Management's Discussion and Analysis

FY2023 Q1 Financial Highlights

For the three months ended	**June 30 2022**	**March 31 2022**	**June 30 2021**
Operating results *($ in thousands)*			
Net interest income	$ 324,033	$ 308,634	$ 304,752
Other income	152,084	194,652	155,086
Total revenue	476,117	503,286	459,838
Provision for (recovery of) loan losses	767	(41,785)	(61,169)
Non-interest expenses	326,559	367,272	310,925
Net income before payment in lieu of tax	148,791	177,799	210,082
Payment in lieu of tax	34,222	40,892	48,320
Net income	**$ 114,569**	**$ 136,907**	**$ 161,762**
Income before provisions (1)			
Total revenue	$ 476,117	$ 503,286	$ 459,838
Less: non-interest expenses	(326,559)	(367,272)	(310,925)
Income before provisions	**$ 149,558**	**$ 136,014**	**$ 148,913**
Financial position *($ in thousands)*			
Net loans	$ 46,343,631	$ 45,928,704	$ 44,816,229
Total assets	58,971,239	57,052,035	55,517,892
Total risk-weighted assets (1)	38,455,329	37,462,503	36,426,975
Total deposits	38,554,179	37,319,482	37,843,078
Equity	4,435,150	4,452,194	4,244,356
Key performance measures *(%)* (1)			
Return on average assets	0.8	1.0	1.1
Return on average risk-weighted assets	1.2	1.5	1.8
Total revenue change	3.5	8.7	8.3
Other income to total revenue	31.9	38.7	33.7
Total expense change	5.0	2.9	5.9
Efficiency ratio	68.6	73.0	67.6
Net interest margin	2.36	2.33	2.29
Provision for (recovery of) loan losses to average loans	0.0	(0.4)	(0.5)
Net loan change	0.9	(0.3)	0.5
Total asset change	3.4	0.9	(0.2)
Total deposit change	3.3	(0.9)	0.2
Change in assets under administration	(8.4)	(4.2)	4.8
Tier 1 capital ratio	12.1	12.1	11.3
Total capital ratio	15.5	16.5	16.0
Other information			
ATB Wealth's assets under administration *($ in thousands)*	$ 23,984,485	$ 26,189,359	$ 26,082,967
Total clients	816,149	813,956	806,656
Team members (2)	5,126	5,024	5,043

(1) Refer to the glossary for a definition of our key performance measures.

(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 months ended June 30, 2022, and is dated August 17, 2022. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the period ended June 30, 2022, as well as the audited consolidated financial statements and MD&A for the year ended March 31, 2022.

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 inflation levels, interest rates, commodity prices, currency value, and liquidity conditions; the ongoing impacts on the global economy due to the COVID-19 pandemic and the current geo-political uncertainty caused by the war in Ukraine; 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 contained in this section are to calendar years.

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

Against the wind: Alberta's economy in 2022 and 2023

As a major producer and exporter of oil, natural gas, wood and agricultural products, the Alberta economy is riding a wave of high commodity prices and Alberta is expected to lead the country in real gross domestic product (GDP) growth this year. At the same time, high inflation, rising interest rates, labour shortages, financial market uncertainty, supply chain disruptions and the lingering pandemic are strong headwinds. As a result, real GDP growth in the province is forecast to be robust at 5.0% this year and 3.5% in 2023, although it may not feel that way to Alberta families and businesses.

While there is a risk that the country as a whole could experience a brief recession next year, an economic contraction in Alberta in 2022 or 2023 is unlikely.

The Bank of Canada raised its trend-setting policy interest rate to 2.5% on July 13. With headline inflation running at 8.1% in Canada in June (8.4% in Alberta), we expect the Bank to announce more increases with the policy rate rising to 3.25% (or higher) before the end of the year. The increased cost of borrowing will impede economic growth while, hopefully, pulling down the inflation rate over time. In the meantime, inflation is cutting into the purchasing power of consumers and businesses and eating away at the savings accumulated during the pandemic.

The recovery of the economy that has accompanied the end of pandemic restrictions has helped increase employment in Alberta with the total number of people working up by 4.1% in June compared to before the pandemic. The challenge going forward is to find enough qualified workers to fill vacant positions with the unemployment rate falling to 4.9% in June—its lowest level in nine years and the first time it has not been higher than the national average since December 2015.

Oil prices have been living up to their volatile reputation, remaining high compared to recent years with the West Texas Intermediate (WTI) benchmark averaging US$101.46 over the first six months of the year. Even if prices are eroded by a global slowdown, tight supply dynamics should prevent a major price crash in the near term. Although down from historic highs, robust lumber prices are another positive factor affecting the provincial economy. In the agricultural sector, high input costs for fertilizer, feed and fuel are offsetting the lift from strong prices for food products, but the overall impact on the Alberta economy is still projected to be positive.

Increased investment and activity in the petrochemical, high-tech, warehousing and distribution, and renewable energy sectors are adding width and depth to the outlook over both the short and long term.

The Russian invasion of Ukraine, inflation and interest rates have been working together to hamper economic activity in Alberta and around the world and things are likely to get worse before they get better. How and when the war in Ukraine will be resolved is a key wild card and COVID remains a downside risk.

Implications for our clients

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

- Lost income due to unemployment and market losses.
- Business disruptions due to labour shortages, supply chain issues and higher input costs.
- Cash flow uncertainty.
- Increased debt and higher borrowing costs.
- High levels of financial anxiety.
- Consolidation in the energy sector.

As Albertans deal with the implications of geopolitical events, high inflation and rising interest rates, ATB will be here to help them navigate the tricky waters ahead.

Review of Consolidated Operating Results

Net Income

For the quarter ended June 30, 2022, net income (NI) decreased from both last quarter and the same time last year. The quarterly decrease is due to no release of our allowance for loan losses and lower total revenue offset by lower non-interest expense (NIE). The year-over-year change is driven by no release of our allowance for loan losses along with higher NIE, offset by higher total revenue.

ATB's net contribution—composed of NI, payment in lieu of tax (PILOT) and deposit guarantee fee—to the Government of Alberta (GoA) was $164.0 million this quarter, a decrease from both last quarter ($193.5 million) and the same time last year ($224.8 million). Both decreases are driven by lower NI due to the factors noted previously.

ATB's income before provisions, a non-Generally Accepted Accounting Principles (GAAP) measure, is $149.6 million this quarter, higher than last quarter's $136.0 million and is consistent with this time last year. The increase from last quarter is driven by a decrease in NIE offset by lower total revenue.

Total Revenue

Total revenue consists of net interest income (NII) and other income (OI). This quarter's total revenue is $476.1 million, comprising $324.0 million in NII, and $152.1 million in OI. The decrease from last quarter is due to lower OI, offset by higher NII. Compared to the same time last year, total revenue has increased, driven by higher NII.

Net Interest Income

NII represents the difference between the interest earned on assets (such as cash, loans and securities) and interest paid on liabilities (such as deposits and wholesale or collateralized borrowings). NII is higher than last quarter and this time last year. NII increased from last quarter driven by higher rates on loans and securities due to the Bank of Canada prime rate increases. This was partially offset by deposits repricing and higher funding costs. These same factors, in addition to higher loan volumes, drove our year-over-year NII increase.

Table 1: Changes in Net Interest Income

	June 30 2022 vs. March 31 2022			June 30 2022 vs. June 30 2021		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
($ in thousands)	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Assets						
Interest-bearing deposits with financial institutions and securities	$ 1,231	$ 14,125	$ 15,356	$ 20	$ 17,056	$ 17,076
Loans	1,299	29,358	30,657	12,133	2,113	14,246
Change in interest income	**2,530**	**43,483**	**46,013**	**12,153**	**19,169**	**31,322**
Liabilities						
Deposits	387	22,166	22,553	(5,464)	7,072	1,608
Wholesale borrowings	1,417	2,092	3,509	5,510	585	6,095
Collateralized borrowings	309	4,243	4,552	(682)	5,020	4,338
Securities sold under repurchase agreements	-	-	-	-	-	-
Change in interest expense	**2,113**	**28,501**	**30,614**	**(636)**	**12,677**	**12,041**
Change in net interest income	**$ 417**	**$ 14,982**	**$ 15,399**	**$ 12,789**	**$ 6,492**	**$ 19,281**

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; it demonstrates how profitable our banking business is. The ratio increased to 2.36% from 2.33% last quarter and 2.29% in the same quarter last year. Both increases are driven by the same factors that led to our higher NII previously noted.

Other Income

OI consists of all revenue not classified as NII. OI is lower than last quarter and the same time last year. The key driver is market volatility resulting in lower wealth management, financial and capital markets revenue. In addition, gains on our strategic investments decreased. Quarter-over-quarter credit fees are also lower, driven by the timing of our credit fee collections and annual reviews.

Provision for Loan Losses

ATB's provision for loan losses (LLP) comprises net writeoffs, recoveries and required changes to the allowance for Stage 1, 2 and 3 loans. LLP is $0.8 million this quarter, a contrast to the release recorded last quarter and this time last year. The changes are primarily due to a lower Stage 1 and 2 release that reflects the softening outlook driven by rising inflation, commodity prices and supply chain concerns. The changes in the Stage 3 allowance for ATB Business also impacted LLP due to fewer new impairments and loans returning to performing status.

We continue to recognize the challenges the pandemic created for our clients, with inflation and supply chain concerns now creating additional complications. 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 June 30, 2022, gross impaired loans of $0.6 billion comprised 1.3% (March 31, 2022: 1.4%, June 30, 2021: 1.9%) of the total loan portfolio.

Non-Interest Expense

NIE consists of all expenses incurred by ATB except for interest expenses and LLP. The decrease in NIE compared to last quarter is mainly driven by lower revenue related performance-based compensation and professional and consulting fees.

