC (Bank of Canada) rate cuts this year, which also decreased funding costs but to a lesser extent. Year-to-date NIM decreased to 2.35% from 2.40% last year due to higher funding costs on term deposits as a result of a highly competitive market environment.

Other Income

OI consists of all revenue not classified as NII. OI decreased from last quarter, but increased from the same time last year and year-over-year. Compared to last quarter, OI decreased mainly due to net losses on securities as well as lower financial markets revenue and card fees. These were partially offset by higher credit fees and balance sheet management activities. Compared to the same time last year, balance sheet management activities, credit fees and wealth management revenue drove the increase. Credit fees grew as a result of strong loan growth, while wealth management revenue increased due to strong market returns growing assets under administration (AUA). These were partially offset by net losses on some of ATB's strategic investments.

Year-to-date OI grew from most sources with the largest drivers being higher financial markets revenue and credit fees. Financial markets revenue was bolstered by interest rate and foreign exchange (FX) swap activity, while credit fees continued to grow mainly from strong loan growth and higher fees associated with syndication activity.

Provision for Loan Losses

ATB's LLP—comprising net write-offs, recoveries and required changes to the allowance for Stage 1, 2 and 3 loans— saw a provision of $18.9 million this quarter, an increase from last quarter, but a decrease from the same time last year. The quarterly LLP change stemmed from an increase in Stage 1 and Stage 2 provisions due to higher loan loss expectations on existing and new loans. This was partially offset by a Stage 3 recovery. The year-over-year LLP decrease was driven by a Stage 1 recovery combined with a smaller amount of write-offs when compared to last year.

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. As at September 30, 2024, gross impaired loans of $0.6 billion comprise 1.1% (March 31, 2024: 1.1%, September 30, 2023: 0.9%) 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. Compared to last quarter, NIE decreased mainly due to timing of costs related to employer benefits, organizational changes and technology. NIE increased compared to this time last year and year-over-year mainly due to the continued investment in our people and higher technology costs. Year-over-year also increased due to an insurance recovery last year related to a previous operational loss.

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 70.4% decreased compared to last quarter's 72.0% due to lower expenses. The improvement from 71.4% this time last year is mainly due to revenue growth outpacing expense increases. Year-to-date the efficiency ratio of 71.2% is higher than last year due to expenses outpacing revenue growth.

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 13 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).

Everyday Financial Services

Table 2: EFS Financial Performance

For the three months ended *($ in thousands)*	**September 30 2024**	**June 30 2024**	**September 30 2023**
Net interest income	$ 144,465	$ 143,062	$ 146,138
Other income	42,196	40,263	37,011
Total revenue	186,661	183,325	183,149
Provision for loan losses	13,039	6,128	1,548
Non-interest expense (1)	138,752	143,220	139,550
Net income before payment in lieu of tax	34,870	33,977	42,051
Payment in lieu of tax	8,020	7,815	9,672
Net income	**$ 26,850**	**$ 26,162**	**$ 32,379**
Net loans	$ 22,490,956	$ 21,772,404	$ 20,948,524
Total deposits	20,523,355	20,231,850	18,710,792

For the six months ended *($ in thousands)*	**September 30 2024**	**September 30 2023**
Net interest income	$ 287,527	$ 286,070
Other income	82,459	72,930
Total revenue	369,986	359,000
Provision for (recovery of) loan losses	19,167	(2,231)
Non-interest expense (1)	281,972	278,500
Net income before payment in lieu of tax	68,847	82,731
Payment in lieu of tax	15,835	19,028
Net income	**$ 53,012**	**$ 63,703**

(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 (EFS)'s NI increased compared to last quarter, driven primarily by lower expenses and higher revenue, partially offset by higher LLP. NI decreased compared to the same quarter last year and year-over-year due to higher LLP and increased expenses.

NII increased from last quarter due to lower deposit costs, a result of BoC rate decreases impacting savings account rates. Compared to the same quarter last year, NII declined due to higher deposit costs on savings accounts this quarter. NII increased year-over-year due to strong retail mortgage growth, partially offset by higher deposit costs.

OI increased compared to all periods, driven by higher service charges. Compared to the same quarter last year and year-over-year higher client acquisitions also contributed to higher card and credit fee revenue.

LLP increased from last quarter and this time last year mainly driven by an increase in provision for Stage 1 and Stage 2, due to an increase in loan loss expectations on existing loans and new loan growth. In addition, the year-to-date LLP increased as a result of a recovery recorded last year in our credit card portfolio.

NIE decreased compared to last quarter and the same quarter last year primarily due to lower technology costs, partially offset by higher people costs. The year-over-year increase is driven by higher people costs and operational losses.

Loans grew quarter-over-quarter and year-over-year due to growth in mortgages as a result of competitive rates, promotions and market activity.

Deposits increased quarter-over-quarter and year-over-year. Compared to last quarter and year-over-year, growth was due to a successful savings promotion campaign and continued growth in higher interest-earning accounts, as clients locked in rates before the expected interest rate cuts. Additionally, higher client acquisition contributed to the year-over-year growth.

ATB Business

Table 3: ATB Business Financial Performance

For the three months ended *($ in thousands)*	**September 30 2024**	**June 30 2024**	**September 30 2023**
Net interest income	$ 192,058	$ 203,983	$ 205,849
Other income	64,410	72,635	61,168
Total revenue	256,468	276,618	267,017
Provision for (recovery of) loan losses	4,377	5,884	28,604
Non-interest expense (1)	142,833	143,537	135,335
Net income before payment in lieu of tax	109,258	127,197	103,078
Payment in lieu of tax	25,128	29,255	23,707
Net income	**$ 84,130**	**$ 97,942**	**$ 79,371**
Net loans	$ 29,101,706	$ 28,508,698	$ 27,105,637
Total deposits	19,419,622	18,621,531	19,253,212

For the six months ended *($ in thousands)*	**September 30 2024**	**September 30 2023**
Net interest income	$ 396,041	$ 395,842
Other income	137,045	123,524
Total revenue	533,086	519,366
Provision for (recovery of) loan losses	10,261	28,584
Non-interest expense (1)	286,370	262,971
Net income before payment in lieu of tax	236,455	227,811
Payment in lieu of tax	54,383	52,396
Net income	**$ 182,072**	**$ 175,415**

(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 decreased from last quarter due to lower total revenue but increased from the same time last year and year-over-year due to higher total revenue and lower LLP, partially offset by higher expenses.

NII decreased from last quarter and the same time last year due to increased deposit costs and changes in loan portfolio mix. NII was consistent year-over-year.

OI contracted from last quarter mainly due to lower financial markets revenue and card fees. Last quarter financial markets benefited from large restructuring trades and card fees benefited from a one-time fee received. OI increased compared to the same time last year and year-over-year, driven mainly by higher financial markets revenue on the interest rate portfolio and credit fees associated with loan growth.

LLP remained consistent from last quarter, but decreased considerably year-over-year and year-to-date. The year-over-year change was driven by a decrease in the Stage 1 and Stage 2 provisions, in addition to fewer new impairments and lower write-offs. The year-to-date decrease in LLP was due to a Stage 1 recovery and a Stage 3 recovery attributed to a few business clients returning to performing.

NIE is consistent with last quarter, but increased from the same time last year and year-over-year. The increases are mainly driven by higher people and technology costs.

Loans continued to grow, both compared to last quarter and the same time last year. The growth last quarter came mostly from the energy and extraction sector, while the growth from last year came from real estate and agricultural sectors.

Deposits grew compared to last quarter mainly due to non-redeemable fixed-date deposits but were consistent with last year.

ATB Wealth

Table 4: ATB Wealth Financial Performance

For the three months ended ($ in thousands)	**September 30 2024**	**June 30 2024**	**September 30 2023**
Net interest income	$ 10,484	$ 10,737	$ 11,064
Other income	72,749	70,444	68,007
Total revenue	83,233	81,181	79,071
Provision for (recovery of) loan losses	395	(161)	(15)
Non-interest expense (1)	80,216	83,082	72,740
Net income before payment in lieu of tax	2,622	(1,740)	6,346
Payment (recovery) in lieu of tax	604	(400)	1,460
Net income (loss)	**$ 2,018**	**$ (1,340)**	**$ 4,886**
Net loans	$ 1,188,974	$ 1,180,666	$ 1,201,148
Total deposits	2,955,755	3,182,121	3,117,141
Total assets under administration	29,914,295	28,595,492	25,769,471

For the six months ended ($ in thousands)	**September 30 2024**	**September 30 2023**
Net interest income	$ 21,221	$ 21,551
Other income	143,193	134,105
Total revenue	164,414	155,656
Provision for (recovery of) loan losses	234	(97)
Non-interest expense (1)	163,298	142,783
Net income before payment in lieu of tax	882	12,970
Payment in lieu of tax	204	2,983
Net income	**$ 678**	**$ 9,987**

(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 Wealth's NI improved from last quarter driven by higher revenue and lower expenses. NI declined compared to the same time last year and year-over-year mostly due to higher non-interest expenses.

NII was in-line with last quarter and year-over-year, but contracted from the same time last year, with higher deposit costs contributing.

OI was higher across all comparatives primarily due to the growth in AUA balances.

NIE decreased from last quarter due to people costs. NIE increased compared to the same time last period and year-over-year due to higher people costs, achievement note valuations and technology costs.

Loan balances were consistent with last quarter, but contracted from the same time last year. Clients continue to pay down higher-rate personal lines of credit and shifted investment strategies due to the rate environment.

Deposits decreased compared to last quarter and the same time last year as there was less demand for higher-rate products as prime rates decreased.

ATB Wealth's AUA grew compared to last quarter and the same time last year due to strong market returns and positive net assets gathered.

