MANAGEMENT'S DISCUSSION AND ANALYSIS

FY2024 Q3 Financial Highlights

	For the three months ended			*For the nine months ended*	
	December 31 2023	**September 30 2023**	**December 31 2022**	**December 31 2023**	**December 31 2022**
Operating results *($ in thousands)*					
Net interest income	$ 348,281	$ 344,374	$ 331,210	$ 1,024,482	$ 985,657
Other income	169,708	158,829	152,470	494,669	457,940
Total revenue	517,989	503,203	483,680	1,519,151	1,443,597
Provision for (recovery of) loan losses	29,543	30,320	(19,510)	56,954	8,541
Non-interest expense	365,006	359,483	340,325	1,069,550	993,422
Income before payment in lieu of tax	123,440	113,400	162,865	392,647	441,634
Payment in lieu of tax	28,391	26,081	37,459	90,308	101,576
Net income	**$ 95,049**	**$ 87,319**	**$ 125,406**	**$ 302,339**	**$ 340,058**
Income before provisions (1)					
Total revenue	$ 517,989	$ 503,203	$ 483,680	$ 1,519,151	$ 1,443,597
Less: non-interest expense	365,006	359,483	340,325	$ 1,069,550	993,422
Income before provisions	**$ 152,983**	**$ 143,720**	**$ 143,355**	**$ 449,601**	**$ 450,175**
Financial position *($ in thousands)*					
Net loans	$ 50,838,897	$ 49,741,384	$ 47,292,047	$ 50,838,897	$ 47,292,047
Total assets	60,193,739	60,918,565	58,488,419	60,193,739	58,488,419
Total risk-weighted assets (1)	40,683,733	40,047,110	38,612,222	40,683,733	38,612,222
Total deposits	40,188,940	41,139,306	39,035,305	40,188,940	39,035,305
Equity	5,203,503	4,972,624	4,669,018	5,203,503	4,669,018
Key performance measures *(%)* (1)					
Return on average assets	0.6	0.7	0.8	0.7	0.8
Return on average risk-weighted assets	0.9	0.9	1.3	1.0	1.2
Total revenue change	7.1	4.0	2.0	5.2	3.1
Other income to total revenue	32.8	31.6	31.5	32.6	31.7
Total expense change	7.3	10.1	(4.2)	7.7	1.5
Efficiency ratio	70.5	71.4	70.4	70.4	68.8
Net interest margin	2.38	2.40	2.33	2.39	2.35
Provision for (recovery of) loan losses to average loans	0.23	0.11	(0.20)	0.15	0.02
Net loan change	2.2	3.6	0.8	7.6	3.1
Total asset change	(1.2)	4.4	(1.1)	4.7	6.9
Total deposit change	(2.3)	2.0	2.3	1.8	6.2
Change in assets under administration	5.9	(1.5)	4.2	5.4	(5.4)
Tier 1 capital ratio	13.0	13.0	12.7	13.0	12.7
Total capital ratio	16.4	16.2	16.4	16.4	16.4
Other information					
ATB Wealth's assets under administration *($ in thousands)*	$ 27,297,757	$ 25,769,471	$ 24,782,338	$ 27,297,757	$ 24,782,338
Total clients	811,364	806,968	797,200	811,364	797,200
Team members (2)	5,327	5,361	5,164	5,327	5,164

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

INTRODUCTION

This is Management's Discussion and Analysis (MD&A) of the consolidated results of operations and the financial position of ATB Financial (ATB) for the three and nine months ended December 31, 2023, and is dated February 22, 2023. (See the Glossary and Acronyms for our defined terms.) The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the period ended December 31, 2023, as well as the audited consolidated financial statements for the year ended March 31, 2023.

Caution Regarding Forward-Looking Statements

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

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

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

ECONOMIC OUTLOOK

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

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

Despite having stronger economic activity relative to the rest of Canada in 2023, Alberta's growth was challenged by rising interest rates aimed at reducing inflation. Other disruptions included the wildfires in May and June, the strikes at the B.C. ports in July, and drier-than-normal conditions experienced by farmers in the southern and central eastern regions.

We anticipate the Bank of Canada will continue its 'pause, wait and see' stance before lowering its policy rate and based on current trends, forecast that the Bank of Canada will initiate cuts around the middle of next year. The delayed effects of increased borrowing costs are set to impact more households and businesses in the coming year. In spite of these challenges, Alberta is expected to remain a growth leader in Canada. We expect the Alberta economy to slow to 2.1% real GDP growth in 2024 and pick up again to 2.7% in 2025.

Although oil and gas investment remains well below its historical peaks, there is an upward trend. The energy sector has exhibited a resurgence post-pandemic, and this positive momentum is expected to persist into the coming year as market access improves and prices remain healthy.

Alberta experienced a population surge of 4.1% from July 2022 to July 2023, marking the fastest growth rate among all provinces and the highest rate of increase since 1981. This growth is multifaceted, driven by factors such as immigration, non-permanent residents, interprovincial migration, and natural increases. While population growth will moderate, it is expected to remain strong. This sustained growth is anticipated to bolster consumer spending, stimulate housing demand, and contribute to an expanded labour supply.

There are more signs of diversification within the broader energy sector including biofuels, petrochemicals and hydrogen. Other growth sectors include food manufacturing, tourism, aviation, and technology.

Implications for our clients

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

- High levels of financial anxiety.
- Lost income due to market volatility in the face of uncertain monetary policy and geopolitics.
- Business disruptions due to labour shortages and higher input costs.
- Cash flow uncertainty.
- Increased debt.
- Mortgage stress.
- Debt repayment challenges, especially among low-income households.

REVIEW OF CONSOLIDATED OPERATING RESULTS

Net Income

For the quarter ended December 31, 2023, net income (NI) has increased over last quarter but decreased from the same time last year. The quarterly increase is primarily due to total revenue growth outpacing the increase in non-interest expense (NIE). On a year-over-year and year-to-date basis, NI has decreased due to a higher loan loss provision (LLP) and higher NIE, partially 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 $140.2 million this quarter, an increase from last quarter ($129.7 million) and a decrease from the same time last year ($178.7 million). On a year-to-date basis ATB's net contribution is $441.2 million—a decrease from last year ($488.2 million)—driven by lower NI.

Total Revenue

Total revenue consists of net interest income (NII) and other income (OI). This quarter's total revenue is $518.0 million, comprising $348.3 million in NII and $169.7 million in OI. On a year-to-date basis, total revenue is $1.5 billion. These increases are due to higher NII and OI.

Net Interest Income

NII represents the difference between the interest earned on assets (such as cash, loans and securities) and interest paid on liabilities (such as deposits and wholesale or collateralized borrowings). NII increased from last quarter and compared to the same quarter last year, driven by strong loan growth. Higher rates driven by the Bank of Canada prime rate increases also contributed to higher NII year-over-year. Both increases were mostly offset by higher deposit costs resulting from funding mix shifts as clients continue to migrate to higher-cost fixed-date deposits.

On a year-to-date basis, NII was $1.0 billion and is higher than last year. The increase is driven by the same factors that drove our year-over-year increase.

Table 1: Changes in Net Interest Income

For the three months ended ($ in thousands)	December 31, 2023 vs. September 30 2023 Increase (decrease) due to changes in			December 31, 2023 vs. December 31, 2022 Increase (decrease) due to changes in		
	Volume	Rate	Net change	Volume	Rate	Net change
Assets						
Interest-bearing deposits with financial institutions and securities	$ (2,694)	$ 2,408	$ (286)	$ (10,130)	$ 22,817	$ 12,687
Loans	20,125	11,050	31,175	38,076	89,126	127,202
Change in interest income	**17,431**	**13,458**	**30,889**	**27,946**	**111,943**	**139,889**
Liabilities						
Deposits	5,407	11,505	16,912	18,801	89,759	108,560
Wholesale borrowings	5,967	3,143	9,110	265	9,361	9,626
Collateralized borrowings	(2,334)	2,967	633	(8,018)	15,825	7,807
Securities sold under repurchase agreements	310	17	327	(3,265)	90	(3,175)
Change in interest expense	**9,350**	**17,632**	**26,982**	**7,783**	**115,035**	**122,818**
Change in net interest income	**$ 8,081**	**$ (4,174)**	**$ 3,907**	**$ 20,163**	**$ (3,092)**	**$ 17,071**

For the nine months ended ($ in thousands)	December 31, 2023 vs. December 31, 2022 Increase (decrease) due to changes in		
	Volume	Rate	Net change
Assets			
Interest-bearing deposits with financial institutions and securities	$ (18,404)	$ 139,498	$ 121,094
Loans	77,584	330,768	408,352
Change in interest income	**59,180**	**470,266**	**529,446**
Liabilities			
Deposits	51,195	384,519	435,714
Wholesale borrowings	(20,545)	29,719	9,174
Collateralized borrowings	(10,184)	63,436	53,252
Securities sold under repurchase agreements	(7,769)	250	(7,519)
Change in interest expense	**12,697**	**477,924**	**490,621**
Change in net interest income	**$ 46,483**	**$ (7,658)**	**$ 38,825**

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 as it demonstrates how profitable our banking business is. This quarter's ratio was 2.38%, a decrease from the 2.40% achieved last quarter and higher than the 2.33% achieved for the same period last year. Year-to-date NIM was 2.39%, higher than the 2.35% achieved for the same period last year. Compared to last quarter, NIM declined, mostly from our business loan portfolio. The year-over-year and year-to-date improvements are due to the previously noted factors that drove our NII changes.