Compared with this time last year, NIE is up as we incur higher costs to attract the talent we need in a competitive market place along with investing in our team members and higher technology-related costs. Marketing costs are also up as COVID-19 restrictions were eased.

Efficiency Ratio

The efficiency ratio, measured as total NIE divided by total revenue, measures how much it costs ATB to generate revenue. A lower ratio indicates higher efficiency at generating income. Our efficiency ratio of 68.6% improved from last quarter's 73.0% but is consistent with the same period last year. This improvement over last quarter is mainly due to a significant drop in expenses noted previously, while the worsening over last year is mainly driven by expenses outpacing total revenue growth.

Review of Operating Results by Area of Expertise

Results presented in the following schedule are based on ATB's organizational structure and internal financial reporting systems and may not be directly comparable to those of other financial institutions. The accounting policies used in preparing the schedules are consistent with those followed in preparing the interim financial statements, as disclosed in the notes to the financial statements. (See Note 12.)

The manner in which ATB determines the revenues, expenses and LLP attributable to the various AOEs is outlined below.

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) 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	**June 30**	**March 31**	**June 30**
($ in thousands)	**2022**	**2022**	**2021**
Net interest income	$ 128,941	$ 120,544	$ 120,414
Other income	31,030	33,072	28,405
Total revenue	159,971	153,616	148,819
Provision for (recovery of) loan losses	10,648	(4,286)	4,104
Non-interest expenses (1)	133,178	142,659	128,302
Net income before payment in lieu of tax	16,145	15,243	16,413
Payment in lieu of tax	3,713	3,507	4,926
Net income	**$ 12,432**	**$ 11,736**	**$ 11,487**
Net loans	$ 20,019,449	$ 20,043,570	$ 19,631,481
Total deposits	17,884,161	17,554,458	17,033,541

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

EFS's NI increased from last quarter and the same time last year due to higher total revenue offset by elevated LLP.

NII increased from last quarter and the same time last year due to the Bank of Canada prime rate increases resulting in higher interest earned on loans, partially offset by higher deposit costs driven by the same rate increases and market competition.

OI decreased from last quarter due to lower third party insurance commissions received on loans, but increased from the same time last year as card transaction volumes are higher.

The higher LLP compared to last quarter and the same time last year is attributed to the increase in Stage 1 and Stage 2 allowances, which is reflective of the economic outlook softening.

NIE declined compared to last quarter due to lower employee costs but increased compared to the same time last year mainly due to higher corporate support costs.

Loans are consistent with last quarter but increased year-over-year, due to higher Mastercard balances as client spending increased. Deposits increased from last quarter and the same time last year, as clients hold more fixed-date deposits and high interest savings accounts in order to take advantage of the higher interest rates.

ATB Business

Table 3: ATB Business Financial Performance

For the three months ended *($ in thousands)*	June 30 2022	March 31 2022	June 30 2021
Net interest income	$ 182,959	$ 176,963	$ 167,404
Other income	50,531	68,692	54,070
Total revenue	233,490	245,655	221,474
Recovery of loan losses	(4,057)	(44,929)	(60,748)
Non-interest expenses (1)	118,145	127,518	102,692
Net income before payment in lieu of tax	119,402	163,066	179,530
Payment in lieu of tax	27,462	37,504	41,293
Net income	**$ 91,940**	**$ 125,562**	**$ 138,237**
Net loans	$ 24,167,567	$ 23,627,939	$ 22,661,381
Total deposits	17,955,356	17,281,589	18,294,032

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

NI decreased from last quarter and this time last year due to a lower recovery of loan losses.

NII increased from last quarter and this time last year due to the Bank of Canada prime rate increases leading to higher interest earned on loans, partially offset by higher deposit costs driven by the same rate increases.

OI decreased from last quarter and this time last year due to lower financial and capital markets revenue along with a decrease in credit fees. This quarter, the number of capital market deals are lower due to markets being softer. Financial market activity was slower, as commodity prices were less volatile.

LLP remains in a recovery position but is lower than last quarter and this time last year driven by a lower Stage 1 and 2 release. This reflects the softening economic outlook. There were also changes in the Stage 3 allowance due to fewer new impairments and loans no longer impaired.

NIE decreased from last quarter due to lower revenue-related-performance-based compensation and corporate support costs. Compared to this time last year, NIE increased due to higher corporate support and employee costs. There has also been higher business development costs as clients and team members have returned to in-person interactions.

Loans have grown quarter-over-quarter due to the agricultural sector and year-over-year due to the agriculture and real estate sectors. Deposits increased compared to last quarter due to business clients holding additional funds in term deposits and transaction accounts. Compared to this time last year the decrease is driven by clients in ATB Business' Capital Markets Group funding projects and drawing down on their deposits.

ATB Wealth

Table 4: ATB Wealth Financial Performance

For the three months ended *($ in thousands)*	June 30 2022	March 31 2022	June 30 2021
Net interest income	$ 9,314	$ 8,093	$ 6,530
Other income	66,594	69,705	68,152
Total revenue	75,908	77,798	74,682
Provision for (recovery of) loan losses	664	(440)	(1,270)
Non-interest expenses (1)	63,452	69,187	67,647
Net income before payment in lieu of tax	11,792	9,051	8,305
Payment in lieu of tax	2,712	2,082	1,910
Net income	**$ 9,080**	**$ 6,969**	**$ 6,395**
Net loans	$ 1,296,196	$ 1,300,215	$ 1,261,540
Total deposits	2,553,708	2,372,609	2,338,710
Total assets under administration	23,984,485	26,189,359	26,082,967

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

ATB Wealth's NI increased mainly due to lower NIE in comparison to last quarter.

Total revenue decreased quarter-over-quarter but is consistent with the same time last year. The decrease from last quarter is mainly due to lower average assets under administration (AUAs).

NIE has decreased from last quarter and this time last year. The decrease from last quarter is a result of variable costs associated with AUA and performance based compensation. Compared to this time last year the decrease is due to lower corporate support costs.

Loans are consistent compared with last quarter and this time last year. Deposits increased from last quarter and this time last year, both are driven by ATB Wealth clients transferring assets to safe investments, as they take advantage of the higher interest rate environment.

ATB Wealth's AUA decreased from last quarter and last year due to increased market volatility.

Strategic Support Units

Table 5: SSUs Financial Performance

For the three months ended *($ in thousands)*	**June 30 2022**	**March 31 2022**	**June 30 2021**
Net interest income	$ 2,819	$ 3,034	$ 10,404
Other income	3,929	23,183	4,459
Total revenue	6,748	26,217	14,863
(Recovery of) provision for loan losses	(6,488)	7,870	(3,255)
Non-interest expenses (1)	11,784	27,908	12,284
Net income (loss) before payment in lieu of tax	1,452	(9,561)	5,834
Payment in lieu of (recovery of) tax	335	(2,201)	191
Net income (loss)	**$ 1,117**	**$ (7,360)**	**$ 5,643**

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

NII decreased year-over-year mainly due to balance sheet management activity.

OI decreased from last quarter, driven by fewer gains from our strategic investments.

The SSU's recorded a recovery of loan losses this quarter, a reduction from last quarter's LLP. The change is attributed to this quarter's Stage 1 and Stage 2 recovery versus a Stage 1 and 2 provision recorded last quarter. Compared to this time last year the recovery increased primarily driven by a Stage 1 recovery.

NIE decreased from the prior quarter and is consistent with this time last year. The quarterly decrease is primarily due to lower revenue-related compensation costs.

Consolidated Financial Position

Total Assets

Our total assets as at June 30, 2022, were $59.0 billion, higher than last quarter driven by securities held for liquidity-risk-management purposes and net loan growth. Compared to last year, total assets increased due to higher loan balances and more securities held, offset with less cash being deposited with the Bank of Canada.

Loans

Net loans were $46.3 billion and have increased over last quarter and last year mainly due to business loans. Residential mortgage loans (RMLs) increased compared to the same quarter last year. Both increases reflect the economic recovery we have experienced over the past twelve months.

The allowance for loan losses decreased quarter-over-quarter and dropped significantly compared to this time last year. Although the economic outlook has softened, we continue to see a low level of new impaired loans and previously impaired loans returning to performing. Our loan portfolio and the related allowance for loan losses are discussed in greater detail in Notes 7 and 8 to the financial statements.

Total Liabilities

Total liabilities ended the quarter at $54.5 billion, higher than last quarter and the same time last year due to an increase in deposits, wholesale borrowings, and securities sold under repurchase agreements. Derivative liabilities increased significantly year-over-year.

Deposits

ATB's principal sources of funding are client deposits, which consist of transaction, savings, notice and fixed-date deposits accounts. Deposits have increased compared to last quarter and the same time last year as rising interest rates and market uncertainty have led clients to hold more assets in fixed-date deposits and high-interest savings accounts.

Other Liabilities

ATB's other liabilities are composed primarily of collateralized and wholesale borrowings, derivative financial instruments. Collateralized and wholesale borrowings are used as a funding source to supplement client deposits.

Collateralized borrowings represent ATB's participation in the Canada Mortgage Bonds (CMB) program, securitization of credit card receivables and other mortgage loan securitization. There was an increase in our credit card securitization facility compared to last quarter to support lending activities. Collateralized borrowing balances have remained consistent year-over-year.

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. The increase from last quarter and this time last year is due to issuing more bearer-deposit notes in order to support lending activities.

Derivative liabilities increased over last quarter due to an increase in the fair value of our interest-rate risk management products, with swap rates increasing. There was also an increase over last year due to an increase in the fair value of commodity deals. This increase is associated with the increase in derivative assets as we have seen increased commodity activity from our clients due to financial market volatility.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (AOCI) includes unrealized gains and losses that are only recorded on the consolidated statement of operations when realized. AOCI decreased significantly from last quarter and last year as our hedge-accounted swap portfolio was impacted due to swap rates increasing. This was partially offset by a net pension asset balance, which has decreased compared to last quarter but increased since last year due to market volatility over the past 12 months.