Strategic Support Units

Table 5: Strategic Support Units Financial Performance

For the three months ended *($ in thousands)*	**September 30 2024**	**June 30 2024**	**September 30 2023**
Net interest income (loss)	$ 6,870	$ (5,343)	$ (18,677)
Other income (loss)	(7,014)	(2,153)	(7,357)
Total revenue (loss)	(144)	(7,496)	(26,034)
Provision for (recovery of) loan losses	1,105	1,173	183
Non-interest expense (1)	8,693	14,435	11,858
Loss before payment in lieu of taxes	(9,942)	(23,104)	(38,075)
Recovery of tax	(2,286)	(5,314)	(8,758)
Net income (loss)	**$ (7,656)**	**$ (17,790)**	**$ (29,317)**

For the six months ended *($ in thousands)*	**September 30 2024**	**September 30 2023**
Net interest income (loss)	$ 1,527	$ (27,262)
Other income (loss)	(9,167)	(5,598)
Total revenue (loss)	(7,640)	(32,860)
Provision for (recovery of) loan losses	2,278	1,155
Non-interest expense (1)	23,128	20,290
Loss before payment in lieu of tax	(33,046)	(54,305)
Recovery of tax	(7,600)	(12,490)
Net income (loss)	**$ (25,446)**	**$ (41,815)**

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

NII increased compared to last quarter, the same time last year and year-over-year due to shifts in balance sheet management activity returns.

OI decreased from last quarter and year-over-year due to a net loss on securities in Q2, and was consistent with the same quarter last year.

LLP was consistent with last quarter, but increased compared to last year due to an increase in the provision for Stage 2 and a lower recovery in Stage 3. The year-to-date increase in LLP was driven by Stage 1 and Stage 2 loan loss expectation increases on existing loans.

NIE decreased from last quarter primarily due to reduced people costs and from this time last year due to lower people and premises costs. NIE was higher year-over-year as a result of higher people, premises and technology costs.

REVIEW OF CONSOLIDATED FINANCIAL POSITION

Total Assets

Our total assets as at September 30, 2024, are $62.3 billion, which is higher than last quarter and this time last year, driven by strong loan growth and an increase in securities, mostly offset by lower cash.

Loans

Net loans were $53.1 million, an increase from last quarter and the same time last year. Residential mortgages and business loans continue to drive the increase. Competitive mortgage rates, promotions and market activity drove the residential mortgage growth. This is slightly offset by a reduction in home equity line of credit (HELOCs) and other personal loans as clients continue to pay down high-rate debt.

The allowance for loan losses was consistent quarter-over-quarter but increased year-over-year. The year-over-year increase is attributed to loan growth and fewer new impairments. Our loan portfolio and the related allowance for loan losses are discussed in greater detail in Notes 7 and 8 to the financial statements.

Other Assets

ATB's other assets are composed primarily of derivative financial instruments. Total other assets were consistent quarter-over-quarter but decreased year-over-year. The decrease is primarily driven by fluctuations in foreign exchange rates, impacting the fair value of our foreign exchange portfolio. (For more on how we use derivatives to manage risk, refer to the Derivatives section of the 2024 annual consolidated financial statements.)

Total Liabilities

Total liabilities ended the quarter at $56.8 billion, higher than last quarter and the same time last year, driven by an increase in deposits and securities sold under repurchase agreements mostly offset by a decrease in wholesale borrowings and securitization liabilities.

Deposits

ATB's principal sources of funding are client deposits. Balances have increased compared to last quarter and the same time last year due to clients locking in rates on higher- interest earning deposits ahead of anticipated prime rate decreases, as well as promotional campaigns targeting savings accounts.

Other Liabilities

ATB's other liabilities are composed primarily of securitization liabilities, wholesale borrowings and derivative financial instruments. Securitization liabilities and wholesale borrowings are used as funding sources 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. Compared to last quarter and last year wholesale borrowings have decreased due to strong deposit growth. Securitization liabilities include ATB's participation in the Canada Mortgage Bonds (CMB) program as well as securitization of credit card, agricultural loans and equipment finance receivables. Securitization liabilities declined compared to last quarter and last year from less participation in the CMB program. Securities sold under repurchase agreements have increased compared to last quarter and last year.

Derivative liabilities were consistent with last quarter but decreased compared to the same time last year as a result of a decrease in the fair value of our foreign exchange portfolio.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (AOCI) includes unrealized gains and losses that are recorded in the consolidated statement of operations only when realized or when certain trigger events occur. AOCI increased from last quarter and the same time last year as our hedge-accounted swap portfolio continues to be favourably impacted by swap rates decreasing and from securities benefiting from improving market conditions.

Regulatory Capital

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, Alberta Superintendent of Financial Institutions (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 the *OSFI Capital Adequacy Requirements Guideline* (CAR Guideline). Refer to Note 25 of the 2024 financial statements for more on ATB's regulatory capital. As at September 30, 2024, ATB had a Tier 1 capital ratio of 12.7% and a total capital ratio of 15.5%, both exceeding our regulatory requirements.

The shaded areas of the MD&A represent a discussion related to credit, market and liquidity risk and form an integral part of the interim consolidated financial statements for the period ended September 30, 2024.

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.

Key measures as at September 30, 2024, are outlined below

Table 6: 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)*	**September 30 2024**	**March 31 2024**
Financial assets (1)	$ 61,434,642	$ 59,514,203
Other commitments and off-balance-sheet items (2)	28,261,364	24,393,968
Total credit risk	**$ 89,696,006**	**$ 83,908,171**

(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 7: 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:

	September 30 2024		**March 31 2024**	
As at *($ in thousands)*		**Percentage of total gross loans**		**Percentage of total gross loans**
Commercial real estate	$ 7,773,532	14.5%	$ 7,325,781	14.2%
Mining and oil-and-gas extraction	6,147,037	11.5%	6,548,369	12.7%
Agriculture, forestry, fishing and hunting	5,031,500	9.4%	4,763,852	9.2%
Largest borrower	$ 1,220,680	2.3%	$ 1,143,833	2.2%

Table 8: Real Estate Secured Lending (Insured and Uninsured)

Residential mortgage loans (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)*		September 30 2024		March 31 2024	
Residential mortgages	Insured (1)	$ 11,344,981	59.5%	$ 10,945,130	60.9%
	Uninsured	7,717,722	40.5%	7,025,932	39.1%
Total residential mortgages		**$ 19,062,703**	**100.0%**	**$ 17,971,062**	**100.0%**
Home equity lines of credit	Uninsured	$ 1,852,320	100.0%	$ 1,927,062	100.0%
Total home equity lines of credit		**$ 1,852,320**	**100.0%**	**$ 1,927,062**	**100.0%**
	Insured	**$ 11,344,981**	**54.2%**	**$ 10,945,130**	**55.0%**
Total	**Uninsured**	**9,570,042**	**45.8%**	**8,952,994**	**45.0%**

(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 9: Real Estate Secured Lending (Amortization Period)

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

As at	September 30 2024	March 31 2024
Less than 25 years	97.3%	97.9%
25 years and above	2.7%	2.1%
Total	**100.0%**	**100.0%**

Table 10: 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	September 30 2024	March 31 2024
Residential mortgages	65.5%	63.8%
Home equity lines of credit	57.9%	55.7%

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 higher proportion of insured and low loan-to-value ratio mortgages.

ATB has limited exposure to variable rate mortgages, which comprised 6.8% of total mortgages as at September 30, 2024, and 7.3% at March 31, 2024.

Market Risk

Market risk can arise due to changes in interest rates, trading activity, foreign exchange (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.

Interest Rate Risk

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. It occurs when there is a mismatch in the repricing characteristics of interest-rate-sensitive assets (e.g., loans and investments) and interest-rate-sensitive liabilities (e.g., deposits).

Table 11: 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)*	September 30 2024	March 31 2024
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	$ 40,267	$ 54,015
200 basis points	75,393	108,251
Decrease in interest rates of:		
100 basis points (1)	(53,256)	(59,022)
200 basis points (1)	(120,130)	(128,985)

(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.

Foreign Exchange Risk

Foreign exchange risk is the risk of loss resulting from fluctuations in foreign exchange 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 September 30, 2024, and March 31, 2024.

Liquidity Risk

Liquidity risk is the risk that ATB may not meet all of 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.

We measure liquidity through a series of short- and intermediate-term metrics, including the liquidity coverage ratio (LCR), net stable funding ratio and comprehensive net cumulative cash flow metrics defined in the Office of the Superintendent of Financial Institutions Liquidity Adequacy Requirements Guideline.

As at September 30, 2024, the LCR is 128.1% (March 31, 2024: 128.5%), above the Board-approved minimum limit.

Table 12: Long-Term Funding Sources

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

	September 30 2024		March 31 2024	
As at *($ in thousands)*	Long-term funding	Percentage of total	Long-term funding	Percentage of total
Wholesale borrowings	$ 3,575,000	35.3%	$ 4,948,500	42.0%
Securitization Liabilities	6,561,698	64.7%	6,839,797	58.0%
Total long-term funding	**$ 10,136,698**	**100.0%**	**$ 11,788,297**	**100.0%**

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)