Other Income

OI consists of all revenue not classified as NII. OI increased from last quarter, the same time last year and year-to-date. The increase from last quarter and the same time last year is primarily driven by higher revenues from balance sheet management activities (specifically FX activities), credit and card fees, and insurance. The increase compared to the same time last year was partially offset by lower financial market revenue earned from supporting our clients' risk management needs. The year-to-date increase is primarily driven by higher revenues from capital markets—largely attributed to market conditions— card fees and insurance. These increases were partially offset by losses from balance sheet management activities and lower financial market revenue.

Provision for Loan Losses

ATB's LLP—comprising net write-offs, recoveries and required changes to the allowance for Stage 1, 2 and 3 loans—saw a provision of $29.5 million this quarter, consistent with last quarter. The year-over-year LLP change was driven by the substantial recovery recorded at this time last year. LLP increased year-to-date largely attributed to the decrease recorded last year combined with the strong loan growth this year.

We remain committed to providing our clients with access to sound advice and a range of products and services in support of Alberta's economy, while taking appropriate measures to limit losses. As at December 31, 2023, gross impaired loans of $0.4 billion comprised 0.9% (March 31, 2023: 1.1%, December 31, 2022: 1.1%) of the total loan portfolio.

Non-Interest Expense

NIE consists of all expenses incurred by ATB except for interest expenses and LLP. Compared to the previous quarter, NIE increased due to higher spend on our *Powering Possibility* brand and marketing expenses, as well as the advancement of key technology initiatives.

Year-to-date and year-over-year NIE increased due to higher employee costs—related to continued investment in our people. Year-to-date the capitalization of major technology projects—such as the modernization of our banking platform—also contributed to higher NIE.

Efficiency Ratio

The efficiency ratio, measured as total NIE divided by total revenue, measures how much it costs ATB to generate revenue. A lower ratio indicates higher efficiency at generating income. Our efficiency ratio of 70.5% decreased from last quarter's 71.4% and is consistent with the same period last year. The decrease is attributable to revenue growth outpacing expenses. Year-to-date the efficiency ratio increased from last year as expense growth exceeded revenue growth.

REVIEW OF OPERATING RESULTS BY AREA OF EXPERTISE

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

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

Everyday Financial Services

Table 2: Everyday Financial Services Financial Performance

For the three months ended ($ in thousands)	**December 31 2023**	**September 30 2023**	**December 31 2022**
Net interest income	$ 141,600	$ 146,138	$ 139,269
Other income	39,454	37,011	36,694
Total revenue	181,054	183,149	175,963
Provision for (recovery of) loan losses	17,669	1,548	7,113
Non-interest expense (1)	143,552	139,550	136,377
Net income before payment in lieu of tax	19,833	42,051	32,473
Payment in lieu of tax	4,562	9,672	7,469
Net income	**$ 15,271**	**$ 32,379**	**$ 25,004**
Net loans	$ 21,174,652	$ 20,948,524	$ 20,165,485
Total deposits	18,877,917	18,710,792	18,109,107

For the nine months ended ($ in thousands)	**December 31 2023**	**December 31 2022**
Net interest income	$ 427,670	$ 401,414
Other income	112,384	99,379
Total revenue	540,054	500,793
Provision for (recovery of) loan losses	15,438	20,461
Non-interest expense (1)	422,052	394,612
Net income before payment in lieu of tax	102,564	85,720
Payment in lieu of tax	23,590	19,716
Net income	**$ 78,974**	**$ 66,004**

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

Everyday Financial Services' (EFS's) NI decreased from last quarter and from the same time last year primarily due to an increase in the LLP and NIE. Year-to-date NI increased due to higher total revenue and a decrease in LLP, partially offset by higher NIE.

NII decreased from last quarter due to competitive pressures on mortgage yields and the shift in deposit mix to higher cost fixed-date deposits. NII increased from the same time last year and year-to-date as a result of Bank of Canada prime rate increases, which was partially offset by mortgage yields compressing due to competition.

OI increased from last quarter primarily due to higher card revenue driven by a seasonal increase in transaction volumes and an increase in third-party insurance revenue. OI increased from the same time last year and year-to-date due to an increase in card revenue as clients spent more due to inflation, increased service charges (driven by small business client growth) and higher foreign exchange revenue as clients are traveling more.

LLP increased from last quarter and the same time last year due to an increase in Stage 1 and Stage 2, mainly attributed to the growth in loans. The year-to-date LLP change reflects a stabilization of the economic outlook.

NIE increased from last quarter due to seasonal credit card costs and higher corporate allocations. This was partially offset by a decrease in employee costs due to fewer full time equivalents (FTEs). NIE increased from the same time last year due to higher employee costs. NIE increased year-to-date due to higher employee costs and higher credit card fees associated with increased revenues and data processing.

Loans increased over last quarter and the same time last year due to competitive rates driving mortgage growth, slightly offset by a reduction in home equity lines of credit (HELOCs) and other personal lines of credit as clients continue to pay down high rate debt.

Deposits increased over last quarter and the same time last year as clients continue to favour holding fixed-date deposits, taking advantage of higher interest rates being offered on these products.

ATB Business

Table 3: ATB Business Financial Performance

For the three months ended *($ in thousands)*	**December 31 2023**	**September 30 2023**	**December 31 2022**
Net interest income	$ 213,072	$ 205,849	$ 197,993
Other income	62,583	61,168	70,857
Total revenue	275,655	267,017	268,850
Provision for (recovery of) loan losses	12,610	28,604	(28,196)
Non-interest expense (1)	132,069	135,335	124,721
Net income before payment in lieu of tax	130,976	103,078	172,325
Payment in lieu of tax	30,125	23,707	39,635
Net income	**$ 100,851**	**$ 79,371**	**$ 132,690**
Net loans	$ 27,981,869	$ 27,105,637	$ 25,145,819
Total deposits	17,949,016	19,253,212	17,935,209

For the nine months ended *($ in thousands)*	**December 31 2023**	**December 31 2022**
Net interest income	$ 608,914	$ 576,282
Other income	186,107	175,175
Total revenue	795,021	751,457
Provision for (recovery of) loan losses	41,194	(6,186)
Non-interest expense (1)	395,040	363,569
Net income before payment in lieu of tax	358,787	394,074
Payment in lieu of tax	82,521	90,637
Net income	**$ 276,266**	**$ 303,437**

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

ATB Business NI increased from last quarter primarily due to an increase in total revenue and a decrease in LLP and NIE. NI decreased from the same time last year and year-to-date due to an increase in LLP and NIE, partially offset by an increase in total revenue.

NII increased from last quarter, the same time last year and year-to-date due to the Bank of Canada rate increases and strong loan growth, primarily in the energy and extraction, agriculture, and real estate sectors.

OI increased from last quarter primarily due to higher standby fees. OI decreased from the same time last year due to reduced financial market revenues earned as a result of lower volatility in the markets. OI increased year-to-date due to strong capital markets revenue as a result of improved market conditions and higher advisory fees.

LLP decreased from last quarter due to a decrease in the Stage 1 and Stage 2 provision. Year-over-year and year-to-date LLP increased as a result of an uptick in the Stage 1 and Stage 2 provision, driven by an increase in loan loss expectations on new and existing loans.

NIE decreased from last quarter primarily due to lower discretionary spending. NIE increased from the same time last year and year-to-date due to an increase in performance compensation associated with higher revenue.

Loans increased from last quarter and the same time last year primarily due to growth in the energy and extraction sector. In addition, during the current quarter, there was significant loan growth in the agriculture and real estate sectors.

Deposits have decreased from last quarter due to normal cyclicality and client withdrawals to fund operations. Deposits are consistent with the same time last year.