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 *Capital Adequacy Requirements Guideline* (*CAR Guideline*). ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the GoA's President of Treasury Board and Minister of Finance. ATB's minimum Tier 1 capital requirement is 7.0%, and the total capital requirement is the greater of 10.0% of risk-weighted assets or 5.0% of total assets. As at June 30, 2022, ATB had a Tier 1 capital ratio of 12.1% and a total capital ratio of 15.5%, both exceeding our regulatory requirements.

ATB has also established and maintains an Internal Capital Adequacy Assessment Process (ICAAP) Framework that complies with the Office of the Superintendent of Financial Institutions' (OSFI) guideline on ICAAP for deposit-taking institutions. This helps ensure that ATB has adequate capital to meet its strategic and business objectives.

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 June 30, 2022, are outlined below.

Table 6: Credit Risk Exposure

The amounts shown in the table below best represent ATB's exposure to credit risk, mainly comprised of loans. (See Note 4.)

As at *($ in thousands)*	**June 30 2022**	**March 31 2022**
Financial assets (1)	$ 57,189,973	$ 55,474,217
Other commitments and off-balance-sheet items (2)	20,811,470	20,639,189
Total credit risk	**$ 78,001,443**	**$ 76,113,406**

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

Table 7: Industry Concentration

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

		June 30 2022		**March 31 2022**
As at *($ in thousands)*		**Percentage of total gross loans**		**Percentage of total gross loans**
Commercial real estate	$ 6,506,652	13.9%	$ 6,412,423	13.8%
Agriculture, forestry, fishing and hunting	4,561,749	9.8%	4,413,326	9.5%
Mining and oil-and-gas extraction	3,821,617	8.2%	3,808,056	8.2%
Largest borrower	$ 119,453	0.3%	$ 123,662	0.3%

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

Residential mortgages and home equity line of credits (HELOCs) are secured by residential properties. The following table breaks down the amounts and percentages of insured and uninsured residential mortgages and HELOCs:

As at			June 30		March 31
($ in thousands)			2022		2022
Residential mortgages	Insured (1)	$ 9,955,582	60.0%	$ 10,052,413	60.6%
	Uninsured	6,629,061	40.0%	6,544,313	39.4%
Total residential mortgages		**$ 16,584,643**	**100.0%**	**$ 16,596,726**	**100.0%**
Home equity lines of credit	Uninsured	$ 2,422,088	100.0%	$ 2,485,554	100.0%
Total home equity lines of credit		**$ 2,422,088**	**100.0%**	**$ 2,485,554**	**100.0%**
	Insured	**$ 9,955,582**	**52.4%**	**$ 10,052,413**	**52.7%**
Total	**Uninsured**	**9,051,149**	**47.6%**	**9,029,867**	**47.3%**

(1) Insured residential mortgages are mortgages insured against a loss caused by a borrower defaulting and include both individual and portfolio insurance. The amounts presented include bulk-insured conventional mortgages and mortgages insured by Canadian Mortgage Housing Corporation (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	June 30 2022	March 31 2022
Less than 25 years	94.4%	94.4%
25 years and above	5.6%	5.6%
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	June 30 2022	March 31 2022
Residential mortgages	0.7	0.7
Home equity lines of credit	0.6	0.6

ATB performs stress testing on its RML portfolio as part of its 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 its RML portfolio under such scenarios to be manageable, given the portfolio's high proportion of insured and low loan-to-value ratio mortgages.

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 its 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. 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)*	June 30 2022	March 31 2022
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	$ 43,758	$ 35,921
200 basis points	86,827	69,591
Decrease in interest rates of:		
100 basis points (1)	(46,325)	(40,293)
200 basis points (1)	(111,438)	(78,018)

(1) Certain aspects of the decrease in interest rate scenarios are constrained by interest rate floors when appropriate.

The potential impact of a 100- and 200-basis-point increase is well within our interest-rate-risk-management policy.

Foreign Exchange Risk

FX risk is the risk of loss resulting from fluctuations in FX rates. This risk arises from the existence of a net asset or liability position denominated in foreign currencies 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 its 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 its Board-approved minimum limit as at June 30, 2022 and March 31, 2022.

Liquidity Risk

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

ATB determines and manages its liquidity needs using a wide range of financial products and borrowing programs to ensure stable and well-diversified sources of funding.

On June 30, 2022, the liquidity coverage ratio (LCR) was 137.1% (March 31, 2022: 129.0%), well above Board-approved minimum limits.

Table 12: Long-Term Funding Sources

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

	June 30 2022		March 31 2022	
As at *($ in thousands)*	**Long-term funding**	**Percentage of total**	**Long-term funding**	**Percentage of total**
Wholesale borrowings	$ 4,757,727	37.9%	$ 4,449,880	36.9%
Collateralized borrowings	7,805,734	62.1%	7,611,233	63.1%
Total long-term funding	**$ 12,563,461**	**100.0%**	**$ 12,061,113**	**100.0%**

CONSOLIDATED FINANCIAL STATEMENTS

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

As at *($ in thousands)*	Note	June 30 2022	March 31 2022	June 30 2021
Cash		$ 2,405,955	$ 2,606,379	$ 4,079,828
Interest-bearing deposits with financial institutions		1,316,433	1,210,901	676,619
Total cash resources		**3,722,388**	**3,817,280**	**4,756,447**
Securities measured at fair value through profit or loss		133,010	128,188	95,128
Securities measured at fair value through other comprehensive income		5,698,746	4,407,398	3,514,340
Total securities	6	**5,831,756**	**4,535,586**	**3,609,468**
Business		24,611,038	24,092,016	23,273,902
Residential mortgages		16,584,643	16,596,726	15,978,392
Personal		4,812,492	4,971,346	5,494,423
Credit card		731,225	686,871	693,478
Total gross loans		**46,739,398**	**46,346,959**	**45,440,195**
Allowance for loan losses	8	(395,767)	(418,255)	(623,966)
Total net loans	7	**46,343,631**	**45,928,704**	**44,816,229**
Derivative financial instruments		1,814,454	1,779,577	1,414,575
Property and equipment		225,208	222,984	227,910
Software and other intangibles		227,712	227,575	274,686
Other assets		806,090	540,329	418,577
Total other assets		**3,073,464**	**2,770,465**	**2,335,748**
Total assets		**$ 58,971,239**	**$ 57,052,035**	**$ 55,517,892**
Transaction accounts		$ 14,044,845	$ 13,386,975	$ 13,274,864
Saving accounts		11,627,488	12,060,980	12,288,089
Notice accounts		5,889,448	6,095,213	5,808,056
Non-redeemable fixed-date deposits		5,739,033	4,687,929	5,508,181
Redeemable fixed-date deposits		1,253,365	1,088,385	963,888
Total deposits		**38,554,179**	**37,319,482**	**37,843,078**
Collateralized borrowings	9	7,793,742	7,614,949	7,769,728
Wholesale borrowings		4,741,606	4,442,967	3,426,979
Derivative financial instruments		2,028,007	1,882,405	1,184,211
Securities sold under repurchase agreements		244,068	-	14,731
Other liabilities		1,174,487	1,340,038	1,034,809
Total other liabilities		**15,981,910**	**15,280,359**	**13,430,458**
Total liabilities		**54,536,089**	**52,599,841**	**51,273,536**
Retained earnings		4,662,788	4,548,190	4,123,261
Accumulated other comprehensive (loss) income		(227,638)	(95,996)	121,095
Total equity		**4,435,150**	**4,452,194**	**4,244,356**
Total liabilities and equity		**$ 58,971,239**	**$ 57,052,035**	**$ 55,517,892**

The accompanying notes are an integral part of these interim condensed 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 *($ in thousands)*	Note	June 30 2022	March 31 2022	June 30 2021
Loans		$ 437,312	$ 406,655	$ 423,066
Securities		13,982	4,703	2,960
Interest-bearing deposits with financial institutions		9,158	3,081	3,104
Interest income		**460,452**	**414,439**	**429,130**
Deposits		74,769	52,216	73,161
Wholesale borrowings		21,749	18,240	15,654
Collateralized borrowings		39,901	35,349	35,563
Interest expense		**136,419**	**105,805**	**124,378**
Net interest income		**324,033**	**308,634**	**304,752**
Wealth management		65,619	68,797	67,383
Service charges		22,360	22,488	19,586
Card fees		20,993	18,768	17,514
Credit fees		9,353	15,773	10,458
Financial markets		13,090	20,549	13,655
Capital markets		9,761	12,191	14,387
Foreign exchange		4,861	3,322	3,463
Insurance		3,377	6,702	5,505
Net gains (losses) on derivative financial instruments		9,858	(1,064)	1,813
Net gains on securities		1,260	14,260	1,158
Sundry		(8,448)	12,866	164
Other income		**152,084**	**194,652**	**155,086**
Total revenue		**476,117**	**503,286**	**459,838**
Provision for (recovery of) loan losses	8	**767**	**(41,785)**	**(61,169)**
Salaries and employee benefits		183,808	208,918	172,691
Data processing		41,608	44,033	36,968
Premises and occupancy, including depreciation		17,846	19,814	16,768
Professional and consulting costs		16,765	25,075	15,510
Deposit guarantee fee		13,225	12,568	12,919
Equipment, including depreciation		3,039	3,526	3,489
Software and other intangibles amortization		17,601	18,724	21,330
General and administrative		21,251	22,823	14,402
ATB agencies		4,115	3,889	3,713
Other		7,301	7,902	13,135
Non-interest expense		**326,559**	**367,272**	**310,925**
Net income before payment in lieu of tax		**148,791**	**177,799**	**210,082**
Payment in lieu of tax	10	34,222	40,892	48,320
Net income		**$ 114,569**	**$ 136,907**	**$ 161,762**