As at *($ in thousands)*	Note	September 30 2024	June 30 2024	March 31 2024	September 30 2023
Cash		$ 1,504,197	$ 2,854,277	$ 1,492,755	$ 2,951,416
Interest-bearing deposits with financial institutions		139,769	164,654	182,371	420,426
Total cash resources		**1,643,966**	**3,018,931**	**1,675,126**	**3,371,842**
Securities measured at fair value through profit or loss		441,308	391,269	115,150	107,400
Securities measured at fair value through other comprehensive income		5,278,299	4,595,879	4,735,559	5,368,212
Securities purchased under reverse repurchase agreements		-	400,108	806,964	-
Total securities	6	**5,719,607**	**5,387,256**	**5,657,673**	**5,475,612**
Business		29,873,815	29,279,248	29,059,731	27,486,928
Residential mortgages		19,062,703	18,312,324	17,971,062	17,772,933
Personal		3,718,350	3,762,000	3,843,806	4,047,376
Credit card		781,836	787,746	757,574	755,767
Total gross loans		**53,436,704**	**52,141,318**	**51,632,173**	**50,063,004**
Allowance for loan losses	8	(348,941)	(353,790)	(366,016)	(321,620)
Total net loans	7	**53,087,763**	**51,787,528**	**51,266,157**	**49,741,384**
Derivative financial instruments		940,037	837,756	928,723	1,390,156
Property and equipment		196,665	200,113	208,371	205,710
Software and other intangibles		151,735	162,203	174,024	192,808
Other assets		597,590	648,078	472,206	541,053
Total other assets		**1,886,027**	**1,848,150**	**1,783,324**	**2,329,727**
Total assets		**$ 62,337,363**	**$ 62,041,865**	**$ 60,382,280**	**$ 60,918,565**
Transaction accounts		$ 12,982,894	$ 13,102,427	$ 12,644,253	$ 13,284,584
Saving accounts		10,277,333	10,001,767	9,981,121	10,447,118
Notice accounts		6,836,820	6,546,757	6,064,005	6,105,942
Non-redeemable fixed-date deposits		10,704,209	10,178,091	9,693,531	9,558,666
Redeemable fixed-date deposits		2,155,916	2,263,886	2,199,907	1,742,996
Total deposits		**42,957,172**	**42,092,928**	**40,582,817**	**41,139,306**
Securitization liabilities	9	6,577,184	6,712,478	6,820,589	7,184,175
Wholesale borrowings		3,583,352	4,852,484	4,919,593	4,330,219
Derivative financial instruments		935,199	934,384	1,070,555	1,688,166
Securities sold under repurchase agreements		801,303	299,899	141,724	-
Obligations related to securities sold short		154,113	233,171	-	-
Other liabilities		1,747,286	1,522,489	1,587,506	1,604,075
Total other liabilities		**13,798,437**	**14,554,905**	**14,539,967**	**14,806,635**
Total liabilities		**56,755,609**	**56,647,833**	**55,122,784**	**55,945,941**
Retained earnings		5,473,784	5,393,442	5,313,468	5,183,912
Accumulated other comprehensive income (loss)		107,970	590	(53,972)	(211,288)
Total equity		**5,581,754**	**5,394,032**	**5,259,496**	**4,972,624**
Total liabilities and equity		**$ 62,337,363**	**$ 62,041,865**	**$ 60,382,280**	**$ 60,918,565**

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

Curtis Stange
President and Chief Executive Officer

Dan Hugo
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

		For the three months ended			For the six months ended	
($ in thousands)	Note	**September 30 2024**	**June 30 2024**	**September 30 2023**	**September 30 2024**	**September 30 2023**
Loans		$ 709,919	$ 694,734	$ 632,288	$ 1,404,653	$ 1,213,321
Securities		64,281	62,992	61,109	127,273	125,131
Interest-bearing deposits with financial institutions		23,758	32,407	36,934	56,165	61,594
Interest income		**797,958**	**790,133**	**730,331**	**1,588,091**	**1,400,046**
Deposits		343,082	318,455	283,125	661,537	537,216
Wholesale borrowings		40,423	51,395	35,931	91,818	54,233
Securitization		60,576	67,844	66,901	128,420	132,396
Interest expense		**444,081**	**437,694**	**385,957**	**881,775**	**723,845**
Net interest income		**353,877**	**352,439**	**344,374**	**706,316**	**676,201**
Wealth management		71,419	69,347	66,910	140,766	132,196
Service charges		26,492	24,302	23,952	50,794	46,992
Card fees		22,065	26,375	23,277	48,440	45,917
Credit fees		19,892	14,168	13,990	34,060	25,134
Financial markets		13,557	20,616	11,616	34,173	28,029
Capital markets		14,417	19,580	15,588	33,997	30,819
Foreign exchange		6,775	(330)	2,122	6,445	5,651
Insurance		5,693	4,975	5,172	10,668	10,432
Net gains (losses) on derivative financial instruments		78	(374)	(3,908)	(296)	(4,256)
Net gains (losses) on securities		(8,104)	2,482	(1,430)	(5,622)	369
Sundry		57	48	1,540	105	3,678
Other income		**172,341**	**181,189**	**158,829**	**353,530**	**324,961**
Total revenue		**526,218**	**533,628**	**503,203**	**1,059,846**	**1,001,162**
Provision for (recovery of) loan losses	8	**18,916**	**13,024**	**30,320**	**31,940**	**27,411**
Salaries and employee benefits		211,796	219,237	203,450	431,033	405,853
Data processing		46,468	49,226	44,533	95,694	84,996
Premises and occupancy, including depreciation		19,383	18,525	18,457	37,908	36,946
Professional and consulting costs		19,265	19,725	17,407	38,990	34,250
Deposit guarantee fee		14,811	14,742	14,201	29,553	28,344
Equipment, including depreciation		2,506	3,244	2,738	5,750	5,675
Software and other intangibles amortization		18,559	20,026	23,253	38,585	46,235
General and administrative		20,137	20,648	19,626	40,785	38,742
ATB agencies		4,362	4,525	4,417	8,887	8,687
Other		13,207	14,376	11,401	27,583	14,816
Non-interest expense		**370,494**	**384,274**	**359,483**	**754,768**	**704,544**
Income before payment in lieu of tax		**136,808**	**136,330**	**113,400**	**273,138**	**269,207**
Payment in lieu of tax	10	31,466	31,356	26,081	62,822	61,917
Net income		**$ 105,342**	**$ 104,974**	**$ 87,319**	**$ 210,316**	**$ 207,290**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	For the three months ended			*For the six months ended*	
($ in thousands)	**September 30 2024**	**June 30 2024**	**September 30 2023**	**September 30 2024**	**September 30 2023**
Net income	$ 105,342	$ 104,974	$ 87,319	$ 210,316	$ 207,290
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	45,382	3,813	10,202	49,195	22,656
Net losses (gains) reclassified to net income	(49,124)	(5,697)	(5,218)	(54,821)	(4,356)
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges					
Unrealized net gains (losses) arising during the period	85,615	2,429	(63,293)	88,044	(193,522)
Net losses (gains) reclassified to net income	32,931	43,253	53,503	76,184	103,900
Items that will not be reclassified to profit or loss					
Remeasurement of defined-benefit plan liabilities	(7,424)	10,764	13,245	3,340	19,735
Other comprehensive income (loss)	**107,380**	**54,562**	**8,439**	**161,942**	**(51,587)**
Comprehensive income (loss)	**$ 212,722**	**$ 159,536**	**$ 95,758**	**$ 372,258**	**$ 155,703**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

	For the three months ended			*For the six months ended*	
($ in thousands)	**September 30 2024**	**June 30 2024**	**September 30 2023**	**September 30 2024**	**September 30 2023**
Retained earnings					
Balance at beginning of the period	$ 5,393,442	$ 5,313,468	$ 5,096,593	$ 5,313,468	$ 4,976,622
Net income	105,342	104,974	87,319	210,316	207,290
Dividends	(25,000)	(25,000)	-	(50,000)	-
Balance at end of the period	**5,473,784**	**5,393,442**	**5,183,912**	**5,473,784**	**5,183,912**
Accumulated other comprehensive income (loss)					
Securities measured at fair value through other comprehensive income					
Balance at beginning of the period	63,431	65,315	31,494	65,315	18,177
Other comprehensive income (loss)	(3,742)	(1,884)	4,984	(5,626)	18,301
Balance at end of the period	**59,689**	**63,431**	**36,478**	**59,689**	**36,478**
Derivative financial instruments designated as cash flow hedges					
Balance at beginning of the period	(148,076)	(193,758)	(329,142)	(193,758)	(249,310)
Other comprehensive income (loss)	118,546	45,682	(9,790)	164,228	(89,622)
Balance at end of the period	**(29,530)**	**(148,076)**	**(338,932)**	**(29,530)**	**(338,932)**
Defined-benefit-plan liabilities					
Balance at beginning of the period	85,235	74,471	77,921	74,471	71,431
Other comprehensive income (loss)	(7,424)	10,764	13,245	3,340	19,735
Balance at end of the period	**77,811**	**85,235**	**91,166**	**77,811**	**91,166**
Accumulated other comprehensive income (loss)	**107,970**	**590**	**(211,288)**	**107,970**	**(211,288)**
Equity	**$ 5,581,754**	**$ 5,394,032**	**$ 4,972,624**	**$ 5,581,754**	**$ 4,972,624**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	For the three months ended			*For the six months ended*	
($ in thousands)	**September 30 2024**	**June 30 2024**	**September 30 2023**	**September 30 2024**	**September 30 2023**
Cash flows from operating activities					
Net income	$ 105,342	$ 104,974	$ 87,319	$ 210,316	$ 207,290
Adjustments for non-cash items and other items					
Provision for (recovery of) loan losses	18,916	13,024	30,320	31,940	27,411
Depreciation and amortization	29,141	31,296	33,450	60,437	66,769
Net losses (gains) on securities	8,104	(2,482)	1,430	5,622	(369)
Losses (gains) on foreign-denominated wholesale borrowings	(1,571)	8,086	14,453	6,515	9,028
Adjustments for net changes in operating assets and liabilities					
Loans	(1,276,304)	(529,700)	(1,802,842)	(1,806,004)	(2,601,215)
Deposits	843,124	1,509,101	814,031	2,355,255	1,665,813
Trading securities	(159,377)	(185,555)	-	(344,932)	-
Derivative financial instruments	17,080	478	53,746	17,558	47,114
Prepayments and other receivables	69,083	(159,249)	7,453	(90,166)	(4,754)
Accounts receivable—financial market products	(19,840)	(208)	6,420	(20,048)	-
Due to (from) clients, brokers and dealers	167,483	179,319	25,319	346,802	17,220
Deposit guarantee fee payable	17,159	(48,178)	16,251	(31,019)	(27,117)
Accounts payable and accrued liabilities	(4,680)	(121,314)	59,691	(150,994)	111,122
Accounts payable—financial market products	2,168	71	79,594	2,239	92,679
Liability for payment in lieu of tax	31,465	(69,261)	26,082	(37,796)	(66,055)
Net interest receivable and payable	3,289	(23,333)	19,511	(20,044)	44,402
Change in accrued-pension-benefit liability	(1,711)	858	(686)	(853)	(223)
Obligations related to securities sold short	(79,058)	233,171	-	154,113	-
Other	(22,623)	6,391	(7,974)	5,738	(15,856)
Net cash provided by (used in) operating activities	**(252,810)**	**947,489**	**(536,432)**	**694,679**	**(426,741)**
Cash flows from investing activities					
Purchase of securities, other than trading	(2,931,370)	(3,086,950)	(2,208,546)	(6,018,320)	(3,585,222)
Proceeds from sales and maturities of securities, other than trading	2,856,796	3,595,078	1,378,642	6,451,874	4,019,327
Change in interest-bearing deposits with financial institutions	24,885	17,717	(119,627)	42,602	(152,668)
Purchases and disposals of property and equipment, software and other intangibles	(15,225)	(11,217)	(21,908)	(26,442)	(43,622)
Net cash provided by (used in) investing activities	**(64,914)**	**514,628**	**(971,439)**	**449,714**	**237,815**
Cash flows from financing activities					
Dividends	(25,000)	(25,000)	-	(50,000)	-
Issuance of wholesale borrowings	1,199,524	2,250,539	2,708,628	3,450,063	3,058,628
Repayment of wholesale borrowings	(2,505,645)	(2,358,025)	(1,051,363)	(4,863,670)	(1,251,363)
Issuance of collateralized borrowings	29,213	628,526	141,979	657,739	427,998
Repayment of collateralized borrowings	(223,945)	(746,020)	(492,610)	(969,965)	(1,047,276)
Change in securities sold under repurchase agreements	501,404	158,175	-	659,579	(122,556)
Repayment of lease liabilities	(7,907)	(8,790)	(8,462)	(16,697)	(16,788)
Net cash provided by (used in) financing activities	**(1,032,356)**	**(100,595)**	**1,298,172**	**(1,132,951)**	**1,048,643**
Net increase (decrease) in cash	(1,350,080)	1,361,522	(209,699)	11,442	859,717
Cash at beginning of the period	2,854,277	1,492,755	3,161,115	1,492,755	2,091,699
Cash at end of the period	**$ 1,504,197**	**$ 2,854,277**	**$ 2,951,416**	**$ 1,504,197**	**$ 2,951,416**
Net cash provided by (used in) operating activities includes:					
Interest paid	$ (459,736)	$ (446,722)	$ (317,699)	$ (906,458)	$ (634,286)
Interest received	812,373	797,652	695,732	1,610,025	1,368,362