ATB Wealth

Table 4: ATB Wealth Financial Performance

For the three months ended ($ in thousands)	December 31 2023	September 30 2023	December 31 2022
Net interest income	$ 10,892	$ 11,064	$ 11,471
Other income	66,884	68,007	64,713
Total revenue	77,776	79,071	76,184
Provision for (recovery of) loan losses	649	(15)	(44)
Non-interest expense (1)	79,757	72,740	69,938
Net income (loss) before payment in lieu of tax	(2,630)	6,346	6,290
Payment in lieu (recovery) of tax	(605)	1,460	1,447
Net income (loss)	**$ (2,025)**	**$ 4,886**	**$ 4,843**
Net loans	$ 1,191,455	$ 1,201,148	$ 1,270,043
Total deposits	3,282,525	3,117,141	2,785,394
Total assets under administration	27,297,757	25,769,471	24,782,338

For the nine months ended ($ in thousands)	December 31 2023	December 31 2022
Net interest income	$ 32,443	$ 30,935
Other income	200,989	196,708
Total revenue	233,432	227,643
Provision for (recovery of) loan losses	552	(638)
Non-interest expense (1)	222,540	200,552
Net income before payment in lieu of tax	10,340	27,729
Payment in lieu of tax	2,378	6,378
Net income	**$ 7,962**	**$ 21,351**

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

ATB Wealth saw a decline in NI, compared to last quarter, the same time last year and year-to-date primarily due to higher NIE.

NII is consistent with last quarter and the same time last year. Year-to-date NII improved primarily due to the impact of the Bank of Canada prime rate increases on ATB Wealth's interest-bearing deposits.

OI is consistent with last quarter and higher than the same time last year and year-to-date The increases are driven by growth in assets under administration.

NIE increased from last quarter and the same time last year primarily due to higher employee costs and investment on strategic initiatives. NIE increased year-to-date due to higher variable costs associated with assets under administration (AUA) and higher employee costs, partially offset by an insurance recovery received during the first quarter.

Loan balances are lower than last quarter and from the same time last year due to decreased demand for new RMLs, attributed to the higher interest rate environment.

Deposits are higher than last quarter and the same time last year as clients continue to move funds to fixed-date deposits to take advantage of the higher interest rate environment.

ATB Wealth's AUA grew compared to last quarter and the same time last year as market returns improved.

Strategic Support Units

Table 5: Strategic Support Units Financial Performance

For the three months ended *($ in thousands)*	**December 31 2023**	**September 30 2023**	**December 31 2022**
Net interest income (loss)	$ (17,283)	$ (18,677)	$ (17,523)
Other income (loss)	787	(7,357)	(19,794)
Total revenue (loss)	(16,496)	(26,034)	(37,317)
Provision for (recovery of) loan losses	(1,385)	183	1,617
Non-interest expense (1)	9,628	11,858	9,289
Loss before payment in lieu of tax	(24,739)	(38,075)	(48,223)
Payment in lieu (recovery) of tax	(5,691)	(8,758)	(11,092)
Net Income (loss)	**$ (19,048)**	**$ (29,317)**	**$ (37,131)**

For the nine months ended *($ in thousands)*	**December 31 2023**	**December 31 2022**
Net interest income (loss)	$ (44,545)	$ (22,974)
Other income (loss)	(4,811)	(13,322)
Total revenue (loss)	(49,356)	(36,296)
Provision for (recovery of) loan losses	(230)	(5,096)
Non-interest expense (1)	29,918	34,689
Loss before payment in lieu of tax	(79,044)	(65,889)
Payment in lieu (recovery) of tax	(18,181)	(15,155)
Net Income (loss)	**$ (60,863)**	**$ (50,734)**

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

NII was consistent with the prior quarter and the same time last year, but decreased year-to-date. These movements were due to balance sheet management activity.

OI increased compared to all prior periods due to balance sheet management activities, which was slightly offset by net losses incurred on our strategic investments related to market conditions.

LLP decreased compared to last quarter and the same time last year due to a Stage 1 and Stage 2 recovery. The year-to-date increase in LLP is driven by a smaller recovery across all stages, as a result of increased loan loss expectations on existing loans.

NIE decreased compared to last quarter due to lower employee-related costs and a reduction in ongoing costs related to optimization of our corporate spaces. Year-over-year NIE is consistent, while year-to-date NIE decreased due to lower employee-related costs along with lower data processing.

REVIEW OF CONSOLIDATED FINANCIAL POSITION

Total Assets

Total assets were $60.2 billion at December 31,2023 , which is lower than last quarter, mainly driven by a decrease in total cash resources. Compared to the same time last year, total assets increased primarily due to higher net loans which were partially offset by a decrease in total cash resources.

Loans

Net loans were $50.8 billion and continue to trend higher when compared to last quarter and the same time last year due to increasing business loans, RMLs and credit card balances, which were slightly offset by decreasing personal loans.

The allowance for loan losses was consistent quarter-over-quarter but decreased year-over-year. The year-over-year decrease is attributed to a decrease in our Stage 3 allowance as a result of fewer new impairments combined with impaired clients returning to performing or being paid down. Our loan portfolio and the related allowance for loan losses are discussed in greater detail in Notes 7 and 8 to the financial statements.

Other Assets

ATB's other assets are composed primarily of derivative financial instruments, which have decreased quarter-over-quarter and year-over-year. Fluctuations are mainly related to the impact of market conditions on the fair value of our interest rate and foreign exchange (FX) contracts and are associated with similar fluctuations in derivative liabilities noted in Other Liabilities. (For more on how we use derivatives to manage risk, refer to the Derivatives section of the 2023 annual consolidated financial statements.)

Total Liabilities

Total liabilities ended the quarter at $55.0 billion, which is lower than last quarter, mainly driven by a decrease in deposits and derivative financial instruments which was partially offset by an increase in wholesale borrowings. The increase compared to the same time last year is primarily driven by an increase in deposits and wholesale borrowings which was partially offset by a decrease in collateralized borrowings and derivative financial instruments.

Deposits

ATB's principal sources of funding are client deposits, which consist of transaction, savings, notice and fixed-date deposits. Deposits have decreased compared to last quarter driven by client withdrawals to fund operations. Deposits have increased compared to the same time last year due to clients holding more higher interest-yielding fixed-date deposits. Our deposit mix has also changed since the same time last year as clients hold less in liquid deposits in favour of fixed-date deposits.

Other Liabilities

ATB's other liabilities are composed primarily of collateralized and wholesale borrowings and 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 and securitization of credit card and equipment finance receivables. Wholesale borrowings consist primarily of bearer-deposit and mid-term notes issued on ATB's behalf by the GoA, to a limit of $9.0 billion. (See Note 20 of the 2023 annual consolidated financial statements.) The overall balance increased from last quarter and the same time last year as we issued more bearer-deposit notes in order to support lending activities.

Derivative liabilities decreased compared to last quarter and the same time last year. The changes are associated with similar period-over-period changes in derivative assets noted in the Other Assets section.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (AOCI) includes unrealized gains and losses that are recorded on the interim condensed consolidated statement of income only when realized. AOCI increased from last quarter and same time last year primarily attributed to higher unrealized fair values of derivatives designated as cash flow hedges. This uptick is a result of a decrease in swap rates.

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, the GoA.

As a Crown corporation, ATB and our subsidiaries operate under a regulatory framework established pursuant to the *ATB Financial Act (ATB Act)*, *ATB Financial Regulation (ATB Regulation)* and Capital Adequacy Requirements Guideline (CAR Guideline). (Refer to Note 24 of the 2023 financial statements for more on ATB's regulatory capital.) As at December 31, 2023, ATB had a Tier 1 capital ratio of 13.0% and a total capital ratio of 16.4%, both exceeding our regulatory requirements.

The shaded areas of the MD&A represent a discussion related to credit, market and liquidity risk and form an integral part of the interim consolidated financial statements for the period ended December 31, 2023.

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 December 31, 2023, 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)*	**December 31 2023**	**March 31 2023**
Financial assets (1)	$ 59,219,499	$ 56,427,404
Other commitments and off-balance-sheet items (2)	23,759,822	22,210,668
Total credit risk	$ 82,979,321	**$ 78,638,072**

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

Table 7: Industry Concentration

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

	December 31 2023		**March 31 2023**	
As at *($ in thousands)*		**Percentage of total gross loans**		**Percentage of total gross loans**
Commercial real estate	$ 7,061,005	13.8%	$ 6,694,144	14.1%
Agriculture, forestry, fishing and hunting	4,915,886	9.6%	4,566,795	9.6%
Mining and oil-and-gas extraction	6,325,651	12.4%	4,874,883	10.2%
Largest borrower	$ 950,235	1.9%	$ 290,628	0.5%

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

Residential mortgage loans (RMLs) and home equity lines of credit (HELOCs) are secured by residential properties. The following table breaks down the amounts and percentages of insured and uninsured RMLs and HELOCs:

As at *($ in thousands)*			December 31 2023		March 31 2023
Residential mortgages	Insured (1)	$ 11,017,816	61.1%	$ 10,027,437	59.6%
	Uninsured	7,008,874	38.9%	6,803,283	40.4%
Total residential mortgages		$ 18,026,690	100.0%	**$ 16,830,720**	**100.0%**
Total home equity lines of credit	Uninsured	$ 1,976,870	100.0%	**$ 2,166,527**	**100.0%**
	Insured	$ 11,017,816	55.1%	**$ 10,027,437**	**52.8%**
Total	**Uninsured**	8,985,744	44.9%	**8,969,810**	**47.2%**

(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 the Canada Mortgage and Housing Corporation, Sagen and Canada Guaranty Mortgage Insurance Company.