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

Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

For the three months ended *($ in thousands)*	**June 30** **2022**	**March 31** **2022**	**June 30** **2021**
Net income	$ 114,569	$ 136,907	$ 161,762
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
Unrealized net (losses) gains on securities measured at fair value through other comprehensive (loss) income			
Unrealized net (losses) gains arising during the period	(4,208)	5,856	1,564
Net losses (gains) reclassified to net income	881	(1)	-
Unrealized net (losses) gains on derivative financial instruments designated as cash flow hedges			
Unrealized net (losses) gains arising during the period	(92,339)	(155,289)	5,302
Net losses (gains) reclassified to net income	(23,166)	(34,300)	(20,896)
Items that will not be reclassified to profit or loss			
Remeasurement of defined-benefit plan liabilities	(12,810)	59,092	21,610
Other comprehensive (loss) income	**(131,642)**	**(124,642)**	**7,580**
Comprehensive (loss) income	**$ (17,073)**	**$ 12,265**	**$ 169,342**

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

For the three months ended *($ in thousands)*	**June 30** **2022**	**March 31** **2022**	**June 30** **2021**
Retained earnings			
Balance at beginning of the period	$ 4,548,190	$ 4,411,105	$ 3,961,408
Net income	114,569	136,907	161,762
Other	29	178	91
Balance at end of the period	**4,662,788**	**4,548,190**	**4,123,261**
Accumulated other comprehensive (loss) income			
Securities measured at fair value through other comprehensive income			
Balance at beginning of the year	3,515	(2,340)	(1,937)
Other comprehensive income (loss)	(3,327)	5,855	1,564
Balance at end of the period	**188**	**3,515**	**(373)**
Derivative financial instruments designated as cash flow hedges			
Balance at beginning of the period	(176,246)	13,342	131,745
Other comprehensive income (loss)	(115,505)	(189,588)	(15,594)
Balance at end of the period	**(291,751)**	**(176,246)**	**116,151**
Defined-benefit-plan liabilities			
Balance at beginning of the year	76,735	17,643	(16,293)
Other comprehensive income (loss)	(12,810)	59,092	21,610
Balance at end of the period	**63,925**	**76,735**	**5,317**
Accumulated other comprehensive (loss) income	**(227,638)**	**(95,996)**	**121,095**
Equity	**$ 4,435,150**	**$ 4,452,194**	**$ 4,244,356**

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited)

For the three months ended *($ in thousands)*	June 30 2022	March 31 2022	June 30 2021
Cash flows from operating activities			
Net income	$ 114,569	$ 136,907	$ 161,762
Adjustments for non-cash items and other items			
Provision for (recovery of) loan losses	767	(41,785)	(61,169)
Depreciation and amortization	28,981	28,218	33,333
Net (gains) losses on securities	(1,260)	(14,260)	(1,158)
(Gains) losses on foreign-denominated wholesale borrowings	7,678	(3,123)	(3,402)
Adjustments for net changes in operating assets and liabilities			
Loans	(415,694)	174,172	(157,838)
Deposits	1,234,699	(322,781)	84,746
Derivative financial instruments	(4,780)	17,589	14,565
Prepayments and other receivables	(28,466)	(91,178)	(32,071)
Accounts receivable – financial market products	(221,470)	224,468	73,466
Due to clients, brokers and dealers	(7,151)	9,661	(5,986)
Deposit guarantee fee payable	(43,845)	15,787	(43,811)
Accounts payable and accrued liabilities	148,635	118,636	60,100
Accounts payable – financial market products	(95,754)	(100,467)	(59,701)
Liability for payment in lieu of tax	(140,930)	43,408	(14,565)
Net interest receivable and payable	(29,647)	4,226	(71,448)
Change in accrued-pension-benefit liability	(1,729)	1,514	1,117
Other	(573)	4,213	(16,253)
Net cash (used in) provided by operating activities	**544,030**	**205,205**	**(38,313)**
Cash flows from investing activities			
Purchase of securities	(3,446,113)	(1,677,543)	(62,306)
Proceeds from sales and maturities of securities	2,125,589	389,139	85,160
Change in interest-bearing deposits with financial institutions	(105,532)	(727,247)	(287,148)
Purchases and disposals of property and equipment, software and other intangibles	(31,342)	(29,612)	(14,952)
Net cash (used in) provided by investing activities	**(1,457,398)**	**(2,045,263)**	**(279,246)**
Cash flows from financing activities			
Issuance of wholesale borrowings	3,461,729	3,222,538	2,574,633
Repayment of wholesale borrowings	(3,175,000)	(3,300,000)	(2,650,000)
Issuance of collateralized borrowings	673,570	193,091	188,283
Repayment of collateralized borrowings	(483,561)	(250,000)	(349,637)
Change in securities sold under repurchase agreements	244,068	-	1
Repayment of lease liabilities	(8,222)	(8,906)	(9,496)
Net cash (used in) provided by financing activities	**712,584**	**(143,277)**	**(246,216)**
Net (decrease) increase in cash	(200,784)	(1,983,335)	(563,775)
Cash at beginning of the period	2,606,739	4,589,714	4,643,603
Cash at end of the period	**$ 2,405,955**	**$ 2,606,379**	**$ 4,079,828**
Net cash (used in) provided by operating activities includes:			
Interest paid	$ (154,973)	$ (81,204)	$ (149,999)
Interest received	445,271	392,283	452,763

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

Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2022 (Unaudited)

1 Nature of Operations

ATB is an Alberta-based financial services provider engaged in retail and commercial banking, credit cards, digital banking 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 its Board of Directors appointed by the Lieutenant-Governor in Council (LGIC). Under *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 GoA designed to be in lieu of such charges. (See Note 10.)

2 Significant Accounting Policies

a. 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 2022 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 August 17, 2022.

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 its 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.

COVID-19

Although the market volatility associated with COVID-19 has decreased, there are still lingering impacts of the pandemic and risks of further waves, which may impact our financial results. The most significant impact would be estimates relating to the allowance for loan losses. (See Note 8.)

Russia's Invasion of Ukraine

The invasion of Ukraine by Russia has brought about global disruptions and uncertainty in markets and in the economy as a whole. This has led to various sanctions and controls imposed on Russia by Canada and other countries. Although ATB's exposure to Ukraine and Russia is limited, the impact of these measures and potential counter-responses by Russia is uncertain. Adverse changes, including those related to interest rates, credit spreads, market volatility and foreign exchange rates could affect ATB's earnings.

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Interest Rate Benchmark Reform (IBOR) Phase 2

In August 2020, the IASB finalized amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases*. The amendments provide guidance to address instances, for issues that may affect financial reporting, where an existing interest rate benchmark is replaced with an alternative interest rate that modifies financial assets and financial liabilities, including lease liabilities, hedge accounting requirements and IBOR-reform-related disclosures. In October 2020, the Accounting Standards Board (AcSB) approved the amendments.

The amendment provides relief when a financial instrument moves to an alternative interest rate that is economically equivalent to IBOR:

- For modifications of financial instruments carried at amortized cost, benchmark interest rate changes are reflected prospectively by updating the effective interest rate with no immediate gain or loss recognized.
- Existing hedging relationships are allowed to continue upon moving to an alternative rate under certain qualifying criteria. If an alternative interest rate is not specifically identified at the date it is designated for hedge accounting, it will be deemed to meet the requirements if the rate can be identified within a 24-month period. If this criteria cannot be met, then hedge accounting will be discontinued prospectively.

ATB continues to make progress on its plan for the United States Dollar (USD) London Interbank Offered Rate (LIBOR) to ensure an orderly transition and to manage the impact through appropriate mitigating actions. We are following the recommended target date for cessation of LIBOR-based products, which is June 30, 2023.

In December 2021, the Canadian Alternative Reference Rate working group (CARR) recommended that the Canadian Dollar Offered Rate (CDOR) should cease being calculated and published after June 28, 2024 with the Canadian Overnight Repo Rate Average (CORRA) suggested as the replacement benchmark rate. On May 16, 2022, the CDOR administrator announced the cessation of CDOR consistent with the recommendations outlined by CARR. CORRA is expected to be launched by Q2 of FY2024, but is to be confirmed by CARR following the CORRA consultation to which ATB has submitted a response. We are following the recommended target dates for cessation of CDOR-based products. For CDOR-based derivatives and securities, this would be June 28, 2023, and for CDOR-based loans, June 28, 2024.

Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued *Annual Improvements to IFRS Standards 2018-2020*, amending a number of standards as part of its annual improvements. IFRS 9 *Financial Instruments* clarifies which fees are included when applying the "10% test" to assess whether a financial liability is derecognized. Under IFRS 16 *Leases*, an example for reimbursements made by the lessor for leasehold improvements has been removed. In September 2020, the AcSB endorsed the IASB's annual improvements.

During the first quarter of FY2023, ATB adopted the annual improvement, which had no impact on our financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)

In May 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*, which clarifies that the cost of fulfilling a contract is included in determining whether a contract is onerous or not. The cost includes incremental and allocated costs that relate directly to fulfilling the contract.

During the first quarter of FY2023, ATB has adopted the amendment, which had no impact on our financial statements.

Proceeds Before Intended Use (Amendments to IAS 16 *Property, Plant and Equipment*)

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*. The change prohibits deducting from the cost of property, plant and equipment any proceeds from selling items produced while readying the assets for use. Instead, the cost of producing those items and the proceeds from selling them must be recognized immediately in profit or loss.

During the first quarter of FY2023, ATB has adopted the amendment, which had no impact on our financial statements.

Future Accounting Policy Changes

The following standards have been issued but are not yet effective on the date of issuance of ATB's consolidated financial statements. ATB is currently assessing the impact of the application of these standards and will adopt them when they become effective.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of Financial Statements*)

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*, which amends the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, nor the information that entities disclose about those items.