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 (Unaudited)

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 10.)

2 Material Accounting Policies

General Information

Basis of Preparation

These interim condensed consolidated financial statements ("interim statements") have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) and the accounting requirements of ASFI. The interim statements do not include all information required for complete annual consolidated financial statements and should be read in conjunction with ATB's 2024 annual consolidated financial statements. The accounting policies, methods of computation and presentation of these interim statements are consistent with the most recent annual consolidated financial statements. These interim statements were approved by the Audit Committee on November 21, 2024.

These interim statements are presented in Canadian dollars, and all values are rounded to the nearest thousand dollars, unless otherwise indicated. They 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.

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.

3 Summary of Accounting Policy Changes

Changes in Accounting Policies and Disclosures

Accounting standards and amendments that are newly effective for this fiscal year-end are detailed in Note 3 to the 2024 annual consolidated financial statements. Adoption of newly effective standards and amendments did not have a material impact on our financial statements.

Interest Rate Benchmark Reform Phase 2

The final publication of all tenors of the Canadian Dollar Offered Rate (CDOR) was made on June 28, 2024. Exposure to financial instruments referencing CDOR is no longer significant to the financial statements.

Future Accounting Policy Changes

Accounting standards and amendments that are effective for future years are detailed in Note 3 to the 2024 annual consolidated financial statements with updates provided below.

Annual Improvements to IFRS Accounting Standards—Volume 11

In July 2024, the IASB issued *Annual Improvements to IFRS Accounting Standards—Volume 11*, which contains eight minor amendments to five different standards. The amendments include clarification that a lessee recognizes the difference between the carrying amount and consideration paid in profit or loss on derecognition of a lease liability under IFRS 9 *Financial Instruments* and that a trade receivable without a significant financing component is initially measured at the amount determined by applying IFRS 15 *Revenue from Contracts with Customers.*

ATB is currently assessing the impact of the amendments, which are effective for reporting periods beginning on or after January 1, 2026, and are applied prospectively, with earlier application permitted. The amendments will take effect on April 1, 2026—the start of ATB's FY2027.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. The amendments include clarification related to the classification of financial assets with environmental, social, and governance (ESG) and similar features as well as derecognition for settlement of financial liabilities through electronic payment systems, introducing an accounting policy option to allow derecognition of a financial liability before it delivers cash on the settlement date if specified criteria are met. The amendments also introduce additional disclosure requirements for fair value through other comprehensive income (FVOCI) equity investments and financial instruments with contingent features.

ATB is currently assessing the impact of the amendments, which are effective for reporting periods beginning on or after January 1, 2026, and are applied retrospectively with an adjustment to retained earnings, with earlier application permitted. The amendments will take effect on April 1, 2026—the start of ATB's FY2027.

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements.* The new standard will replace IAS 1 *Presentation of Financial Statements* as the primary source of requirements for financial statement presentation. The new standard includes new requirements related to income statement structure and subtotals and management-defined performance measure disclosures, as well as new principles for grouping financial statement information.

ATB is currently assessing the impact of the new standard, which is effective for reporting periods beginning on or after January 1, 2027, and is applied retrospectively, with earlier application permitted. IFRS 18 will take effect on April 1, 2027—the start of ATB's FY2028.

4 Financial Instruments

Classification and Carrying Value

The following tables summarize ATB's financial instrument classifications and provide their carrying value:

As at September 30, 2024 *($ in thousands)*	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)	$ -	$ -	$ -	$ -	$ 1,504,197	$ 1,504,197
Interest-bearing deposits with financial institutions (1)	-	139,769	-	-	-	139,769
Total cash resources	-	139,769	-	-	1,504,197	1,643,966
Securities	441,238	70	5,175,533	102,766	-	5,719,607
Securities purchased under reverse repurchase agreements	-	-	-	-	-	-
Total securities (1)	441,238	70	5,175,533	102,766	-	5,719,607
Total net loans (2)	-	-	-	-	53,087,763	53,087,763
Derivative financial instruments	940,037	-	-	-	-	940,037
Other assets (1) (6)	-	-	-	-	466,160	466,160
Total other assets	940,037	-	-	-	466,160	1,406,197
Total financial assets	**$ 1,381,275**	**$ 139,839**	**$ 5,175,533**	**$ 102,766**	**$ 55,058,120**	**$ 61,857,533**
Financial liabilities						
Total deposits (3)	-	-	-	-	42,957,172	42,957,172
Securitization liabilities (4)	-	-	-	-	6,577,184	6,577,184
Wholesale borrowings (5)	-	-	-	-	3,583,352	3,583,352
Derivative financial instruments (1)	935,199	-	-	-	-	935,199
Securities sold under repurchase agreements (1)	-	-	-	-	801,303	801,303
Obligations related to securities sold short	154,113	-	-	-	-	154,113
Other liabilities (1) (6)	-	-	-	-	1,627,034	1,627,034
Total other liabilities	1,089,312	-	-	-	12,588,873	13,678,185
Total financial liabilities	**$ 1,089,312**	**$ -**	**$ -**	**$ -**	**$ 55,546,045**	**$ 56,635,357**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $54,786,929.
(3) The fair value of deposits is estimated at $42,805,522.
(4) The fair value of securitization liabilities is estimated at $6,588,486.
(5) The fair value of wholesale borrowings is estimated at $3,625,609.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

As at March 31, 2024 ($ 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)	$ -	$ -	$ -	$ -	$ 1,492,755	$ 1,492,755
Interest-bearing deposits with financial institutions (1)	-	182,371	-	-	-	182,371
Total cash resources	-	182,371	-	-	1,492,755	1,675,126
Securities	84,172	30,978	4,632,365	103,194	-	4,850,709
Securities purchased under reverse repurchase agreements	-	-	-	-	806,964	806,964
Total securities (1)	84,172	30,978	4,632,365	103,194	806,964	5,657,673
Total net loans (2)	-	-	-	-	51,266,157	51,266,157
Derivative financial instruments	928,723	-	-	-	-	928,723
Other assets (1) (6)	-	-	-	-	338,084	338,084
Total other assets	928,723	-	-	-	338,084	1,266,807
Total financial assets	**$ 1,012,895**	**$ 213,349**	**$ 4,632,365**	**$ 103,194**	**$ 53,903,960**	**$ 59,865,763**
Financial liabilities						
Total deposits (3)	-	-	-	-	40,582,817	40,582,817
Securitization liabilities (4)	-	-	-	-	6,820,589	6,820,589
Wholesale borrowings (5)	-	-	-	-	4,919,593	4,919,593
Derivative financial instruments (1)	1,070,555	-	-	-	-	1,070,555
Securities sold under repurchase agreements (1)	-	-	-	-	141,724	141,724
Obligations related to securities sold short	-	-	-	-	-	-
Other liabilities (1) (6)	-	-	-	-	1,426,173	1,426,173
Total other liabilities	1,070,555	-	-	-	13,308,079	14,378,634
Total financial liabilities	**$ 1,070,555**	**$ -**	**$ -**	**$ -**	**$ 53,890,896**	**$ 54,961,451**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $51,956,855.
(3) The fair value of deposits is estimated at $39,946,090.
(4) The fair value of collateralized borrowings is estimated at $6,703,858.
(5) The fair value of wholesale borrowings is estimated at $4,847,500.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