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	December 31 2023	March 31 2023
Less than 25 years	97.6%	96.0%
25 years and above	2.4%	4.0%
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	December 31 2023	March 31 2023
Residential mortgages	64.1%	68.1%
Home equity lines of credit	56.0%	58.0%

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

ATB has limited exposure to variable rate mortgages, which comprised 7.5% of total mortgages as at December 31, 2023, and 10.6% as at March 31, 2023.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk of a negative impact on ATB's financial position due to changes in market interest rates, rate spreads, the shape of the yield curve or any other interest rate relationship. It occurs when there is a mismatch in the repricing characteristics of interest-rate-sensitive assets (e.g., loans and investments) and interest-rate-sensitive liabilities (e.g., deposits).

Table 11: Interest Rate Sensitivity

The following table provides the potential impact of an immediate and sustained 100- and 200-basis-point increase and decrease, respectively, in interest rates on ATB's NI:

As at *($ in thousands)*	December 31 2023	March 31 2023
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	$ 52,998	$ 51,304
200 basis points	107,044	101,604
Decrease in interest rates of:		
100 basis points (1)	(55,997)	(48,089)
200 basis points (1)	(122,193)	(105,994)

(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 currency and/or a difference in maturity profiles for purchases and sales of a given currency.

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

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

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

Liquidity Risk

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

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

On December 31, 2023, the LCR was 133.8% (March 31, 2023: 134.6%) which is above the Board-approved minimum limit.

Table 12: Long-Term Funding Sources

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

	December 31 2023		March 31 2023	
As at *($ in thousands)*	Long-term funding	Percentage of total	Long-term funding	Percentage of total
Wholesale borrowings	$ 5,028,860	41.8%	$ 2,520,360	24.2%
Collateralized borrowings	6,991,579	58.2%	7,903,625	75.8%
Total long-term funding	$ 12,020,439	100.0%	**$ 10,423,985**	**100.0%**

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)

As at *($ in thousands)*	Note	December 31 2023	September 30 2023	March 31 2023	December 31 2022
Cash		$ 1,651,601	$ 2,951,416	$ 2,091,699	$ 2,477,685
Interest-bearing deposits with financial institutions		190,222	420,426	267,758	524,811
Total cash resources		**1,841,823**	**3,371,842**	**2,359,457**	**3,002,496**
Total securities	6	**5,497,249**	**5,475,612**	**5,888,220**	**5,853,617**
Business		28,411,804	27,486,928	25,734,540	25,593,683
Residential mortgages		18,026,690	17,772,933	16,830,720	16,808,417
Personal		3,946,583	4,047,376	4,305,315	4,499,227
Credit card		773,441	755,767	719,313	746,001
Total gross loans		**51,158,518**	**50,063,004**	**47,589,888**	**47,647,328**
Allowance for loan losses	8	(319,621)	(321,620)	(355,805)	(355,281)
Total net loans	7	**50,838,897**	**49,741,384**	**47,234,083**	**47,292,047**
Derivative financial instruments		1,111,506	1,390,156	1,051,015	1,305,549
Property and equipment		206,427	205,710	205,466	208,491
Software and other intangibles		181,556	192,808	216,199	219,325
Other assets		516,281	541,053	516,417	606,894
Total other assets		**2,015,770**	**2,329,727**	**1,989,097**	**2,340,259**
Total assets		**$ 60,193,739**	**$ 60,918,565**	**$ 57,470,857**	**$ 58,488,419**
Transaction accounts		$ 12,578,844	$ 13,284,584	$ 13,106,160	$ 13,333,805
Saving accounts		10,003,752	10,447,118	10,086,677	10,456,025
Notice accounts		5,943,117	6,105,942	5,676,301	5,620,976
Non-redeemable fixed-date deposits		9,550,540	9,558,666	9,307,271	8,456,480
Redeemable fixed-date deposits		2,112,687	1,742,996	1,297,084	1,168,019
Total deposits		**40,188,940**	**41,139,306**	**39,473,493**	**39,035,305**
Collateralized borrowings	9	7,004,186	7,184,175	7,891,866	7,978,929
Wholesale borrowings		5,004,181	4,330,219	2,512,503	3,806,568
Derivative financial instruments		1,190,616	1,688,166	1,212,289	1,546,896
Securities sold under repurchase agreements		-	-	122,568	86,631
Other liabilities		1,602,313	1,604,075	1,441,218	1,365,072
Total other liabilities		**14,801,296**	**14,806,635**	**13,180,444**	**14,784,096**
Total liabilities		**54,990,236**	**55,945,941**	**52,653,937**	**53,819,401**
Retained earnings		5,278,961	5,183,912	4,976,622	4,888,248
Accumulated other comprehensive income (loss)		(75,458)	(211,288)	(159,702)	(219,230)
Total equity		**5,203,503**	**4,972,624**	**4,816,920**	**4,669,018**
Total liabilities and equity		**$ 60,193,739**	**$ 60,918,565**	**$ 57,470,857**	**$ 58,488,419**

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

Curtis Stange
President and Chief Executive Officer

Dan Hugo
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

		For the three months ended			For the nine months ended	
		December 31	September 30	December 31	December 31	December 31
($ in thousands)	Note	2023	2023	2022	2023	2022
Loans		$ 663,463	$ 632,288	$ 536,261	$ 1,876,784	$ 1,468,432
Securities		70,212	61,109	60,418	195,343	110,562
Interest-bearing deposits with financial institutions		27,545	36,934	24,652	89,139	52,826
Interest income		**761,220**	**730,331**	**621,331**	**2,161,266**	**1,631,820**
Deposits		300,364	283,125	194,979	837,580	409,385
Wholesale borrowings		45,041	35,931	35,415	99,274	90,100
Collateralized borrowings		67,534	66,901	59,727	199,930	146,678
Interest expense		**412,939**	**385,957**	**290,121**	**1,136,784**	**646,163**
Net interest income		**348,281**	**344,374**	**331,210**	**1,024,482**	**985,657**
Wealth management		65,474	66,910	63,834	197,670	193,935
Service charges		23,579	23,952	22,874	70,571	67,700
Card fees		24,063	23,277	22,841	69,980	64,928
Credit fees		15,516	13,990	13,818	40,650	37,337
Financial markets		12,294	11,616	22,711	40,323	47,600
Capital markets		14,420	15,588	14,246	45,239	32,589
Foreign exchange		7,325	2,122	3,023	12,976	8,494
Insurance		6,872	5,172	5,743	17,304	12,809
Net gains (losses) on derivative financial instruments		2,084	(3,908)	(6,489)	(2,172)	13,590
Net gains (losses) on securities		(1,950)	(1,430)	(5,810)	(1,581)	(1,607)
Sundry		31	1,540	(4,321)	3,709	(19,435)
Other income		**169,708**	**158,829**	**152,470**	**494,669**	**457,940**
Total revenue		**517,989**	**503,203**	**483,680**	**1,519,151**	**1,443,597**
Provision for (recovery of) loan losses	8	**29,543**	**30,320**	**(19,510)**	**56,954**	**8,541**
Salaries and employee benefits		203,455	203,450	180,249	609,308	549,392
Data processing		43,849	44,533	43,817	128,845	127,242
Premises and occupancy, including depreciation		18,631	18,457	18,519	55,577	54,076
Professional and consulting costs		21,214	17,407	20,132	55,464	55,025
Deposit guarantee fee		14,545	14,201	13,617	42,889	40,353
Equipment, including depreciation		2,748	2,738	2,952	8,423	8,945
Software and other intangibles amortization		20,170	23,253	20,258	66,405	56,590
General and administrative		23,652	19,626	24,805	62,394	63,576
ATB agencies		4,366	4,417	4,084	13,053	12,281
Other		12,376	11,401	11,892	27,192	25,942
Non-interest expense		**365,006**	**359,483**	**340,325**	**1,069,550**	**993,422**
Income before payment in lieu of tax		**123,440**	**113,400**	**162,865**	**392,647**	**441,634**
Payment in lieu of tax	10	28,391	26,081	37,459	90,308	101,576
Net income		**$ 95,049**	**$ 87,319**	**$ 125,406**	**$ 302,339**	**$ 340,058**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

($ in thousands)	For the three months ended December 31 2023	September 30 2023	December 31 2022	For the nine months ended December 31 2023	December 31 2022
Net income	$ 95,049	$ 87,319	$ 125,406	$ 302,339	$ 340,058
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss					
Unrealized net gains (losses) on securities measured at fair value through other comprehensive income (loss)					
Unrealized net gains (losses) arising during the period	21,735	10,202	5,681	44,392	(17,764)
Net losses (gains) reclassified to net income	(15,929)	(5,218)	12,408	(20,285)	25,486
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges					
Unrealized net gains (losses) arising during the period	113,300	(63,293)	(34,780)	(80,222)	(171,315)
Net losses (gains) reclassified to net income	51,759	53,503	44,839	155,659	18,188
Items that will not be reclassified to profit or loss					
Remeasurement of defined-benefit plan liabilities	(35,035)	13,245	14,625	(15,300)	22,171
Other comprehensive income (loss)	**135,830**	**8,439**	**42,773**	**84,244**	**(123,234)**
Comprehensive income (loss)	**$ 230,879**	**$ 95,758**	**$ 168,179**	**$ 386,583**	**$ 216,824**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