ATB has assessed the impact of the new definition, which is effective for annual reporting periods beginning on or after January 1, 2023, and determined that there is no impact on our financial statements. Earlier application is permitted. We will adopt the amendments to IAS 1 on April 1, 2023, the start of ATB's FY2024.

Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements*)

In February 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1)*, which is intended to disclose material accounting policies and distinguish these from significant accounting policies. The amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance on how to apply a four-step materiality process to accounting policy disclosures.

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied prospectively, with earlier application permitted. The amendments to IAS 1 take effect April 1, 2023, the start of ATB's FY2024.

Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)

In February 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* which updates the definition of accounting estimates and provides guidance to help entities distinguish changes in accounting estimates from changes in accounting policies.

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied prospectively, with earlier application permitted. The amendments to IAS 1 take effect April 1, 2023, the start of ATB's FY2024.

IFRS 17 *Insurance Contracts*

In May 2017, the IASB published a new standard, IFRS 17 *Insurance Contracts*, establishing the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

ATB assessed the impact of the new standard and determined there is no impact on our financial statements. IFRS 17 will replace IFRS 4 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2023, and, for ATB, effective starting April 1, 2023, the start of ATB's FY2024. Earlier application is permitted if IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have also been applied. ATB has chosen to not adopt the standard early.

Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction (Amendments to IAS 12 *Income Taxes*)

In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*, which clarifies that the initial recognition exemption permitted in IAS 12 does not apply to transactions (such as leases and decommissioning obligations) where an asset and liability is recorded that result in equal and offsetting temporary tax differences.

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied retrospectively. The amendments to IAS 12 take effect April 1, 2023, the start of ATB's FY2024. Instead of income tax, ATB pays an amount equal to 23% of consolidated net income as reported in its audited annual financial statements. (See Note 10.) Therefore, there is no impact to our financial statements.

Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IAS 17 *Insurance Contracts*)

In December 2021, the IASB issued *Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17).* The amendment applies to entities that apply IFRS 17 and 9 at the same time. The option allows, on an instrument-by-instrument basis, an entity to present comparative information under IFRS 9 for financial assets that would not have been restated for IFRS 9. The relief helps entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities and improves the usefulness of comparative information.

ATB has assessed the impact of the amendment and determined there is no impact on our financial statements. The amendment is effective from April 1, 2023, the start of ATB's FY2024.

4 Financial Instruments

Classification and Carrying Value

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

As at June 30, 2022 ($ in thousands)	Carrying value					
	Financial instruments classified as FVTPL	**Financial instruments designated as FVTPL**	**Financial instruments classified as FVOCI**	**Financial instruments designated as FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 2,405,955	$ 2,405,955
Interest-bearing deposits with financial institutions (1)	-	1,316,433	-	-	-	1,316,433
Total cash resources	-	1,316,433	-	-	2,405,955	3,722,388
Total securities (1)	88,081	44,929	5,650,487	48,259	-	5,831,756
Total net loans (2)	-	-	-	-	46,343,631	46,343,631
Derivative financial instruments	1,814,454	-	-	-	-	1,814,454
Other assets (1) (6)	-	-	-	-	676,364	676,364
Total other assets	1,814,454	-	-	-	676,364	2,490,818
Total financial assets	**$ 1,902,535**	**$ 1,361,362**	**$ 5,650,487**	**$ 48,259**	**$ 49,425,950**	**$ 58,388,593**
Financial liabilities						
Total deposits (3)	-	-	-	-	38,554,179	38,554,179
Collateralized borrowings (5)	-	-	-	-	7,793,742	7,793,742
Wholesale borrowings (4)	-	258,454	-	-	4,483,152	4,741,606
Derivative financial instruments (1)	2,028,007	-	-	-	-	2,028,007
Securities sold under repurchase agreements (1)	-	-	-	-	244,068	244,068
Other liabilities (1) (6)	-	-	-	-	1,082,607	1,082,607
Total other liabilities	2,028,007	258,454	-	-	13,603,569	15,890,030
Total financial liabilities	**$ 2,028,007**	**$ 258,454**	**$ -**	**$ -**	**$ 52,157,748**	**$ 54,444,209**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $46,798,075.
(3) The fair value of deposits is estimated at $37,722,247.
(4) The fair value of wholesale borrowings is estimated at $4,664,759.
(5) The fair value of collateralized borrowings is estimated at $7,612,987.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

As at March 31, 2022 *($ in thousands)*	Carrying value					
	Financial instruments classified as FVTPL	**Financial instruments designated as FVTPL**	**Financial instruments classified as FVOCI**	**Financial instruments designated as FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 2,606,379	$ 2,606,379
Interest-bearing deposits with financial institutions (1)	-	1,210,901	-	-	-	1,210,901
Total cash resources	-	1,210,901	-	-	2,606,379	3,817,280
Total securities (1)	83,185	45,003	4,358,351	49,047	-	4,535,586
Total net loans (2)	-	-	-	-	45,928,704	45,928,704
Derivative financial instruments	1,779,577	-	-	-	-	1,779,577
Other assets (1) (6)	-	-	-	-	402,579	402,579
Total other assets	1,779,577	-	-	-	402,579	2,182,156
Total financial assets	**$ 1,862,762**	**$ 1,255,904**	**$ 4,358,351**	**$ 49,047**	**$ 48,937,662**	**$ 56,463,726**
Financial liabilities						
Total deposits (3)	-	-	-	-	37,319,482	37,319,482
Collateralized borrowings (5)	-	-	-	-	7,614,949	7,614,949
Wholesale borrowings (4)	-	253,998	-	-	4,188,969	4,442,967
Derivative financial instruments (1)	1,882,405	-	-	-	-	1,882,405
Securities sold under repurchase agreements (1)	-	-	-	-	-	-
Other liabilities (1) (6)	-	-	-	-	1,106,257	1,106,257
Total other liabilities	1,882,405	253,998	-	-	12,910,175	15,046,578
Total financial liabilities	**$ 1,882,405**	**$ 253,998**	**$ -**	**$ -**	**$ 50,229,657**	**$ 52,366,060**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $46,277,309.
(3) The fair value of deposits is estimated at $36,283,156.
(4) The fair value of wholesale borrowings is estimated at $4,403,013.
(5) The fair value of collateralized borrowings is estimated at $7,530,073.
(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 to the 2022 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 three months ended June 30, 2022, and the year ended March 31, 2022, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at June 30, 2022 *($ in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 1,316,433	$ -	$ 1,316,433
Securities				
Securities measured at FVTPL	45,509	-	87,501	133,010
Securities measured at FVOCI	5,650,487	-	48,259	5,698,746
Other assets				
Derivative financial instruments	-	1,814,454	-	1,814,454
Total financial assets	**$ 5,695,996**	**$ 3,130,887**	**$ 135,760**	**$ 8,962,643**
Financial liabilities				
Wholesale borrowings	$ -	$ 258,454	$ -	$ 258,454
Other liabilities				
Derivative financial instruments	-	2,028,007	-	2,028,007
Total financial liabilities	**$ -**	**$ 2,286,461**	**$ -**	**$ 2,286,461**

As at March 31, 2022 *($ in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 1,210,901	$ -	$ 1,210,901
Securities				
Securities measured at FVTPL	45,132	-	83,056	128,188
Securities measured at FVOCI	4,358,351	-	49,047	4,407,398
Other assets				
Derivative financial instruments	-	1,779,577	-	1,779,577
Total financial assets	**$ 4,403,483**	**$ 2,990,478**	**$ 132,103**	**$ 7,526,064**
Financial liabilities				
Wholesale borrowings	$ -	$ 253,998	$ -	$ 253,998
Other liabilities				
Derivative financial instruments	-	1,882,405	-	1,882,405
Total financial liabilities	**$ -**	**$ 2,136,403**	**$ -**	**$ 2,136,403**

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:

			June 30 2022		March 31 2022	
			Range of input values		Range of input values	
Product	Valuation technique	Significant unobservable inputs	Low	High	Low	High
Equity	Valuation multiple	Enterprise value/EBITDA multiple	4.9	10.5	3.9	11.6
		Enterprise value/revenue multiple	6.1	6.1	6.2	6.2
	Adjusted net asset value (1)	Net asset value (2)	n/a	n/a	n/a	n/a

(1) Adjusted net asset value is determined using reported net asset values obtained from the fund manager or general partner of the limited partnership and may be adjusted for current market levels where appropriate.
(2) ATB holds limited partnership interests in certain private capital funds. Net asset values are provided quarterly by each fund's general partner and, due to the wide range and diverse nature of the investments, no inputs are disclosed.

A 10% change to each multiple would result in a $7.8 million increase and $6.4 million decrease in fair value (March 2022: $7.1 million increase and $5.8 million decrease in fair value). The estimate is adjusted depending on the type of investment. Valuation techniques are detailed in Note 2 of the 2022 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, 2022	$ 49,047	$ 83,056
Total realized and unrealized gains included in net income	-	2,579
Total realized and unrealized losses included in other comprehensive income	(1,785)	-
Purchases and issuances	997	1,866
Sales and settlements	-	-
Fair value as at June 30, 2022	**$ 48,259**	**$ 87,501**
Change in unrealized gain included in income regarding financial instruments held as at June 30, 2022	$ -	$ 2,579

($ in thousands)	Securities designated as FVOCI	Securities classified as FVTPL
Fair value as at March 31, 2021	$ 14,922	$ 54,166
Total realized and unrealized gains included in net income	-	23,581
Total realized and unrealized gains included in other comprehensive income	20,256	-
Purchases and issuances	13,869	11,766
Sales and settlements	-	(6,457)
Fair value as at March 31, 2022	**$ 49,047**	**$ 83,056**
Change in unrealized gain included in income regarding financial instruments held as at March 31, 2022	$ -	$ 19,863

The consolidated statement of income line item for net gains on securities includes realized and unrealized fair-value movements on all financial instruments classified and designated at FVTPL and realized gains on securities measured at FVOCI.