Fair-Value Hierarchy

The following tables present the level within the fair-value hierarchy as described in Note 4 of the 2024 annual consolidated financial statements, of ATB's financial assets and liabilities measured at fair value. Transfers between fair-value levels can result from additional, revised or new information about the availability of quoted market prices or observable market inputs. For the six months ended September 30, 2024, and the year ended March 31, 2024, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at *($ in thousands)*	Level 1	Level 2	Level 3	Total
September 30, 2024				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 139,769	$ -	$ 139,769
Securities				
Securities measured at FVTPL	359,014	-	82,294	441,308
Securities measured at FVOCI	5,175,533	-	102,766	5,278,299
Other assets				
Derivative financial instruments	-	940,037	-	940,037
Total financial assets	**$ 5,534,547**	**$ 1,079,806**	**$ 185,060**	**$ 6,799,413**
Financial liabilities				
Wholesale borrowings	$ -	$ -	$ -	$ -
Other liabilities				
Securities measured at FVTPL	154,113	-	-	154,113
Derivative financial instruments	-	935,199	-	935,199
Total financial liabilities	**$ 154,113**	**$ 935,199**	**$ -**	**$ 1,089,312**

March 31, 2024				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 182,371	$ -	$ 182,371
Securities				
Securities measured at FVTPL	31,109	-	84,041	115,150
Securities measured at FVOCI	4,632,365	-	103,194	4,735,559
Other assets				
Derivative financial instruments	-	928,723	-	928,723
Total financial assets	**$ 4,663,474**	**$ 1,111,094**	**$ 187,235**	**$ 5,961,803**
Financial liabilities				
Wholesale borrowings	$ -	$ -	$ -	$ -
Other liabilities				
Securities measured at FVTPL	-	-	-	-
Derivative financial instruments	-	1,070,555	-	1,070,555
Total financial liabilities	**$ -**	**$ 1,070,555**	**$ -**	**$ 1,070,555**

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 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:

			September 30, 2024		March 31, 2024	
			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	3.3	6.0	3.1	7.2
		Enterprise value/revenue multiple	4.8	5.5	5.5	5.7
	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 $10.8 million increase and $4.1 million decrease in fair value (March 2024: $8.7 million increase and $3.5 million decrease in fair value). The estimate is adjusted depending on the type of investment. Valuation techniques are detailed in Note 2 of the 2024 annual consolidated financial statements.

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, 2024	$ 103,194	$ 84,041
Total realized and unrealized gains (losses) included in net income	-	(9,600)
Total realized and unrealized gains (losses) included in other comprehensive income	(2,191)	-
Purchases and issuances	1,763	7,853
Sales and settlements	-	-
Fair value as at September 30, 2024	**$ 102,766**	**$ 82,294**
Change in unrealized gains included in income regarding financial instruments held as September 30 2024	$ -	$ (9,600)

Fair value as at March 31, 2023	$ 54,141	$ 82,913
Total realized and unrealized gains (losses) included in net income	-	(945)
Total realized and unrealized gains (losses) included in other comprehensive income	46,408	-
Purchases and issuances	2,645	12,266
Sales and settlements	-	(10,193)
Fair value as at March 31, 2024	**$ 103,194**	**$ 84,041**
Change in unrealized gains included in income regarding financial instruments held as March 31, 2024	$ -	$ (4,418)

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.

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 these interim condensed financial statements.

6 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
September 30, 2024					
Securities measured at FVTPL					
Investments - issued or guaranteed by the federal, provincial or municipal government	$ -	$ -	$ -	$ -	$ -
Trading - issued or guaranteed by the federal, provincial or municipal government	71	222,499	122,362	-	344,932
Other securities (1)	81	13	62,741	33,541	96,376
Total securities measured at FVTPL	**$ 152**	**$ 222,512**	**$ 185,103**	**$ 33,541**	**$ 441,308**
Securities measured at FVOCI					
Investments - issued or guaranteed by the federal, provincial, or municipal government	$ 2,666,314	$ 2,484,264	$ 24,955	$ -	$ 5,175,533
Other securities (1)	-	-	102,766	-	102,766
Total securities measured at FVOCI	**$ 2,666,314**	**$ 2,484,264**	**$ 127,721**	**$ -**	**$ 5,278,299**
Securities purchased under reverse repurchase agreements					
Investments - issued or guaranteed by the federal or provincial government	-	-	-	-	-
Total securities purchased under reverse repurchase agreements	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
March 31, 2024					
Securities measured at FVTPL					
Investments - issued or guaranteed by the federal, provincial or municipal government	$ 30,911	$ -	$ -	$ -	$ 30,911
Trading - issued or guaranteed by the federal, provincial or municipal government	-	-	-	-	-
Other securities (1)	112	21	54,605	29,501	84,239
Total securities measured at FVTPL	**$ 31,023**	**$ 21**	**$ 54,605**	**$ 29,501**	**$ 115,150**
Securities measured at FVOCI					
Investments - issued or guaranteed by the federal, provincial or municipal government	$ 1,349,744	$ 3,166,760	$ 115,861	$ -	$ 4,632,365
Other securities (1)	-	-	103,194	-	103,194
Total securities measured at FVOCI	**$ 1,349,744**	**$ 3,166,760**	**$ 219,055**	**$ -**	**$ 4,735,559**
Securities purchased under reverse repurchase agreements					
Investments - issued or guaranteed by the federal or provincial government	806,964	-	-	-	806,964
Total securities purchased under reverse repurchase agreements	**$ 806,964**	**$ -**	**$ -**	**$ -**	**$ 806,964**

(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 September 30, 2024, and at March 31, 2024, we had no securities classified as held-to-maturity.

7 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 borrower risk rating (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 *($ in thousands)*				September 30 2024				March 31 2024
	Performing		**Impaired**		**Performing**		**Impaired**	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Very low risk	$ 7,209,881	$ 53,077	$ -	$ 7,262,958	$ 7,243,651	$ 100,289	$ -	$ 7,343,940
Low risk	18,677,574	260,857	-	18,938,431	17,745,074	447,654	-	18,192,728
Medium risk	2,537,411	174,889	-	2,712,300	2,442,178	203,991	-	2,646,169
High risk	542	403,760	-	404,302	-	328,887	-	328,887
Not rated (1)	34,877	5,114	-	39,991	32,505	5,123	-	37,628
Impaired	-	-	515,833	515,833	-	-	510,379	510,379
Total business	**28,460,285**	**897,697**	**515,833**	**29,873,815**	**27,463,408**	**1,085,944**	**510,379**	**29,059,731**
Very low risk	9,504,091	12,006	-	9,516,097	8,951,589	6,689	-	8,958,278
Low risk	6,444,954	20,816	-	6,465,770	6,017,445	14,431	-	6,031,876
Medium risk	2,344,273	43,036	-	2,387,309	2,265,991	40,611	-	2,306,602
High risk	539,799	111,005	-	650,804	525,446	103,669	-	629,115
Not rated (1)	5,122	95	-	5,217	5,086	-	-	5,086
Impaired	-	-	37,506	37,506	-	-	40,105	40,105
Total residential mortgages	**18,838,239**	**186,958**	**37,506**	**19,062,703**	**17,765,557**	**165,400**	**40,105**	**17,971,062**
Very low risk	1,642,078	5,955	-	1,648,033	1,698,375	7,135	-	1,705,510
Low risk	1,242,498	46,519	-	1,289,017	1,294,964	16,954	-	1,311,918
Medium risk	542,016	25,416	-	567,432	583,065	22,939	-	606,004
High risk	123,811	46,972	-	170,783	135,232	44,249	-	179,481
Not rated (1)	6,687	48	-	6,735	8,692	241	-	8,933
Impaired	-	-	36,350	36,350	-	-	31,960	31,960
Total personal	**3,557,090**	**124,910**	**36,350**	**3,718,350**	**3,720,328**	**91,518**	**31,960**	**3,843,806**
Very low risk	122,568	2,601	-	125,169	116,342	2,290	-	118,632
Low risk	329,561	18,596	-	348,157	318,135	16,564	-	334,699
Medium risk	187,205	20,192	-	207,397	187,156	19,055	-	206,211
High risk	31,671	14,725	-	46,396	28,651	11,758	-	40,409
Not rated (1)	43,550	5,817	-	49,367	46,243	6,689	-	52,932
Impaired	-	-	5,350	5,350	-	-	4,691	4,691
Total credit card	**714,555**	**61,931**	**5,350**	**781,836**	**696,527**	**56,356**	**4,691**	**757,574**
Total loans	**51,570,169**	**1,271,496**	**595,039**	**53,436,704**	**49,645,820**	**1,399,218**	**587,135**	**51,632,173**
Total allowance for loan losses	(84,368)	(88,261)	(176,312)	(348,941)	(87,446)	(89,104)	(189,466)	(366,016)
Total net loans	**$ 51,485,801**	**$ 1,183,235**	**$ 418,727**	**$ 53,087,763**	**$ 49,558,374**	**$ 1,310,114**	**$ 397,669**	**$ 51,266,157**

(1) Loans where the client account-level risk rating has not been determined have been included in the "not rated" category.