($ in thousands)	For the three months ended December 31 2023	September 30 2023	December 31 2022	For the nine months ended December 31 2023	December 31 2022
Retained earnings					
Balance at beginning of the period	$ 5,183,912	$ 5,096,593	$ 4,762,842	$ 4,976,622	$ 4,548,190
Net income	95,049	87,319	125,406	302,339	340,058
Balance at end of the period	**5,278,961**	**5,183,912**	**4,888,248**	**5,278,961**	**4,888,248**
Accumulated other comprehensive income (loss)					
Securities measured at fair value through other comprehensive income					
Balance at beginning of the period	36,478	31,494	(6,852)	18,177	3,515
Other comprehensive income (loss)	5,806	4,984	18,089	24,107	7,722
Balance at end of the period	**42,284**	**36,478**	**11,237**	**42,284**	**11,237**
Derivative financial instruments designated as cash flow hedges					
Balance at beginning of the period	(338,932)	(329,142)	(339,432)	(249,310)	(176,246)
Other comprehensive income (loss)	165,059	(9,790)	10,059	75,437	(153,127)
Balance at end of the period	**(173,873)**	**(338,932)**	**(329,373)**	**(173,873)**	**(329,373)**
Defined-benefit-plan liabilities					
Balance at beginning of the period	91,166	77,921	84,281	71,431	76,735
Other comprehensive income (loss)	(35,035)	13,245	14,625	(15,300)	22,171
Balance at end of the period	**56,131**	**91,166**	**98,906**	**56,131**	**98,906**
Accumulated other comprehensive income (loss)	**(75,458)**	**(211,288)**	**(219,230)**	**(75,458)**	**(219,230)**
Equity	**$ 5,203,503**	**$ 4,972,624**	**$ 4,669,018**	**$ 5,203,503**	**$ 4,669,018**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	For the three months ended			For the nine months ended	
($ in thousands)	**December 31 2023**	**September 30 2023**	**December 31 2022**	**December 31 2023**	**December 31 2022**
Cash flows from operating activities					
Net income	$ 95,049	$ 87,319	$ 125,406	$ 302,339	$ 340,058
Adjustments for non-cash items and other items					
Provision for (recovery of) loan losses	29,543	30,320	(19,510)	56,954	8,541
Depreciation and amortization	30,580	33,450	28,592	97,349	87,587
Net (gains) losses on securities	1,950	1,430	5,810	1,581	1,607
(Gains) losses on foreign-denominated wholesale borrowings	4,338	14,453	(3,317)	13,366	20,989
Adjustments for net changes in operating assets and liabilities					
Loans	(1,056,975)	(1,802,842)	(366,588)	(3,658,190)	(1,371,884)
Deposits	(950,366)	814,031	880,569	715,447	1,715,828
Derivative financial instruments	(53,841)	53,746	(3,885)	(6,727)	(14,609)
Prepayments and other receivables	33,438	7,453	8,964	28,684	57,426
Accounts receivable—financial market products	2	6,420	4,539	2	2,303
Due to (from) clients, brokers and dealers	(7,328)	25,319	(3,051)	9,892	17,934
Deposit guarantee fee payable	16,721	16,251	15,855	(10,396)	(12,518)
Accounts payable and accrued liabilities	19,921	59,691	44,245	131,043	161,663
Accounts payable—financial market products	(83,005)	79,594	1	9,674	(102,160)
Liability for payment in lieu of tax	28,391	26,082	37,459	(37,664)	(73,576)
Net interest receivable and payable	(15,622)	19,511	19,936	28,780	18,603
Change in accrued-pension-benefit liability	(386)	(686)	(29)	(609)	(763)
Other	37,774	(7,974)	(14,353)	21,918	(27,661)
Net cash provided by (used in) operating activities	**(1,869,816)**	**(536,432)**	**760,643**	**(2,296,557)**	**829,368**
Cash flows from investing activities					
Purchase of securities	(1,709,256)	(2,208,546)	(1,720,588)	(5,294,478)	(7,194,366)
Proceeds from sales and maturities of securities	1,709,538	1,378,642	2,309,572	5,728,865	5,857,890
Change in interest-bearing deposits with financial institutions	230,204	(119,627)	140,214	77,536	686,090
Purchases and disposals of property and equipment, software and other intangibles	(20,045)	(21,908)	(14,300)	(63,667)	(64,844)
Net cash provided by (used in) investing activities	**210,441**	**(971,439)**	**714,898**	**448,256**	**(715,230)**
Cash flows from financing activities					
Issuance of wholesale borrowings	3,106,156	2,708,628	1,143,335	6,164,784	7,510,867
Repayment of wholesale borrowings	(2,475,497)	(1,051,363)	(2,375,000)	(3,726,860)	(8,205,906)
Issuance of collateralized borrowings	224,693	141,979	344,792	652,691	1,348,152
Repayment of collateralized borrowings	(487,384)	(492,610)	(412,663)	(1,534,660)	(957,917)
Change in securities sold under repurchase agreements	-	-	(209,963)	(122,556)	86,631
Repayment of lease liabilities	(8,408)	(8,462)	(8,223)	(25,196)	(24,659)
Net cash provided by (used in) financing activities	**359,560**	**1,298,172**	**(1,517,722)**	**1,408,203**	**(242,832)**
Net increase (decrease) in cash	(1,299,815)	(209,699)	(42,181)	(440,098)	(128,694)
Cash at beginning of the period	2,951,416	3,161,115	2,519,866	2,091,699	2,606,379
Cash at end of the period	**$ 1,651,601**	**$ 2,951,416**	**$ 2,477,685**	**$ 1,651,601**	**$ 2,477,685**
Net cash provided by (used in) operating activities includes:					
Interest paid	$ (464,807)	$ (317,699)	$ (207,158)	$ (1,099,093)	$ (534,289)
Interest received	776,637	695,732	585,651	2,144,999	1,556,335

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 (Unaudited)

1 Nature of Operations

ATB is an Alberta-based financial services provider engaged in retail and commercial banking, credit cards and wealth management, investment-management and capital-markets services. ATB is an agent of the Crown in right of Alberta and operates under the authority of the *ATB Financial Act* (the *ATB Act*), Revised Statutes of Alberta, 2000, Chapter A-37. Under the *ATB Act*, ATB was established as a provincial Crown corporation governed by a Board of Directors appointed by the Lieutenant-Governor in Council. Under the Alberta Public Agencies Governance Act, 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

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 2023 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 February 22, 2024.

These interim statements are presented in Canadian dollars, and all values are rounded to the nearest thousand dollars, unless otherwise indicated. They include the assets, liabilities and results of operations and cash flows of ATB and our subsidiaries. All intercompany transactions and balances have been eliminated from the consolidated results.

Significant Accounting Judgments, Estimates and Assumptions

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

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Accounting standards that are newly effective for this fiscal year-end are detailed in Note 3 to the 2023 annual consolidated financial statements. There were no new accounting policies that have been adopted by ATB for the period ended December 31, 2023.

Interest Rate Benchmark Reform Phase 2

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

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

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

On June 30, 2023, the United States Dollar (USD) London Interbank Offered Rate (LIBOR) benchmark rate was discontinued. ATB has ceased offering new LIBOR-based products and has transitioned agreements referencing the benchmark to alternative rates.

In December 2021, the Canadian Alternative Reference Rate Working Group (CARR) recommended that the Canadian Dollar Offered Rate (CDOR) should cease being calculated and published after June 28, 2024, with the Canadian Overnight Repo Rate Average (CORRA) suggested as the replacement benchmark rate. On May 16, 2022, the CDOR administrator announced the cessation of CDOR consistent with the recommendations outlined by CARR. Term CORRA was launched in September 2023, and we are following the recommended target dates for cessation of CDOR-based products with no new CDOR or bankers' acceptance (BA) loan contracts or material amendments to existing loan contracts that create additional CDOR or BA exposure after November 1, 2023. The deadline for CDOR-based derivatives and securities was June 28, 2023, and for CDOR-based loans, this will be June 28, 2024.

Hedging Relationships Impacted by the Interest Rate Benchmark Reform

The following table presents the notional amount of our hedging instruments as at December 31, 2023, and March 31, 2023, which reference CDOR that will expire after June 28, 2024, and represents our opening balances for the annual period ending on March 31, 2024. The notional amounts of our hedging instruments also approximate the extent of the risk exposure we manage through hedging relationships. Changes in our exposures during the period did not result in significant changes to the risks arising from transition. In the normal course of business, our derivative notional amounts may fluctuate with no significant impact to our CDOR transition plans.