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 an integral part of the 2022 annual consolidated financial statements.

6 Securities

The carrying value of securities by remaining term to maturity and net of valuation provisions is as follows:

As at June 30, 2022 *($ in thousands)*	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total carrying value**
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	$ 44,876	$ -	$ -	$ 44,876
Other securities	578	44,460	43,096	88,134
Total securities measured at FVTPL	**$ 45,454**	**$ 44,460**	**$ 43,096**	**$ 133,010**
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	$ 4,251,665	$ 1,398,822	$ -	$ 5,650,487
Other securities	-	-	48,259	48,259
Total securities measured at FVOCI	**$ 4,251,665**	**$ 1,398,822**	**$ 48,259**	**$ 5,698,746**

As at March 31, 2022 *($ in thousands)*	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total carrying value**
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	$ 44,976	$ -	$ -	$ 44,976
Other securities	119	44,180	38,913	83,212
Total securities measured at FVTPL	**$ 45,095**	**$ 44,180**	**$ 38,913**	**$ 128,188**
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	$ 2,645,734	$ 1,712,617	$ -	$ 4,358,351
Other securities	-	-	49,047	49,047
Total securities measured at FVOCI	**$ 2,645,734**	**$ 1,712,617**	**$ 49,047**	**$ 4,407,398**

Other Securities

These securities relate to investments made by ATB and its subsidiaries in a broad range of mainly private Alberta companies and funds. For direct investments in private companies, as there is no observable market price as at the balance sheet date, ATB estimated the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies, specifically the expected earnings before interest, income tax, depreciation and amortization (EBITDA). For direct investments in capital funds, the net asset value (NAV) is used in estimating the fair value of ATB's interest. See Note 4 for the key assumptions in this model.

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 table presents 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				June 30				March 31
($ in thousands)				2022				2022
	Performing		Impaired		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Very low risk	$ 4,827,863	$ 70,418	$ -	$ 4,898,281	$ 4,396,886	$ 133,175	$ -	$ 4,530,061
Low risk	14,241,772	650,791	-	14,892,563	13,896,167	480,903	-	14,377,070
Medium risk	3,450,228	208,379	-	3,658,607	3,732,998	235,997	-	3,968,995
High risk	-	627,717	-	627,717	-	615,848	-	615,848
Not rated (1)	26,471	5,124	-	31,595	56,462	5,375	-	61,837
Impaired	-	-	502,275	502,275	-	-	538,205	538,205
Total business	**22,546,334**	**1,562,429**	**502,275**	**24,611,038**	**22,082,513**	**1,471,298**	**538,205**	**24,092,016**
Very low risk	7,791,415	3,134	-	7,794,549	7,855,319	6,476	-	7,861,795
Low risk	5,857,376	13,373	-	5,870,749	5,723,778	20,086	-	5,743,864
Medium risk	2,240,089	33,372	-	2,273,461	2,286,246	50,388	-	2,336,634
High risk	478,068	99,083	-	577,151	466,168	115,819	-	581,987
Not rated (1)	12,616	477	-	13,093	13,983	230	-	14,213
Impaired	-	-	55,640	55,640		-	58,233	58,233
Total residential mortgages	**16,379,564**	**149,439**	**55,640**	**16,584,643**	**16,345,494**	**192,999**	**58,233**	**16,596,726**
Very low risk	2,165,755	9,653	-	2,175,408	2,240,715	18,002	-	2,258,717
Low risk	1,658,675	29,921	-	1,688,596	1,681,869	35,001	-	1,716,870
Medium risk	649,280	62,714	-	711,994	686,908	63,512	-	750,420
High risk	127,339	66,600	-	193,939	115,326	84,100	-	199,426
Not rated (1)	15,932	437	-	16,369	14,739	367	-	15,106
Impaired	-	-	26,186	26,186	-	-	30,807	30,807
Total personal	**4,616,981**	**169,325**	**26,186**	**4,812,492**	**4,739,557**	**200,982**	**30,807**	**4,971,346**
Very low risk	117,213	1,947	-	119,160	101,778	2,918	-	104,696
Low risk	305,294	13,662	-	318,956	284,351	18,532	-	302,883
Medium risk	184,028	17,174	-	201,202	172,505	16,942	-	189,447
High risk	24,448	11,135	-	35,583	25,118	10,209	-	35,327
Not rated (1)	46,954	4,789	-	51,743	43,213	6,155	-	49,368
Impaired	-	-	4,581	4,581	-	-	5,150	5,150
Total credit card	**677,937**	**48,707**	**4,581**	**731,225**	**626,965**	**54,756**	**5,150**	**686,871**
Total loans	**44,220,816**	**1,929,900**	**588,682**	**46,739,398**	**43,794,529**	**1,920,035**	**632,395**	**46,346,959**
Total allowance for loan losses	(86,155)	(110,176)	(199,436)	(395,767)	(91,872)	(111,150)	(215,233)	(418,255)
Total net loans	**$ 44,134,661**	**$ 1,819,724**	**$ 389,246**	**$ 46,343,631**	**$ 43,702,657**	**$ 1,808,885**	**$ 417,162**	**$ 45,928,704**

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

As at *($ in thousands)*				June 30 2022				March 31 2022
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$ 4,664,142	$ 7,812	$ -	$ 4,671,954	$ 4,656,276	$ 5,990	$ -	$ 4,662,266
Low risk	1,224,425	6,894	-	1,231,319	1,147,588	5,282	-	1,152,870
Medium risk	162,673	16,458	-	179,131	170,724	2,101	-	172,825
High risk	14,211	7,504	-	21,715	14,181	6,311	-	20,492
Not rated (1)	11,491	1,453	-	12,944	14,344	56	-	14,400
Total undrawn loan commitments – retail	**6,076,942**	**40,121**	**-**	**6,117,063**	**6,003,113**	**19,740**	**-**	**6,022,853**
Total allowance for loan losses (2)	(19,507)	(4,793)	-	(24,300)	(17,169)	(2,547)	-	(19,716)
Total net undrawn	**$ 6,057,435**	**$ 35,328**	**$ -**	**$ 6,092,763**	**$ 5,985,944**	**$ 17,193**	**$ -**	**$ 6,003,137**
Very low risk	$ 5,455,555	$ 88,396	$ -	$ 5,543,951	$ 5,513,705	$ 78,750	$ -	$ 5,592,455
Low risk	7,435,164	613,456	-	8,048,620	7,746,963	149,686	-	7,896,649
Medium risk	688,311	29,558	-	717,869	801,340	30,947	-	832,287
High risk	1,914	70,438	-	72,352	1,923	76,881	-	78,804
Not rated (1)	144,583	3,836	-	148,419	158,743	7,455	-	166,198
Total undrawn loan commitments – non-retail	**13,725,527**	**805,684**	**-**	**14,531,211**	**14,222,674**	**343,719**	**-**	**14,566,393**
Total allowance for loan losses (2)	(11,737)	(4,224)	-	(15,961)	(10,953)	(4,332)	-	(15,285)
Total net undrawn	**$ 13,713,790**	**$ 801,460**	**$ -**	**$ 14,515,250**	**$ 14,211,721**	**$ 339,387**	**$ -**	**$ 14,551,108**

(1) Loans where the client account-level risk rating has not been determined have been included in the “not rated” category.
(2) The allowance is presented under other liabilities in the consolidated statement of financial position.

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 June 30, 2022 *($ in thousands)*	Business	Residential mortgages	Personal	Credit card	Total	Percentage of total gross loans
Up to 1 month (1)	$ 73,617	$ 147,042	$ 24,675	$ 25,087	$ 270,421	0.6%
Over 1 month up to 2 months	73,923	26,682	24,684	6,468	131,757	0.3%
Over 2 months up to 3 months	10,465	28,583	9,544	3,286	51,878	0.1%
Over 3 months	537	433	254	3,667	4,891	0.0%
Total past due but not impaired	**$ 158,542**	**$ 202,740**	**$ 59,157**	**$ 38,508**	**$ 458,947**	**1.0%**

As at March 31, 2022 *($ in thousands)*	Business	Residential mortgages	Personal	Credit card	Total	Percentage of total gross loans
Up to 1 month (1)	$ 11,602	$ 104,823	$ 18,512	$ 27,173	$ 162,110	0.4%
Over 1 month up to 2 months	88,030	81,153	18,324	6,508	194,015	0.4%
Over 2 months up to 3 months	11,542	13,259	5,279	3,405	33,485	0.1%
Over 3 months	1,720	-	170	5,026	6,916	0.0%
Total past due but not impaired	**$ 112,894**	**$ 199,235**	**$ 42,285**	**$ 42,112**	**$ 396,526**	**0.9%**

(1) Loans past due by one day do not represent the borrowers’ ability to meet their payment obligations and therefore are not administratively considered past due nor disclosed.

8 Allowance for Loan Losses

ATB records an allowance for losses for all loans by incorporating a forward-looking Expected Credit Losses (ECL) approach, as required under IFRS 9. This process involves complex models with inputs and assumptions requiring a high degree of judgment to assess forecasts of macroeconomic variables and significant increases in credit risk. Our estimates and assumptions consider a range of possible scenarios, including the economic impact of the COVID-19 pandemic, the Russia-Ukraine conflict and rising inflation. We continue to closely monitor external conditions and their impacts on our clients. Uncertainty in judgments and assumptions remains elevated as at June 30, 2022, due to the unique conditions in the current environment.

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 about Alberta 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. (Refer to Note 9 of the 2022 annual consolidated financial statements for more on how forward-looking information is incorporated to measure ECLs.)