As at			September 30				March 31	
($ in thousands)			2024				2024	
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$ 5,102,828	$ 10,245	$ -	$ 5,113,073	$ 5,078,519	$ 8,295	$ -	$ 5,086,814
Low risk	1,192,283	57,028	-	1,249,311	1,206,935	11,162	-	1,218,097
Medium risk	193,759	4,432	-	198,191	191,775	3,499	-	195,274
High risk	23,016	4,800	-	27,816	20,220	3,912	-	24,132
Not rated (1)	7,355	20	-	7,375	12,136	79	-	12,215
Total undrawn loan commitments—retail	**6,519,241**	**76,525**	**-**	**6,595,766**	**6,509,585**	**26,947**	**-**	**6,536,532**
Total allowance for loan losses (2)	(14,544)	(3,068)		(17,612)	(15,064)	(2,621)	-	(17,685)
Total net undrawn—retail	**$ 6,504,697**	**$ 73,457**	**$ -**	**$ 6,578,154**	**$ 6,494,521**	**$ 24,326**	**$ -**	**$ 6,518,847**
Very low risk	$ 8,011,198	$ 48,595	$ -	$ 8,059,793	$ 6,854,423	$ 106,888	$ -	$ 6,961,311
Low risk	10,354,400	134,511	-	10,488,911	9,269,635	168,616	-	9,438,251
Medium risk	682,858	23,608	-	706,466	617,706	33,956	-	651,662
High risk	3,521	95,914	-	99,435	3,191	86,812	-	90,003
Not rated (1)	141,351	4,582	-	145,933	144,716	4,051	-	148,767
Total undrawn loan commitments—non retail	**19,193,328**	**307,210**	**-**	**19,500,538**	**16,889,671**	**400,322**	**-**	**17,289,993**
Total allowance for loan losses (2)	(18,375)	(12,506)		(30,881)	(20,343)	(12,422)	-	(32,765)
Total net undrawn—non-retail	**$ 19,174,953**	**$ 294,704**	**$ -**	**$ 19,469,657**	**$ 16,869,328**	**$ 387,900**	**$ -**	**$ 17,257,228**

(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.

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
September 30, 2024						
Up to 1 month (1)	$ 95,409	$ 158,337	$ 31,941	$ 30,518	$ 316,205	0.6%
Over 1 month up to 2 months	71,017	40,774	32,767	8,268	152,826	0.3%
Over 2 months up to 3 months	27,778	19,262	9,232	4,143	60,415	0.1%
Over 3 months	5,397	359	613	5,983	12,352	0.0%
Total past due but not impaired	**$ 199,601**	**$ 218,732**	**$ 74,553**	**$ 48,912**	**$ 541,798**	**1.0%**
March 31, 2024						
Up to 1 month (1)	$ 35,476	$ 115,946	$ 18,967	$ 27,731	$ 198,120	0.4%
Over 1 month up to 2 months	106,840	83,117	47,357	8,044	245,358	0.5%
Over 2 months up to 3 months	24,572	10,070	11,485	3,805	49,932	0.1%
Over 3 months	501	1,136	930	4,743	7,310	0.0%
Total past due but not impaired	**$ 167,389**	**$ 210,269**	**$ 78,739**	**$ 44,323**	**$ 500,720**	**1.0%**

(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.

8 Allowance for Loan Losses

ATB records an allowance for losses for all loans by incorporating a forward-looking expected credit losses (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 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 remains elevated as at September 30, 2024.

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 present 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	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
September 30, 2024									
GDP *(%)*	2.5	2.8	2.5	4.4	4.8	3.6	(0.2)	0.2	1.2
Unemployment rate *(%)*	6.9	6.4	5.8	6.2	4.9	4.2	8.1	8.6	8.1
Housing starts	43,261	44,912	41,770	49,330	57,238	55,647	33,058	29,613	25,721
Oil prices *(WTI, USD/bbl)*	80	77	73	88	97	91	71	58	55
3m T-bill yield *(%)*	4.5	3.2	3.2	5.2	4.0	3.9	4.2	2.4	2.4
	2024	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
March 31, 2024									
GDP *(%)*	2.1	2.7	2.4	5.3	3.8	3.2	(1.6)	1.3	1.3
Unemployment rate *(%)*	6.2	5.9	5.7	4.7	4.0	3.9	7.8	7.9	7.7
Housing starts	40,423	39,533	35,139	51,680	51,116	47,246	28,476	27,271	22,287
Oil prices *(WTI, USD/bbl)*	75	73	69	93	91	86	58	55	51
3m T-bill yield *(%)*	4.5	3.5	3.3	5.6	4.4	4.1	3.5	2.6	2.4

The following tables reconcile the opening and closing allowances for loans, by each major category:

For the three months 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	Comprises Loans	Comprises Other credit instruments (1)
September 30, 2024							
Business	$ 323,745	$ 7,513	$ (10,375)	$ (5,665)	$ 315,218	$ 285,203	$ 30,015
Residential mortgages	10,244	74	(215)	211	10,314	9,143	1,171
Personal	37,894	7,374	(4,619)	257	40,906	31,247	9,659
Credit card	30,512	3,955	(3,467)	(4)	30,996	23,348	7,648
Total	**$ 402,395**	**$ 18,916**	**$ (18,676)**	**$ (5,201)**	**$ 397,434**	**$ 348,941**	**$ 48,493**
September 30, 2023							
Business	$ 284,158	$ 27,700	$ (19,930)	$ (2,141)	$ 289,787	$ 265,906	$ 23,881
Residential mortgages	8,973	664	(409)	182	9,410	8,570	840
Personal	37,796	2,117	(5,447)	311	34,777	29,037	5,740
Credit card	30,039	(161)	(3,227)	28	26,679	18,107	8,572
Total	**$ 360,966**	**$ 30,320**	**$ (29,013)**	**$ (1,620)**	**$ 360,653**	**$ 321,620**	**$ 39,033**

For the six months 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	Comprises Loans	Comprises Other credit instruments (1)
September 30, 2024							
Business	$ 335,963	$ 13,796	$ (23,784)	$ (10,757)	$ 315,218	$ 285,203	$ 30,015
Residential mortgages	9,957	523	(520)	354	10,314	9,143	1,171
Personal	40,730	9,918	(10,205)	463	40,906	31,247	9,659
Credit card	29,816	7,703	(6,519)	(4)	30,996	23,348	7,648
Total	**$ 416,466**	**$ 31,940**	**$ (41,028)**	**$ (9,944)**	**$ 397,434**	**$ 348,941**	**$ 48,493**
September 30, 2023							
Business	$ 309,589	$ 29,009	$ (43,950)	$ (4,861)	$ 289,787	$ 265,906	$ 23,881
Residential mortgages	8,815	1,020	(751)	326	9,410	8,570	840
Personal	39,935	4,949	(10,721)	614	34,777	29,037	5,740
Credit card	39,657	(7,567)	(5,517)	106	26,679	18,107	8,572
Total	**$ 397,996**	**$ 27,411**	**$ (60,939)**	**$ (3,815)**	**$ 360,653**	**$ 321,620**	**$ 39,033**

(1) Other credit instruments, including off-balance-sheet items, are recorded to other liabilities in 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 three months ended ($ in thousands)	September 30, 2024				September 30, 2023			
	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	$ 80,289	$ 74,789	$ 168,667	$ 323,745	$ 72,801	$ 63,075	$ 148,282	$ 284,158
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	1,074	(1,038)	(36)	-	3,561	(3,502)	(59)	-
Transfers into (out of) Stage 2 (1)	(7,439)	8,177	(738)	-	(763)	6,991	(6,228)	-
Transfers into (out of) Stage 3 (1)	(530)	(11,483)	12,013	-	(666)	(588)	1,254	-
New originations (2)	12,285	-	-	12,285	3,145	-	-	3,145
Repayments (3)	(4,565)	(5,622)	(816)	(11,003)	(1,632)	(2,044)	(1,350)	(5,026)
Remeasurements (4)	(4,546)	16,426	(5,649)	6,231	1,387	7,854	20,340	29,581
Total provision for (recovery of) loan losses	**(3,721)**	**6,460**	**4,774**	**7,513**	**5,032**	**8,711**	**13,957**	**27,700**
Write-offs	-	-	(10,866)	(10,866)	-	-	(20,124)	(20,124)
Recoveries	-	-	491	491	-	-	194	194
Discounted cash flows on impaired loans and other	(54)	(9)	(5,602)	(5,665)	79	15	(2,235)	(2,141)
Balance at end of period	**$ 76,514**	**$ 81,240**	**$ 157,464**	**$ 315,218**	**$ 77,912**	**$ 71,801**	**$ 140,074**	**$ 289,787**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 6,507	$ 2,250	$ 1,487	$ 10,244	$ 5,610	$ 2,271	$ 1,092	$ 8,973
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	485	(340)	(145)	-	560	(487)	(73)	-
Transfers into (out of) Stage 2 (1)	(89)	248	(159)	-	(62)	129	(67)	-
Transfers into (out of) Stage 3 (1)	(3)	(92)	95	-	(3)	(119)	122	-
New originations (2)	139	-	-	139	98	-	-	98
Repayments (3)	(65)	(25)	(50)	(140)	(60)	(47)	(63)	(170)
Remeasurements (4)	(360)	470	(35)	75	(19)	271	484	736
Total provision for (recovery of) loan losses	**107**	**261**	**(294)**	**74**	**514**	**(253)**	**403**	**664**
Write-offs	-	-	(254)	(254)	-	-	(436)	(436)
Recoveries	-	-	39	39	-	-	27	27
Discounted cash flows on impaired loans and other	-	-	211	211	-	-	182	182
Balance at end of period	**$ 6,614**	**$ 2,511**	**$ 1,189**	**$ 10,314**	**$ 6,124**	**$ 2,018**	**$ 1,268**	**$ 9,410**

(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.