As at *($ in thousands)*	**December 31 2023**	**March 31 2023**
Interest rate swaps		
USD LIBOR	$ -	$ 427,491
CDOR	26,002,233	24,803,780

Non-Derivative Financial Assets and Undrawn Commitments

The following table reflects ATB's exposure to non-derivative financial assets, non-derivative financial liabilities and undrawn commitments maturing after June 28, 2024, as at December 31, 2023, and March 31, 2023, which represent our opening balances for the annual period ending on March 31, 2024. These are subject to reforms that have yet to transition to alternative benchmark rates. These exposures will remain outstanding until CDOR ceases, which is expected to be June 28, 2024. Changes in our exposures during the period did not result in significant changes to the risks arising from transition.

As at	**December 31, 2023**		**March 31, 2023**	
($ in thousands)	**LIBOR**	**CDOR**	**LIBOR**	**CDOR**
Non-derivative financial assets (1)	$ -	$ 3,229,757	$ 223,219	$ 1,336,173
Non-derivative financial liabilities (2)	-	1,064,700	1,144	1,474,246
Authorized and committed undrawn commitments	-	36,009	-	54,315

(1) Non-derivative financial assets include carrying amounts of loans.
(2) Non-derivative financial liabilities include carrying amounts of deposits.

Future Accounting Policy Changes

The following standards have been issued but are not yet effective on the date of issuance of our interim condensed consolidated financial statements.

Lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*)

In August 2023, the IASB issued *Lack of Exchangeability* (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*). The amendments specify when a currency is exchangeable into another currency and when it is not, how an entity determines the exchange rate to apply when a currency is not exchangeable, and additional disclosures required when a currency is not exchangeable.

ATB has assessed the impact of the amendments, which are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments to IAS 21 are applied prospectively with an initial opening adjustment in retained earnings. There are no significant changes anticipated upon adopting the amendments to IAS 21 on April 1, 2025—the start of ATB's FY2026.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*

In June 2023, the International Sustainability Standards Board (ISSB) published its inaugural sustainability-related standards—IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*—with the objective of creating a global baseline for sustainability reporting to meet the needs of users of general purpose financial reporting. IFRS S1 establishes the core foundation for reporting on material sustainability-related risks and opportunities an entity faces over the short, medium and long term across the four pillars of governance, strategy, risk management and metrics and targets. IFRS S2 is the first thematic ISSB standard that builds on the four pillars of IFRS S1, specifically for climate-related disclosures. IFRS S2 includes disclosure requirements related to physical and transition risks; climate-related opportunities; climate transition plans; Scope 1, 2 and 3 greenhouse gas emissions; scenario analysis and general and industry-specific metrics and targets.

The ISSB standards are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, the specific application date will depend on endorsement by local jurisdictions. In Canada, the Canadian Sustainability Standards Board has been established to work with the ISSB to support uptake. ATB is carefully monitoring developments related to the ISSB standards to prepare for adoption of the disclosure requirements.

Supplier Finance Arrangements (Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*)

In May 2023, the IASB issued *Supplier Finance Arrangements,* which amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures.* The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements.

ATB has assessed the impact of the amendments, which are effective for annual reporting periods beginning on or after January 1, 2024, and are applied prospectively, with earlier application permitted. There are no significant changes anticipated upon adopting the amendments to IAS 7 and IFRS 7 on April 1, 2024—the start of ATB's FY2025.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*)

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback* (Amendments to IFRS 16 *Leases*). The amendment clarifies how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability arising from a sale and leaseback transaction that qualifies under IFRS 15 *Revenue from Contracts with Customers.* Specifically, this prevents a seller-lessee from recognizing any gain or loss that relates to the right of use it retains over an asset.

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2024, and is applied retrospectively, with earlier application permitted. There are no significant changes anticipated upon adopting the amendments to IFRS 16 on April 1, 2024—the start of ATB's FY2025.

Non-current Liabilities with Covenants (Amendments to IAS 1 *Presentation of Financial Statements*)

In October 2022, the IASB issued *Non-current Liabilities with Covenants* (Amendments to IAS 1). The purpose of the amendment is to clarify the classification of liabilities with covenants as current or non-current and improve the disclosures of these covenants in the notes to the financial statements.

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2024, and is applied retrospectively, with earlier application permitted. There are no significant changes anticipated upon adopting the amendments to IAS 1 on April 1, 2024—the start of ATB's FY2025.

4 Financial Instruments

Classification and Carrying Value

The following tables summarize ATB's financial instruments classified or designated as fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) and provides their carrying value and fair values:

	Carrying value					
As at December 31, 2023 *($ in thousands)*	**Financial instruments classified as FVTPL**	**Financial instruments designated as FVTPL**	**Financial instruments classified as FVOCI**	**Financial instruments designated as FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 1,651,601	$ 1,651,601
Interest-bearing deposits with financial institutions (1)	-	190,222	-	-	-	190,222
Total cash resources	-	190,222	-	-	1,651,601	1,841,823
Total securities (1)	84,254	30,000	5,313,026	69,969	-	5,497,249
Total net loans (2)	-	-	-	-	50,838,897	50,838,897
Derivative financial instruments	1,111,506	-	-	-	-	1,111,506
Other assets (1) (6)	-	-	-	-	405,716	405,716
Total other assets	1,111,506	-	-	-	405,716	1,517,222
Total financial assets	$ 1,195,760	$ 220,222	$ 5,313,026	$ 69,969	$ 52,896,214	$ 59,695,191
Financial liabilities						
Total deposits (3)	-	-	-	-	40,188,940	40,188,940
Collateralized borrowings (4)	-	-	-	-	7,004,186	7,004,186
Wholesale borrowings (5)	-	-	-	-	5,004,181	5,004,181
Derivative financial instruments (1)	1,190,616	-	-	-	-	1,190,616
Securities sold under repurchase agreements (1)	-	-	-	-	-	-
Other liabilities (1) (6)	-	-	-	-	1,446,521	1,446,521
Total other liabilities	1,190,616	-	-	-	13,454,888	14,645,504
Total financial liabilities	$ 1,190,616	$ -	$ -	$ -	$ 53,643,828	$ 54,834,444

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $51,683,735.
(3) The fair value of deposits is estimated at $39,638,669.
(4) The fair value of collateralized borrowings is estimated at $6,899,010.
(5) The fair value of wholesale borrowings is estimated at $4,956,645.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

As at March 31, 2023 *($ in thousands)*	Carrying value: Financial instruments classified as FVTPL	Financial instruments designated as FVTPL	Financial instruments classified as FVOCI	Financial instruments designated as FVOCI	Financial instruments measured at amortized cost	Total carrying value
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 2,091,699	$ 2,091,699
Interest-bearing deposits with financial institutions (1)	-	267,758	-	-	-	267,758
Total cash resources	-	267,758	-	-	2,091,699	2,359,457
Total securities (1)	83,112	33,953	5,717,014	54,141	-	5,888,220
Total net loans (2)	-	-	-	-	47,234,083	47,234,083
Derivative financial instruments	1,051,015	-	-	-	-	1,051,015
Other assets (1) (6)	-	-	-	-	377,601	377,601
Total other assets	1,051,015	-	-	-	377,601	1,428,616
Total financial assets	**$ 1,134,127**	**$ 301,711**	**$ 5,717,014**	**$ 54,141**	**$ 49,703,383**	**$ 56,910,376**
Financial liabilities						
Total deposits (3)	-	-	-	-	39,473,493	39,473,493
Collateralized borrowings (4)	-	-	-	-	7,891,866	7,891,866
Wholesale borrowings (5)	-	267,959	-	-	2,244,544	2,512,503
Derivative financial instruments (1)	1,212,289	-	-	-	-	1,212,289
Securities sold under repurchase agreements (1)	-	-	-	-	122,568	122,568
Other liabilities (1) (6)	-	-	-	-	1,254,176	1,254,176
Total other liabilities	1,212,289	267,959	-	-	11,513,154	12,993,402
Total financial liabilities	**$ 1,212,289**	**$ 267,959**	**$ -**	**$ -**	**$ 50,986,647**	**$ 52,466,895**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $47,810,374.
(3) The fair value of deposits is estimated at $38,872,151.
(4) The fair value of collateralized borrowings is estimated at $7,743,224.
(5) The fair value of wholesale borrowings is estimated at $2,451,396.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

Fair-Value Hierarchy

The following tables present the level within the fair-value hierarchy as described in Note 4 of the 2023 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 nine months ended December 31, 2023, and the year ended March 31, 2023, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at *($ in thousands)*	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 190,222	$ -	$ 190,222
Securities				
Securities measured at FVTPL	30,156	-	84,098	114,254
Securities measured at FVOCI	5,313,026	-	69,969	5,382,995
Other assets				
Derivative financial instruments	-	1,111,506	-	1,111,506
Total financial assets	$ 5,343,182	$ 1,301,728	$ 154,067	$ 6,798,977
Financial liabilities				
Wholesale borrowings	$ -	$ -	$ -	$ -
Other liabilities				
Derivative financial instruments	-	1,190,616	-	1,190,616
Total financial liabilities	$ -	$ 1,190,616	$ -	$ 1,190,616
March 31, 2023				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 267,758	$ -	$ 267,758
Securities				
Securities measured at FVTPL	34,152	-	82,913	117,065
Securities measured at FVOCI	5,717,014	-	54,141	5,771,155
Other assets				
Derivative financial instruments	-	1,051,015	-	1,051,015
Total financial assets	**$ 5,751,166**	**$ 1,318,773**	**$ 137,054**	**$ 7,206,993**
Financial liabilities				
Wholesale borrowings	$ 267,959	$ -	$ -	$ 267,959
Other liabilities				
Derivative financial instruments	-	1,212,289	-	1,212,289
Total financial liabilities	**$ 267,959**	**$ 1,212,289**	**$ -**	**$ 1,480,248**

Valuation of Level 3 Instruments

For direct investments in private companies—as there is no observable market price as at the balance sheet date—ATB estimates the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies. Specifically, the expected earnings before interest, income tax, depreciation and amortization (EBITDA). For direct investments in capital funds, the net asset value is used in estimating the fair value of ATB's interest.