The following table presents the primary forward-looking economic information used to measure ECLs over the next 12 months and the remaining two-year forecast period for the three probability-weighted scenarios:

	As at June 30, 2022								
	Baseline scenario			Optimistic scenario			Pessimistic scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP *(%)*	5.0	3.5	2.7	6.8	5.0	3.6	3.0	1.8	1.5
Unemployment rate *(%)*	6.7	6.0	5.7	5.9	4.6	4.2	7.7	7.7	7.6
Housing starts	32,747	32,374	30,919	35,453	37,895	38,091	30,329	27,718	24,645
Oil prices *(WTI, US$/bbl)*	95	86	74	111	107	93	80	64	56
3m T-bill yield *(%)*	1.5	2.4	2.2	1.9	3.0	2.7	1.2	1.8	1.6
Foreign exchange rate *(C$1/US$1)*	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

	As at March 31, 2022								
	Baseline scenario			Optimistic scenario			Pessimistic scenario		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP *(%)*	4.7	3.2	2.7	7.0	4.3	3.6	2.0	1.9	1.5
Unemployment rate *(%)*	7.0	6.3	5.9	5.9	5.0	4.5	8.4	8.1	7.9
Housing starts	31,777	31,026	29,631	35,825	37,245	37,690	28,322	25,875	22,817
Oil prices *(WTI, US$/bbl)*	92	76	73	115	95	91	69	57	55
3m T-bill yield *(%)*	1.2	2.1	2.2	1.5	2.6	2.7	0.9	1.5	1.6
Foreign exchange rate *(C$1/US$1)*	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

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

	For the three months ended June 30, 2022						
						Comprises	
($ in thousands)	**Balance at beginning of period**	**(Recovery of) provision for loan losses**	**Net writeoffs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**	**Loans**	**Other credit instruments (1)**
Business	$ 347,800	$ (4,052)	$ (15,917)	$ 6,179	$ 334,010	$ 315,960	$ 18,050
Residential mortgages	9,197	1,174	(1,306)	117	9,182	8,211	971
Personal	57,202	487	(5,918)	156	51,927	41,076	10,851
Credit card	39,057	3,158	(1,320)	14	40,909	30,520	10,389
Total	**$453,256**	**$ 767**	**$ (24,461)**	**$ 6,466**	**$ 436,028**	**$ 395,767**	**$ 40,261**

	For the three months ended June 30, 2021						
						Comprises	
($ in thousands)	**Balance at beginning of period**	**(Recovery of) provision for loan losses**	**Net writeoffs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**	**Loans**	**Other credit instruments (1)**
Business	$ 633,122	$ (59,902)	$ (4,071)	$ (581)	$ 568,568	$ 522,759	$ 45,809
Residential mortgages	16,042	(1,781)	(510)	(19)	13,732	12,597	1,135
Personal	88,921	(1,102)	(9,229)	(13)	78,577	65,332	13,245
Credit card	32,672	1,616	(1,716)	(23)	32,549	23,278	9,271
Total	**$770,757**	**$ (61,169)**	**$ (15,526)**	**$ (636)**	**$ 693,426**	**$ 623,966**	**$ 69,460**

(1) Other credit instruments, including off-balance sheet items, are recorded to other liabilities on the consolidated statement of financial position.

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

	For the three months ended June 30, 2022				For the three months ended June 30, 2021			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for loan losses – business loans								
Balance at beginning of period	$ 61,708	$ 85,846	$ 200,246	$ 347,800	$ 92,490	$ 210,688	$ 329,944	$ 633,122
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	1,931	(1,359)	(572)	-	10,760	(9,833)	(927)	-
Transfers into (out of) Stage 2 (1)	(1,602)	2,917	(1,315)	-	(1,705)	8,177	(6,472)	-
Transfers into (out of) Stage 3 (1)	(26)	(683)	709	-	(33)	(3,044)	3,077	-
New originations (2)	9,971	20,258	9,085	39,314	10,786	54,656	18,424	83,866
Repayments (3)	(6,335)	(19,946)	(8,653)	(34,934)	(11,342)	(73,964)	(6,441)	(91,747)
Remeasurements (4)	(5,732)	1,053	(3,753)	(8,432)	(19,751)	6,898	(39,168)	(52,021)
Total (recovery of) provision for loan losses	(1,793)	2,240	(4,499)	(4,052)	(11,285)	(17,110)	(31,507)	(59,902)
Writeoffs	-	-	(16,325)	(16,325)	-	-	(8,658)	(8,658)
Recoveries	-	-	408	408	-	-	4,587	4,587
Discounted cash flows on impaired loans and other	110	201	5,868	6,179	(38)	(484)	(59)	(581)
Balance at end of period	**$ 60,025**	**$ 88,287**	**$ 185,698**	**$ 334,010**	**$ 81,167**	**$ 193,094**	**$ 294,307**	**$ 568,568**

	For the three months ended June 30, 2022				For the three months ended June 30, 2021			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for loan losses – residential mortgages								
Balance at beginning of period	$ 4,269	$ 2,146	$ 2,782	$ 9,197	$ 4,571	$ 8,056	$ 3,415	$ 16,042
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	356	(310)	(46)	-	1,428	(1,305)	(123)	-
Transfers into (out of) Stage 2 (1)	(30)	58	(28)	-	(40)	68	(28)	-
Transfers into (out of) Stage 3 (1)	(1)	(76)	77	-	-	(87)	87	-
New originations (2)	74	-	-	74	(29)	(605)	170	(464)
Repayments (3)	(44)	(39)	(155)	(238)	(63)	(118)	4	(177)
Remeasurements (4)	(178)	232	1,284	1,338	(591)	(41)	(508)	(1,140)
Total provision for (recovery of) loan losses	177	(135)	1,132	1,174	705	(2,088)	(398)	(1,781)
Writeoffs	-	-	(1,329)	(1,329)	-	-	(834)	(834)
Recoveries	-	-	23	23	-	-	324	324
Discounted cash flows on impaired loans and other	-	-	117	117	-	-	(19)	(19)
Balance at end of period	**$ 4,446**	**$ 2,011**	**$ 2,725**	**$ 9,182**	**$ 5,276**	**$ 5,968**	**$ 2,488**	**$ 13,732**

($ in thousands)	For the three months ended June 30, 2022 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	For the three months ended June 30, 2021 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowance for loan losses – personal loans								
Balance at beginning of period	$ 32,048	$ 16,157	$ 8,997	$ 57,202	$ 36,095	$ 41,289	$ 11,537	$ 88,921
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	4,227	(4,060)	(167)	-	8,759	(8,661)	(98)	-
Transfers into (out of) Stage 2 (1)	(863)	1,152	(289)	-	(493)	944	(451)	-
Transfers into (out of) Stage 3 (1)	(21)	(646)	667	-	(36)	(956)	992	-
New originations (2)	1,293	302	201	1,796	1,656	(109)	139	1,686
Repayments (3)	(689)	(496)	(183)	(1,368)	(1,100)	(1,290)	(27)	(2,417)
Remeasurements (4)	(6,750)	1,898	4,911	59	(7,679)	1,617	5,691	(371)
Total (recovery of) provision for loan losses	(2,803)	(1,850)	5,140	487	1,107	(8,455)	6,246	(1,102)
Writeoffs	-	-	(5,928)	(5,928)	-	-	(9,419)	(9,419)
Recoveries	-	-	10	10	-	-	190	190
Discounted cash flows on impaired loans and other	-	-	156	156	-	-	(13)	(13)
Balance at end of period	**$ 29,245**	**$ 14,307**	**$ 8,375**	**$ 51,927**	**$ 37,202**	**$ 32,834**	**$ 8,541**	**$ 78,577**

($ in thousands)	For the three months ended June 30, 2022 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	For the three months ended June 30, 2021 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowance for loan losses – credit card								
Balance at beginning of period	$ 21,969	$ 13,880	$ 3,208	$ 39,057	$ 19,920	$ 10,002	$ 2,750	$ 32,672
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	3,014	(3,014)	-	-	3,510	(3,510)	-	-
Transfers into (out of) Stage 2 (1)	(356)	356	-	-	(440)	440	-	-
Transfers into (out of) Stage 3 (1)	(30)	(437)	467	-	(23)	(377)	400	-
New originations (2)	137	30	-	167	170	35	-	205
Repayments (3)	129	562	11	702	(197)	(625)	24	(798)
Remeasurements (4)	(1,191)	3,208	272	2,289	(2,379)	4,649	(61)	2,209
Total provision for loan losses	1,703	705	750	3,158	641	612	363	1,616
Writeoffs	-	-	(3,625)	(3,625)	-	-	(5,860)	(5,860)
Recoveries	-	-	2,305	2,305	-	-	4,144	4,144
Discounted cash flows on impaired loans and other	11	3	-	14	(8)	(2)	(13)	(23)
Balance at end of period	**$ 23,683**	**$ 14,588**	**$ 2,638**	**$ 40,909**	**$ 20,553**	**$ 10,612**	**$ 1,384**	**$ 32,549**
Total balance as at end of period	**$ 117,399**	**$ 119,193**	**$ 199,436**	**$ 436,028**	**$ 144,198**	**$ 242,508**	**$ 306,720**	**$ 693,426**
Comprises: Loans	$ 86,155	$ 110,176	$ 199,436	$ 395,767	$ 104,980	$ 212,266	$ 306,720	$ 623,966
Comprises: Other credit instruments (5)	31,244	9,017	-	40,261	39,218	30,242	-	69,460

(1) Stage transfers represent movement between stages and exclude changes due to remeasurements.
(2) New originations relate to new loans recognized during the period.
(3) Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred.
(4) Remeasurements represent the change in the allowance due to changes in economic factors and risk and model parameters.
(5) Other credit instruments, including off-balance-sheet items, are recorded to other liabilities on the consolidated statement of financial position.

9 Collateralized Borrowings

Canada Mortgage Bonds Program

ATB periodically securitizes insured RMLs and certain securities by participating in the *National Housing Act* Mortgage Backed Securities (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. (Refer to Note 15 of the 2022 annual consolidated financial statements, for more on the program.)