For the three months ended *($ in thousands)*	September 30, 2024 Performing Stage 1	 Stage 2	 Impaired Stage 3	 Total	September 30, 2023 Performing Stage 1	 Stage 2	 Impaired Stage 3	 Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 19,122	$ 6,031	$ 12,741	$ 37,894	$ 20,830	$ 7,440	$ 9,526	$ 37,796
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	3,857	(3,571)	(286)	-	2,504	(2,361)	(143)	-
Transfers into (out of) Stage 2 (1)	(745)	1,086	(341)	-	(392)	542	(150)	-
Transfers into (out of) Stage 3 (1)	(325)	(1,152)	1,477	-	(201)	(595)	796	-
New originations (2)	1,335	-	-	1,335	666	-	-	666
Repayments (3)	(494)	(208)	(110)	(812)	(435)	(237)	(154)	(826)
Remeasurements (4)	(2,821)	4,219	5,453	6,851	(4,577)	1,958	4,896	2,277
Total provision for (recovery of) loan losses	**807**	**374**	**6,193**	**7,374**	**(2,435)**	**(693)**	**5,245**	**2,117**
Write-offs	-	-	(4,669)	(4,669)	-	-	(5,461)	(5,461)
Recoveries	-	-	50	50	-	-	14	14
Discounted cash flows on impaired loans and other	-	-	257	257	-	-	311	311
Balance at end of period	**$ 19,929**	**$ 6,405**	**$ 14,572**	**$ 40,906**	**$ 18,395**	**$ 6,747**	**$ 9,635**	**$ 34,777**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 15,367	$ 12,724	$ 2,421	$ 30,512	$ 17,963	$ 9,354	$ 2,722	$ 30,039
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	3,560	(3,560)	-	-	5,229	(5,229)	-	-
Transfers into (out of) Stage 2 (1)	(440)	440	-	-	(728)	728	-	-
Transfers into (out of) Stage 3 (1)	(33)	(544)	577	-	(52)	(699)	751	-
New originations (2)	170	-	-	170	251	-	-	251
Repayments (3)	(123)	(703)	-	(826)	(205)	(983)	-	(1,188)
Remeasurements (4)	(4,266)	5,324	3,553	4,611	(7,551)	5,876	2,451	776
Total provision for (recovery of) loan losses	**(1,132)**	**957**	**4,130**	**3,955**	**(3,056)**	**(307)**	**3,202**	**(161)**
Write-offs	-	-	(5,763)	(5,763)	-	-	(5,434)	(5,434)
Recoveries	-	-	2,296	2,296	-	-	2,207	2,207
Discounted cash flows on impaired loans and other	(5)	(2)	3	(4)	22	8	(2)	28
Balance at end of period	**$ 14,230**	**$ 13,679**	**$ 3,087**	**$ 30,996**	**$ 14,929**	**$ 9,055**	**$ 2,695**	**$ 26,679**
Total balance as at end of period	**$ 117,287**	**$ 103,835**	**$ 176,312**	**$ 397,434**	**$ 117,360**	**$ 89,621**	**$ 153,672**	**$ 360,653**
Comprises: Loans	$ 84,368	$ 88,261	$ 176,312	$ 348,941	$ 88,854	$ 79,094	$ 153,672	$ 321,620
Comprises: Other credit instruments (5)	32,919	15,574	-	48,493	28,506	10,527	-	39,033

(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 in the consolidated statement of financial position.

For the six months ended ($ in thousands)	September 30, 2024				September 30, 2023			
	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	$ 79,036	$ 82,741	$ 174,186	$ 335,963	$ 57,462	$ 77,943	$ 174,184	$ 309,589
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	4,119	(3,953)	(166)	-	6,264	(5,983)	(281)	-
Transfers into (out of) Stage 2 (1)	(19,440)	20,222	(782)	-	(1,391)	8,833	(7,442)	-
Transfers into (out of) Stage 3 (1)	(1,727)	(11,949)	13,676	-	(1,062)	(1,343)	2,405	-
New originations (2)	29,571	-	-	29,571	5,416	-	-	5,416
Repayments (3)	(8,104)	(12,402)	(1,026)	(21,532)	(3,026)	(7,607)	(1,906)	(12,539)
Remeasurements (4)	(6,933)	6,596	6,094	5,757	14,232	(48)	21,948	36,132
Total provision for (recovery of) loan losses	**(2,514)**	**(1,486)**	**17,796**	**13,796**	**20,433**	**(6,148)**	**14,724**	**29,009**
Write-offs	-	-	(24,648)	(24,648)	-	-	(44,330)	(44,330)
Recoveries	-	-	864	864	-	-	380	380
Discounted cash flows on impaired loans and other	(8)	(15)	(10,734)	(10,757)	17	6	(4,884)	(4,861)
Balance at end of period	**$ 76,514**	**$ 81,240**	**$ 157,464**	**$ 315,218**	**$ 77,912**	**$ 71,801**	**$ 140,074**	**$ 289,787**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 5,887	$ 2,711	$ 1,359	$ 9,957	$ 4,997	$ 2,711	$ 1,107	$ 8,815
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	1,018	(723)	(295)	-	1,137	(1,042)	(95)	-
Transfers into (out of) Stage 2 (1)	(157)	375	(218)	-	(125)	296	(171)	-
Transfers into (out of) Stage 3 (1)	(4)	(211)	215	-	(4)	(223)	227	-
New originations (2)	222	-	-	222	193	-	-	193
Repayments (3)	(104)	(46)	(156)	(306)	(102)	(94)	(82)	(278)
Remeasurements (4)	(248)	405	450	607	28	370	707	1,105
Total provision for (recovery of) loan losses	**727**	**(200)**	**(4)**	**523**	**1,127**	**(693)**	**586**	**1,020**
Write-offs	-	-	(595)	(595)	-	-	(800)	(800)
Recoveries	-	-	75	75	-	-	49	49
Discounted cash flows on impaired loans and other	-	-	354	354	-	-	326	326
Balance at end of period	**$ 6,614**	**$ 2,511**	**$ 1,189**	**$ 10,314**	**$ 6,124**	**$ 2,018**	**$ 1,268**	**$ 9,410**

(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.

For the six months ended ($ in thousands)	September 30, 2024 Performing Stage 1	September 30, 2024 Performing Stage 2	September 30, 2024 Impaired Stage 3	September 30, 2024 Total	September 30, 2023 Performing Stage 1	September 30, 2023 Performing Stage 2	September 30, 2023 Impaired Stage 3	September 30, 2023 Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 22,483	$ 7,025	$ 11,222	$ 40,730	$ 23,065	$ 7,856	$ 9,014	$ 39,935
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	7,682	(6,895)	(787)	-	4,697	(4,297)	(400)	-
Transfers into (out of) Stage 2 (1)	(1,393)	1,979	(586)	-	(878)	1,388	(510)	-
Transfers into (out of) Stage 3 (1)	(598)	(2,202)	2,800	-	(364)	(1,268)	1,632	-
New originations (2)	2,311	-	-	2,311	1,432	-	-	1,432
Repayments (3)	(961)	(443)	(317)	(1,721)	(746)	(469)	(392)	(1,607)
Remeasurements (4)	(9,595)	6,941	11,982	9,328	(8,811)	3,537	10,398	5,124
Total provision for (recovery of) loan losses	**(2,554)**	**(620)**	**13,092**	**9,918**	**(4,670)**	**(1,109)**	**10,728**	**4,949**
Write-offs	-	-	(10,279)	(10,279)	-	-	(10,750)	(10,750)
Recoveries	-	-	74	74	-	-	29	29
Discounted cash flows on impaired loans and other	-	-	463	463	-	-	614	614
Balance at end of period	**$ 19,929**	**$ 6,405**	**$ 14,572**	**$ 40,906**	**$ 18,395**	**$ 6,747**	**$ 9,635**	**$ 34,777**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 15,447	$ 11,670	$ 2,699	$ 29,816	$ 19,173	$ 18,215	$ 2,269	$ 39,657
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	6,698	(6,698)	-	-	16,787	(16,787)	-	-
Transfers into (out of) Stage 2 (1)	(835)	835	-	-	(1,199)	1,199	-	-
Transfers into (out of) Stage 3 (1)	(63)	(889)	952	-	(84)	(1,335)	1,419	-
New originations (2)	407	-	-	407	506	-	-	506
Repayments (3)	(234)	(1,868)	-	(2,102)	(433)	(2,111)	-	(2,544)
Remeasurements (4)	(7,187)	10,631	5,954	9,398	(19,827)	9,872	4,426	(5,529)
Total provision for (recovery of) loan losses	**(1,214)**	**2,011**	**6,906**	**7,703**	**(4,250)**	**(9,162)**	**5,845**	**(7,567)**
Write-offs	-	-	(11,817)	(11,817)	-	-	(10,769)	(10,769)
Recoveries	-	-	5,298	5,298	-	-	5,252	5,252
Discounted cash flows on impaired loans and other	(3)	(2)	1	(4)	6	2	98	106
Balance at end of period	**$ 14,230**	**$ 13,679**	**$ 3,087**	**$ 30,996**	**$ 14,929**	**$ 9,055**	**$ 2,695**	**$ 26,679**
Total balance as at end of period	**$ 117,287**	**$ 103,835**	**$ 176,312**	**$ 397,434**	**$ 117,360**	**$ 89,621**	**$ 153,672**	**$ 360,653**
Comprises: Loans	$ 84,368	$ 88,261	$ 176,312	$ 348,941	$ 88,854	$ 79,094	$ 153,672	$ 321,620
Comprises: Other credit instruments (5)	32,919	15,574	-	48,493	28,506	10,527	-	39,033

(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 in the consolidated statement of financial position.

9 Securitization Liabilities

Residential Mortgage Loans Securitization

ATB periodically securitizes insured residential mortgage loans (RMLs) and certain securities by participating in the *National Housing Act* Mortgage-Backed Security (MBS) Program. The MBSs issued as a result of this program are pledged to the CMB program or to third-party investors. 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. (For more on the program, refer to Note 15 of the 2024 annual consolidated financial statements.)

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.

Equipment Finance Securitization

Effective December 8, 2023, ATB entered into a program with another financial institution to securitize equipment finance receivables as an additional source of funding. This program allows ATB to borrow up to 84% of the equipment finance receivables pledged. The equipment finance 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.

Synthetic Securitization

Effective May 8, 2024 ATB began the synthetic securitization of certain loan assets. This allows ATB to purchase credit protection against eligible credit events on these loans through the issuance of interest-bearing guarantee linked notes to third-party investors. The loans remain on ATB's consolidated statement of financial position and have not been transferred as they do not qualify for derecognition. As at September 30, 2024, ATB issued $63.8 million in guarantee linked notes. The transaction is fully cash collateralized as funds in the amount of the guarantee are received on issuance.