The following table presents ATB's sensitivity analysis for fair-value measurements classified as Level 3, substituting one or more reasonably possible alternative assumptions for the unobservable inputs:

			December 31 2023		March 31 2023	
			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	2.6	5.7	4.0	6.4
		Enterprise value/revenue multiple	5.5	9.6	6.1	9.6
	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. 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 $6.7 million increase and $6.0 million decrease in fair value (March 2023: $7.6 million increase and $6.8 million decrease in fair value). The estimate is adjusted depending on the type of investment. Valuation techniques are detailed in Note 2 of the 2023 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, 2023	$ 54,141	$ 82,913
Total realized and unrealized gains (losses) included in net income	-	(5,749)
Total realized and unrealized gains (losses) included in other comprehensive income	13,528	-
Purchases and issuances	2,300	12,127
Sales and settlements	-	(5,193)
Fair value as at December 31, 2023	$ 69,969	$ 84,098
Change in unrealized gains included in income regarding financial instruments held as at December 31, 2023	$ -	$ (9,222)

Fair value as at March 31, 2022	$ 47,682	$ 84,421
Total realized and unrealized gains (losses) included in net income	-	(143)
Total realized and unrealized gains (losses) included in other comprehensive income	(333)	-
Purchases and issuances	6,792	4,461
Sales and settlements	-	(5,826)
Fair value as at March 31, 2023	**$ 54,141**	**$ 82,913**
Change in unrealized gain included in income regarding financial instruments held as at March 31, 2023	$ -	$ (143)

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

5 Financial Instruments—Risk Management

ATB has included in the Risk Management section of the MD&A certain disclosures required by IFRS 7 relating to credit, market, foreign exchange and liquidity risks. These risks are shaded in blue and form an integral part of the 2023 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 *($ in thousands)*	Within 1 year	1 to 5 years	Over 5 years	No maturity	Total carrying value
December 31, 2023					
Securities measured at FVTPL					
Issued or guaranteed by the federal or provincial government	$ 29,937	$ -	$ -	$ -	$ 29,937
Other securities (1)	137	20	52,146	32,014	84,317
Total securities measured at FVTPL	**$ 30,074**	**$ 20**	**$ 52,146**	**$ 32,014**	**$ 114,254**
Securities measured at FVOCI					
Issued or guaranteed by the federal or provincial government	$ 3,744,849	$ 1,568,177	$ -	$ -	$ 5,313,026
Other securities (1)	-	-	69,969	-	69,969
Total securities measured at FVOCI	**$ 3,744,849**	**$ 1,568,177**	**$ 69,969**	**$ -**	**$ 5,382,995**
March 31, 2023					
Securities measured at FVTPL					
Issued or guaranteed by the federal or provincial government	$ 33,894	$ -	$ -	$ -	$ 33,894
Other securities (1)	145	55	45,141	37,830	83,171
Total securities measured at FVTPL	**$ 34,039**	**$ 55**	**$ 45,141**	**$ 37,830**	**$ 117,065**
Securities measured at FVOCI					
Issued or guaranteed by the federal or provincial government	$ 3,264,849	$ 2,098,262	$ 353,903	$ -	$ 5,717,014
Other securities (1)	-	-	54,141	-	54,141
Total securities measured at FVOCI	**$ 3,264,849**	**$ 2,098,262**	**$ 408,044**	**$ -**	**$ 5,771,155**

(1) These securities relate to investments made by ATB and our subsidiaries in a broad range of mainly private Alberta companies and funds.

As at December 31, 2023, and March 31, 2023, we had no securities classified as held-to-maturity.

7 Loans

In the retail portfolio, each borrower is assessed based on its Fair Isaac Corporation (FICO) score. The following table outlines the borrower-risk-assessment level assigned to each FICO score range:

Risk assessment	FICO score range
Very low risk	800–900
Low risk	700–799
Medium risk	620–699
High risk	619 or lower

For non-retail loans, each borrower is assigned a borrower risk rating (BRR). The following table outlines the borrower-risk-assessment level assigned to each range:

Risk assessment	BRR range
Very low risk	1–4
Low risk	5–7
Medium risk	8–9
High risk	10–13

Credit Quality

The following tables present the gross carrying amount of loans and the full contractual amount of undrawn loan commitments subject to the impairment requirements under IFRS 9:

As at *($ in thousands)*				December 31 2023				March 31 2023
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$ 7,081,242	$ 23,295	$ -	$ 7,104,537	$ 5,429,095	$ 59,371	$ -	$ 5,488,466
Low risk	17,307,645	503,204	-	17,810,849	15,774,426	371,695	-	16,146,121
Medium risk	2,463,367	164,074	-	2,627,441	2,825,132	235,659	-	3,060,791
High risk	-	467,186	-	467,186	-	556,730	-	556,730
Not rated (1)	25,515	5,616	-	31,131	24,681	4,997	-	29,678
Impaired	-	-	370,660	370,660	-	-	452,754	452,754
Total business	**26,877,769**	**1,163,375**	**370,660**	**28,411,804**	**24,053,334**	**1,228,452**	**452,754**	**25,734,540**
Very low risk	8,803,844	7,181	-	8,811,025	8,167,679	10,021	-	8,177,700
Low risk	6,160,955	19,264	-	6,180,219	5,667,978	32,253	-	5,700,231
Medium risk	2,318,781	47,496	-	2,366,277	2,240,368	57,144	-	2,297,512
High risk	519,845	102,964	-	622,809	474,982	123,127	-	598,109
Not rated (1)	6,063	-	-	6,063	11,337	467	-	11,804
Impaired	-	-	40,297	40,297	-	-	45,364	45,364
Total residential mortgages	**17,809,488**	**176,905**	**40,297**	**18,026,690**	**16,562,344**	**223,012**	**45,364**	**16,830,720**
Very low risk	1,716,576	7,590		1,724,166	1,899,780	6,739	-	1,906,519
Low risk	1,338,052	16,077		1,354,129	1,475,912	15,073	-	1,490,985
Medium risk	613,166	25,762		638,928	643,102	26,941	-	670,043
High risk	145,942	42,648		188,590	143,559	47,988	-	191,547
Not rated (1)	9,133	10		9,143	14,321	64	-	14,385
Impaired	-		31,627	31,627	-	-	31,836	31,836
Total personal	**3,822,869**	**92,087**	**31,627**	**3,946,583**	**4,176,674**	**96,805**	**31,836**	**4,305,315**
Very low risk	120,545	2,454	-	122,999	106,326	2,256	-	108,582
Low risk	324,134	17,295	-	341,429	294,087	18,173	-	312,260
Medium risk	189,651	20,843	-	210,494	163,064	40,900	-	203,964
High risk	28,035	11,337	-	39,372	12,348	25,411	-	37,759
Not rated (1)	48,701	5,845	-	54,546	47,375	5,840	-	53,215
Impaired	-	-	4,601	4,601	-	-	3,533	3,533
Total credit card	**711,066**	**57,774**	**4,601**	**773,441**	**623,200**	**92,580**	**3,533**	**719,313**
Total loans	**49,221,192**	**1,490,141**	**447,185**	**51,158,518**	**45,415,552**	**1,640,849**	**533,487**	**47,589,888**
Total allowance for loan losses	(92,311)	(81,391)	(145,919)	(319,621)	(76,159)	(93,072)	(186,574)	(355,805)
Total net loans	**$ 49,128,881**	**$ 1,408,750**	**$ 301,266**	**$ 50,838,897**	**$ 45,339,393**	**$ 1,547,777**	**$ 346,913**	**$ 47,234,083**