Credit Card Securitization

ATB entered into a program with another financial institution to securitize credit card receivables to obtain additional funding. This program allows ATB to borrow up to 85% of the amount of credit card receivables pledged. The secured credit card receivables remain on ATB's consolidated statement of financial position and have not been transferred, as they do not qualify for derecognition. Should the amount securitized not adequately support the program, ATB will be responsible for funding this shortfall.

The following table presents the carrying amount of ATB's RMLs, credit card receivables and assets pledged as collateral for the associated liability recognized in the consolidated statement of financial position:

As at *($ in thousands)*	**June 30** **2022**	**March 31** **2022**
Principal value of mortgages pledged as collateral	$ 5,756,432	$ 5,763,282
ATB mortgage-backed securities (MBS) pledged as collateral through repurchase agreements	1,680,907	1,772,250
Externally purchased MBSs	145,010	145,010
Principal value of credit card receivables pledged as collateral	663,178	635,048
Total	**$ 8,245,527**	**$ 8,315,590**
Associated liabilities	$ 7,793,742	$ 7,614,949

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 its interim condensed consolidated statements of income. PILOT is calculated as 23% of NI reported under IFRS.

For the three months ended June 30, 2022, ATB has accrued a total of $34.2 million (March 31, 2022: $40.9 million and June 30, 2021: $48.3 million) for payment in lieu of tax. PILOT is calculated as 23% of NI reported under IFRS.

11 Capital Management

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

As a Crown corporation, ATB and its 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%, and 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, and Tier 2 capital consists of eligible portions of wholesale borrowings, the collective allowance for loan losses. Wholesale borrowings became eligible as Tier 2 capital as of December 2015 as a result of an amendment to the capital requirements guideline. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Effective April 1, 2017, software and other intangibles were deducted from total capital.

As at June 30, 2022, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

As at *($ in thousands)*	June 30 2022	March 31 2022
Tier 1 capital		
Retained earnings	$ 4,662,788	$ 4,548,190
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	1,285,205	1,611,662
Collective allowance for loan losses	236,592	238,023
Total Tier 2 capital	$ 1,521,797	$ 1,849,685
Deductions from capital		
Software and other intangibles	227,712	227,575
Total capital	**$ 5,956,873**	**$ 6,170,300**
Total risk-weighted assets	$ 38,455,329	$ 37,462,503
Risk-weighted capital ratios		
Tier 1 capital ratio	12.1%	12.1%
Total capital ratio	15.5%	16.5%

12 Segmented Information

ATB has organized its operations and activities around the following three AOEs, which differ in products and services offered:

- **Everyday Financial Services** provides financial services to individuals, entrepreneurs and small businesses through our online banking platforms (ATB Personal and ATB Business Banking), voice banking, automated banking machine network and physical distribution network, powered by the ATB team members in branches, agencies and ATB Client Care.
- **ATB Business** provides financial advisory services to medium and large businesses, corporations and agricultural clients.
- **ATB Wealth** provides investment advisory services, investment management, insurance solutions, private banking and institutional portfolio management solutions.

ATB's SSUs provide company-wide expertise and support to our AOEs in being client-obsessed and providing and delivering the best experience, products and services to our clients. The SSUs comprise business units of a corporate nature, including finance, risk management, technology, treasury operations, HR, internal assurance and other functions.

Basis of Presentation

Results presented in the following schedule are based on ATB's organizational structure and internal financial reporting systems and may not be directly comparable to those of other financial institutions. The accounting policies used in preparing the schedules are consistent with those followed in preparing the consolidated financial statements. (Refer to Note 26 of the 2022 annual consolidated financial statements).

NII is attributed to each AOE according to ATB's internal 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 2022 annual consolidated financial statements.

Direct expenses are attributed across AOEs as incurred. Certain indirect expenses are allocated to ATB Wealth and ATB Capital Markets Inc. on the basis of service-level agreements. Other indirect costs are allocated between the reporting segments using indirect allocation methods that incorporate financial and activity-based cost drivers. Indirect expenses that are not allocated and direct expenses of a corporate or support nature are reported under SSUs.

For the three months ended *($ in thousands)*	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units	Total
June 30, 2022					
Net interest income	$ 128,941	$ 182,959	$ 9,314	$ 2,819	$ 324,033
Other income	31,030	50,531	66,594	3,929	152,084
Total revenue	159,971	233,490	75,908	6,748	476,117
Provision for (recovery of) loan losses	10,648	(4,057)	664	(6,488)	767
Non-interest expenses (1)	133,178	118,145	63,452	11,784	326,559
Income before PILOT	16,145	119,402	11,792	1,452	148,791
Payment in lieu of tax	3,713	27,462	2,712	335	34,222
Net income	**$ 12,432**	**$ 91,940**	**$ 9,080**	**$ 1,117**	**$ 114,569**
Total assets	$ 28,658,056	$ 24,922,894	$ 1,219,846	$ 4,170,443	$ 58,971,239
Total liabilities	17,279,638	19,380,397	1,230,079	16,645,975	54,536,089

($ in thousands)	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units	Total
March 31, 2022					
Net interest income	$ 120,544	$ 176,963	$ 8,093	$ 3,034	$ 308,634
Other income	33,072	68,692	69,705	23,183	194,652
Total revenue	153,616	245,655	77,798	26,217	503,286
(Recovery of) provision for loan losses	(4,286)	(44,929)	(440)	7,870	(41,785)
Non-interest expenses (1)	142,659	127,518	69,187	27,908	367,272
Income (loss) before PILOT	15,243	163,066	9,051	(9,561)	177,799
Payment in lieu of (recovery of) tax	3,507	37,504	2,082	(2,201)	40,892
Net income (loss)	**$ 11,736**	**$ 125,562**	**$ 6,969**	**$ (7,360)**	**$ 136,907**
Total assets	$ 28,192,931	$ 24,066,722	$ 1,058,865	$ 3,733,517	$ 57,052,035
Total liabilities	16,941,643	18,739,775	1,069,861	15,848,562	52,599,841

($ in thousands)	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units	Total
June 30, 2021					
Net interest income	$ 120,414	$ 167,404	$ 6,530	$ 10,404	$ 304,752
Other income	28,405	54,070	68,152	4,459	155,086
Total revenue	148,819	221,474	74,682	14,863	459,838
Provision for (recovery of) loan losses	4,104	(60,748)	(1,270)	(3,255)	(61,169)
Non-interest expenses (1)	128,302	102,692	67,647	12,284	310,925
Income before PILOT	16,413	179,530	8,305	5,834	210,082
Payment in lieu of tax	4,926	41,293	1,910	191	48,320
Net income	**$ 11,487**	**$ 138,237**	**$ 6,395**	**$ 5,643**	**$ 161,762**
Total assets	$ 27,195,280	$ 23,667,364	$ 978,651	$ 3,676,597	$ 55,517,892
Total liabilities	17,694,859	19,139,801	1,000,227	13,438,649	51,273,536

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

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 period.
Average interest-earning assets	The daily average for the period 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.
CET1 Capital ratio	CET1 Capital ratio is a regulatory measure that assesses the adequacy of a bank's available common equity relative to the riskiness of its assets. It measures a bank's ability to absorb unexpected losses. CET1 capital is the highest quality capital a bank holds. For ATB, this mainly consists of retained earnings. ATB voluntarily follows the capital adequacy requirements established by the Office of the Superintendent of Financial Institutions (OSFI) and does not disclose externally.
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 period divided by total revenue for the period. 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.
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 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 period to the value of average interest-earning assets for the period.
Net loan change	Net loans outstanding at period end less net loans outstanding at the previous period end, divided by net loans outstanding at the previous period 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.
Total expense change	The current period's non-interest expense less the previous period's non-interest expense, divided by the previous period's non-interest expense.
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 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 period divided by average total assets for the period.
Return on average risk-weighted assets	Net income for the period divided by average risk-weighted assets for the period.
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.
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.
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 revenue	The sum of net interest income and other income.
Total revenue change	The current period's total revenue less the previous period's total revenue, divided by the previous period's total revenue.

Acronyms

(unaudited)

ABM	Automated banking machine
AcSB	Accounting Standards Board
AOCI	Accumulated other comprehensive income
AOE	Area of expertise
APAGA	*Alberta Public Agencies Governance Act*
ASFI	Alberta Superintendent of Financial Institutions
AUA	Assets under administration
BCAP	Business Credit Availability Program
BDC	Business Development Bank of Canada
BRR	Borrower risk rating
***CAR* Guideline**	*Capital Adequacy Requirements* Guideline
CEBA	Canada Emergency Business Account
CERB	Canada Emergency Response Benefit
CET 1	Common Equity Tier 1
CHT	Canada Housing Trust
CMB	Canada Mortgage Bonds
CMHC	Canada Mortgage Housing Corporation

EBITDA	Earnings before interest, income tax, depreciation and amortization
ECL	Expected credit loss
EDC	Export Development Canada
EFS	Everyday Financial Services
FICO	Fair Isaac Corporation
FMG	Financial Markets Group
FTE	Full-time equivalent
FTP	Funds transfer pricing
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
FY	Fiscal year (e.g., FY2022)
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
GoA	Government of Alberta
GRI	Global Reporting Initiative
HELOC	Home equity line of credit
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
IFRS	International Financial Reporting Standards
LCR	Liquidity coverage ratio
LGIC	Lieutenant-Governor in Council
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
NAV	Net asset value
NIBP	Net income before provision for loan losses
NI	Net income
NIE	Non-interest expense
NII	Net interest income
NIM	Net interest margin
OCI	Other comprehensive income
OI	Other income
OPEC+	Organization of the Petroleum Exporting Countries Plus
OSFI	Office of the Superintendent of Financial Institutions
PILOT	Payment in lieu of tax
RML	Residential mortgage loan
SSU	Strategic support unit
WTI	West Texas Intermediate