The following table presents the carrying amount of ATB's RMLs, agricultural loans under synthetic securitization, credit card and equipment finance receivables, as well as, assets pledged as collateral for the associated liability recognized in the consolidated statement of financial position:

As at *($ in thousands)*	**September 30 2024**	**March 31 2024**
Principal value of mortgages pledged as collateral	$ 5,933,939	$ 5,865,807
ATB mortgage-backed securities (MBSs) pledged as collateral through repurchase agreements	559,470	1,004,258
Externally purchased MBSs	-	32,568
Principal value of credit card receivables pledged as collateral	687,503	689,770
Principal value of equipment finance receivables pledged as collateral	27,187	26,756
Principal value of Agricultural loans under synthetic securitization	750,000	-
Total	**$ 7,958,099**	**$ 7,619,159**
Associated liabilities	$ 6,577,184	$ 6,820,589

10 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. Payment in lieu of tax (PILOT) is calculated as 23% of NI reported under IFRS.

For the three and six months ended September 30, 2024, ATB has accrued a total of $31.5 million and $62.8 million, respectively (September 30, 2023: $26.1 million and $61.9 million, respectively) for PILOT.

11 Dividends

Dividends are recorded as a reduction to equity when they are declared by the Board of Directors. For the three and six months ended September 30, 2024, ATB declared and paid dividends of $25 million and $50 million respectively (September 30, 2023: nil for both periods).

Subsequent to September 30, 2024, ATB's Board of Directors declared a $25 million dividend payable to the GoA.

12 Capital Management

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, the ASFIs, 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. (For more details, refer to Note 25 of the 2024 annual consolidated financial statements.)

As at September 30, 2024, and at March 31, 2024, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

As at *($ in thousands)*	**September 30 2024**	**March 31 2024**
Tier 1 capital		
Retained earnings	$ 5,473,784	$ 5,313,468
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	1,157,373	1,304,469
Collective allowance for loan losses	221,122	227,000
Total Tier 2 capital	**$ 1,378,495**	**$ 1,531,469**
Deductions from capital		
Software and other intangibles	151,735	174,024
Total capital	**$ 6,700,544**	**$ 6,670,913**
Total risk-weighted assets	$ 43,105,674	$ 40,769,954
Risk-weighted capital ratios		
Tier 1 capital ratio	12.7%	13.0%
Total capital ratio	15.5%	16.3%

13 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 and a securities trading platform 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 strategic support units (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 of the 2024 annual consolidated financial statements.

Direct expenses are attributed across AOEs as incurred. Certain indirect expenses are allocated to ATB Wealth 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 three months ended *($ in thousands)*	**Everyday Financial Services**	**ATB Business**	**ATB Wealth**	**Strategic support units**	**Total**
September 30, 2024					
Net interest income (loss)	$ 144,465	$ 192,058	$ 10,484	$ 6,870	$ 353,877
Other income (loss)	42,196	64,410	72,749	(7,014)	172,341
Total revenue (loss)	186,661	256,468	83,233	(144)	526,218
Provision for (recovery of) loan losses	13,039	4,377	395	1,105	18,916
Non-interest expense (1)	138,752	142,833	80,216	8,693	370,494
Income (loss) before payment in lieu of tax	34,870	109,258	2,622	(9,942)	136,808
Payment in lieu of (recovery of) tax	8,020	25,128	604	(2,286)	31,466
Net income (loss)	**$ 26,850**	**$ 84,130**	**$ 2,018**	**$ (7,656)**	**$ 105,342**
Total assets	$ 31,730,754	$ 29,177,557	$ 1,401,306	$ 27,746	$ 62,337,363
Total liabilities	19,962,413	20,766,123	1,500,782	14,526,291	56,755,609
June 30, 2024					
Net interest income (loss)	$ 143,062	$ 203,983	$ 10,737	$ (5,343)	$ 352,439
Other income (loss)	40,263	72,635	70,444	(2,153)	181,189
Total revenue (loss)	183,325	276,618	81,181	(7,496)	533,628
Provision for (recovery of) loan losses	6,128	5,884	(161)	1,173	13,024
Non-interest expense (1)	143,220	143,537	83,082	14,435	384,274
Income (loss) before payment in lieu of tax	33,977	127,197	(1,740)	(23,104)	136,330
Payment in lieu of (recovery of) tax	7,815	29,255	(400)	(5,314)	31,356
Net income (loss)	**$ 26,162**	**$ 97,942**	**$ (1,340)**	**$ (17,790)**	**$ 104,974**
Total assets	$ 32,211,185	$ 27,998,940	$ 1,637,367	$ 194,373	$ 62,041,865
Total liabilities	19,646,126	19,936,903	1,747,257	15,317,547	56,647,833
September 30, 2023					
Net interest income (loss)	$ 146,138	$ 205,849	$ 11,064	$ (18,677)	$ 344,374
Other income (loss)	37,011	61,168	68,007	(7,357)	158,829
Total revenue (loss)	183,149	267,017	79,071	(26,034)	503,203
Provision for (recovery of) loan losses	1,548	28,604	(15)	183	30,320
Non-interest expense (1)	139,550	135,335	72,740	11,858	359,483
Income (loss) before payment in lieu of tax	42,051	103,078	6,346	(38,075)	113,400
Payment in lieu of (recovery of) tax	9,672	23,707	1,460	(8,758)	26,081
Net income (loss)	**$ 32,379**	**$ 79,371**	**$ 4,886**	**$ (29,317)**	**$ 87,319**
Total assets	$ 30,447,671	$ 27,111,942	$ 1,658,236	$ 1,700,716	$ 60,918,565
Total liabilities	18,281,741	20,053,919	1,701,158	15,909,123	55,945,941

(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 six months ended *($ in thousands)*	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units	Total
September 30, 2024					
Net interest income (loss)	$ 287,527	$ 396,041	$ 21,221	$ 1,527	$ 706,316
Other income (loss)	82,459	137,045	143,193	(9,167)	353,530
Total revenue (loss)	369,986	533,086	164,414	(7,640)	1,059,846
Provision for (recovery of) loan losses	19,167	10,261	234	2,278	31,940
Non-interest expense (1)	281,972	286,370	163,298	23,128	754,768
Income (loss) before payment in lieu of tax	68,847	236,455	882	(33,046)	273,138
Payment in lieu of (recovery of) tax	15,835	54,383	204	(7,600)	62,822
Net income (loss)	**$ 53,012**	**$ 182,072**	**$ 678**	**$ (25,446)**	**$ 210,316**

September 30, 2023					
Net interest income (loss)	$ 286,070	$ 395,842	$ 21,551	$ (27,262)	$ 676,201
Other income (loss)	72,930	123,524	134,105	(5,598)	324,961
Total revenue (loss)	359,000	519,366	155,656	(32,860)	1,001,162
Provision for (recovery of) loan losses	(2,231)	28,584	(97)	1,155	27,411
Non-interest expense (1)	278,500	262,971	142,783	20,290	704,544
Income (loss) before payment in lieu of tax	82,731	227,811	12,970	(54,305)	269,207
Payment in lieu of (recovery of) tax	19,028	52,396	2,983	(12,490)	61,917
Net income (loss)	**$ 63,703**	**$ 175,415**	**$ 9,987**	**$ (41,815)**	**$ 207,290**

14 Acquisition

On September 6, 2024, ATB entered into an agreement to acquire BCV Asset Management Inc. (BCV), a Manitoba-based portfolio management firm with combined assets of over $5.8 billion under management. BCV offers customized investment portfolios specifically for a client's unique needs, allowing for a tailored investment strategy. The acquisition is subject to the satisfaction of customary closing conditions, including regulatory approvals, and is expected to close in November 2024.

15 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 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.
Collateral	Assets pledged as security for a loan or other obligation.
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.
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.
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.
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.
Guarantee Linked Note	A guarantee linked note (GLN) is a financial instrument that is used to transfer credit risk from the issuer - the protection buyer, to an investor - the protection seller. A GLN is backed by a single asset, a basket of assets, or a whole loan portfolio originated by the issuer. The investor purchases the GLN at (typically) par value, and in return receives periodic coupon payments (typically floating, but could be fixed) and the face value of the asset at maturity, minus losses (or write downs) incurred from the underlying portfolio.
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 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.
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.
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 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.
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 period divided by total revenue for the period.
Performing loan change	Performing loans outstanding at period end less performing loans outstanding at the previous period end, divided by performing loans outstanding at the previous period end.
Performing loans	Net loans, excluding impaired loans.
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.
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.
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 period end less total assets outstanding at the previous period end, divided by total assets outstanding at the previous period 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 period end less total deposits outstanding at the previous period end, divided by total deposits outstanding at the previous period 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.

ACRONYMS

(unaudited)

AOCI	Accumulated other comprehensive income
AOE	Area of expertise
ASFI	Alberta Superintendent of Financial Institutions
AUA	Assets under administration
BRR	Borrower risk rating
CAR Guideline	*Capital Adequacy Requirements* Guideline
CARR	Canadian Alternative Reference Rate working group
CDOR	Canadian Dollar Offered Rate
CMB	Canada Mortgage Bonds
CORRA	Canadian Overnight Repo Rate Average
EBITDA	Earnings before interest, income tax, depreciation and amortization
ECL	Expected credit loss
EFS	Everyday Financial Services
FICO	Fair Isaac Corporation
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., FY2025)
GDP	Gross domestic product
GLN	Guarantee Linked Note
GoA	Government of Alberta
HELOC	Home equity line of credit
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
LCR	Liquidity coverage ratio
LIBOR	London Interbank Offered Rate
LLP	Loan loss provision (also "provision for loan losses")
MBS	Mortgage-backed security
MD&A	Management's discussion and analysis
NI	Net income
NIE	Non-interest expense
NII	Net interest income
NIM	Net interest margin
OI	Other income
PILOT	Payment in lieu of tax
RML	Residential mortgage loan
SSU	Strategic support unit