(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)*	December 31 2023				March 31 2023			
	Performing		**Impaired**		**Performing**		**Impaired**	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Very low risk	$ 4,964,001	$ 9,034	$ -	$ 4,973,035	$ 4,909,358	$ 9,021	$ -	$ 4,918,379
Low risk	1,267,737	8,355	-	1,276,092	1,251,200	11,479	-	1,262,679
Medium risk	183,324	3,275	-	186,599	172,579	14,463	-	187,042
High risk	19,654	3,406	-	23,060	13,406	7,850	-	21,256
Not rated (1)	12,755	23	-	12,778	12,447	160	-	12,607
Total undrawn loan commitments – retail	**6,447,471**	**24,093**	**-**	**6,471,564**	**6,358,990**	**42,973**	**-**	**6,401,963**
Total allowance for loan losses (2)	(13,969)	(2,662)		(16,631)	(15,344)	(4,471)	-	(19,815)
Total net undrawn	**$ 6,433,502**	**$ 21,431**	**$ -**	**$ 6,454,933**	**$ 6,343,646**	**$ 38,502**	**$ -**	**$ 6,382,148**
Very low risk	$ 6,310,959	$ 41,783	$ -	$ 6,352,742	$ 5,736,885	$ 37,382	$ -	$ 5,774,267
Low risk	9,309,745	296,090	-	9,605,835	8,437,598	163,799	-	8,601,397
Medium risk	645,137	45,574	-	690,711	650,221	32,042	-	682,263
High risk	3,157	108,958	-	112,115	3,617	94,559	-	98,176
Not rated (1)	163,413	21,469	-	184,882	146,839	4,263	-	151,102
Total undrawn loan commitments – non-retail	**16,432,411**	**513,874**	**-**	**16,946,285**	**14,975,160**	**332,045**	**-**	**15,307,205**
Total allowance for loan losses (2)	(18,887)	(10,838)		(29,725)	(13,194)	(9,182)	-	(22,376)
Total net undrawn	**$ 16,413,524**	**$ 503,036**	**$ -**	**$ 16,916,560**	**$ 14,961,966**	**$ 322,863**	**$ -**	**$ 15,284,829**

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

Loans Past Due

The following loans are past due but not impaired because they are less than 90 days past due or because it is otherwise reasonable to expect timely collection of principal and interest:

As at *($ in thousands)*	**Business**	**Residential mortgages**	**Personal**	**Credit card**	**Total**	**Percentage of total gross loans**
December 31, 2023						
Up to 1 month (1)	$ 58,308	$ 123,593	$ 21,477	$ 30,223	$ 233,601	0.5%
Over 1 month up to 2 months	113,784	96,973	55,506	7,955	274,218	0.5%
Over 2 months up to 3 months	81,316	16,241	14,223	3,884	115,664	0.2%
Over 3 months	17,321	660	580	4,580	23,141	0.1%
Total past due but not impaired	$ 270,729	$ 237,467	$ 91,786	$ 46,642	$ 646,624	1.3%
March 31, 2023						
Up to 1 month (1)	$ 28,734	$ 131,818	$ 18,772	$ 27,160	$ 206,484	0.4%
Over 1 month up to 2 months	118,995	113,578	54,960	7,990	295,523	0.6%
Over 2 months up to 3 months	3,059	7,758	2,001	3,176	15,994	0.1%
Over 3 months	4,712	1,000	236	3,521	9,469	0.0%
Total past due but not impaired	**$ 155,500**	**$ 254,154**	**$ 75,969**	**$ 41,847**	**$ 527,470**	**1.1%**

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

8 Allowance for Loan Losses

ATB records an allowance for losses for all loans by incorporating a forward-looking expected credit losses (ECLs) approach, as required under IFRS 9. This process involves complex models, with inputs and assumptions requiring a high degree of judgment to assess forecasts of macroeconomic variables and significant increases in credit risk. Our estimates and assumptions consider a range of possible scenarios, including the current interest rate environment. We continue to closely monitor external conditions and their impacts on our clients. Due to the unique conditions in the current environment, uncertainty in judgments and assumptions remain elevated as at December 31, 2023.

Key Inputs and Assumptions

Measuring ECLs requires a complex calculation that involves a number of variables and assumptions. The key inputs for determining ECLs are:

- A borrower's credit quality, reflected through changes in risk ratings.
- Forward-looking macroeconomic conditions.
- Changes to the probability-weighted scenarios.
- Stage migration as a result of the inputs noted above.

Forward-Looking Information

Relevant forward-looking economic information is incorporated for each loan portfolio when measuring ECLs, based on a five-year outlook considering a combination of past, current and future economic conditions and outlooks. (For more on how forward-looking information is incorporated to measure ECLs, refer to Note 9 of the 2023 annual consolidated financial statements.)

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

	Baseline scenario			Optimistic scenario			Pessimistic scenario		
As at	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
December 31, 2023									
GDP *(%)*	2.7	1.9	2.7	3.4	4.7	3.6	2.1	(1.0)	1.7
Unemployment rate *(%)*	5.8	6.0	5.8	5.5	4.5	4.3	6.2	7.5	7.4
Housing starts	34,362	39,072	36,134	36,412	47,625	44,341	32,457	30,365	27,326
Oil prices *(WTI, USD/bbl)*	80	82	75	82	103	94	75	62	56
3m T-bill yield *(%)*	4.8	4.7	3.5	4.9	5.8	4.4	4.5	3.5	2.6

	2023	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
March 31, 2023									
GDP *(%)*	2.6	2.3	2.3	4.8	3.3	2.9	0.3	1.3	1.6
Unemployment rate *(%)*	5.9	5.8	5.7	4.8	4.4	4.3	7.0	7.3	7.1
Housing starts	32,833	31,496	31,212	37,994	37,548	38,427	27,402	25,494	23,880
Oil prices *(WTI, USD/bbl)*	79	77	78	99	96	97	60	58	58
3m T-bill yield *(%)*	4.5	3.8	3.2	5.6	4.7	3.9	3.3	2.8	2.4

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

For the three months ended ($ in thousands)	Balance at beginning of period	Provision for (recovery of) loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period	Comprises	
						Loans	Other credit instruments (1)
December 31, 2023							
Business	$ 289,787	$ 15,579	$ (13,977)	$ (2,589)	$ 288,800	$ 259,750	$ 29,050
Residential mortgages	9,410	709	(381)	201	9,939	8,818	1,121
Personal	34,777	7,158	(4,765)	248	37,418	29,050	8,368
Credit card	26,679	6,097	(2,942)	(14)	29,820	22,003	7,817
Total	**$ 360,653**	**$ 29,543**	**$ (22,065)**	**$ (2,154)**	**$ 365,977**	**$ 319,621**	**$ 46,356**
December 31, 2022							
Business	$ 344,160	$ (24,971)	$ (2,417)	$ (2,959)	$ 313,813	$ 281,592	$ 32,221
Residential mortgages	8,408	3,090	(2,900)	158	8,756	7,540	1,216
Personal	48,039	1,774	(4,407)	183	45,589	37,023	8,566
Credit card	43,396	597	(1,846)	(32)	42,115	29,126	12,989
Total	**$ 444,003**	**$ (19,510)**	**$ (11,570)**	**$ (2,650)**	**$ 410,273**	**$ 355,281**	**$ 54,992**

For the nine months ended ($ in thousands)	Balance at beginning of period	Provision for (recovery of) loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period	Comprises	
						Loans	Other credit instruments (1)
December 31, 2023							
Business	$ 309,589	$ 44,588	$ (57,927)	$ (7,450)	$ 288,800	$ 259,750	$ 29,050
Residential mortgages	8,815	1,729	(1,132)	527	9,939	8,818	1,121
Personal	39,935	12,107	(15,486)	862	37,418	29,050	8,368
Credit card	39,657	(1,470)	(8,459)	92	29,820	22,003	7,817
Total	**$ 397,996**	**$ 56,954**	**$ (83,004)**	**$ (5,969)**	**$ 365,977**	**$ 319,621**	**$ 46,356**
December 31, 2022							
Business	$ 347,800	$ (6,344)	$ (31,830)	$ 4,187	$ 313,813	$ 281,592	$ 32,221
Residential mortgages	9,197	4,387	(4,858)	30	8,756	7,540	1,216
Personal	57,202	3,330	(15,401)	458	45,589	37,023	8,566
Credit card	39,057	7,168	(4,195)	85	42,115	29,126	12,989
Total	**$ 453,256**	**$ 8,541**	**$ (56,284)**	**$ 4,760**	**$ 410,273**	**$ 355,281**	**$ 54,992**

(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:

	December 31, 2023				December 31, 2022			
	Performing		Impaired		Performing		Impaired	
For the three months ended ($ 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	$ 77,912	$ 71,801	$ 140,074	$ 289,787	$ 63,271	$ 90,285	$ 190,604	$ 344,160
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	1,764	(1,598)	(166)	-	5,384	(2,372)	(3,012)	-
Transfers into (out of) Stage 2 (1)	(1,578)	2,737	(1,159)	-	(4,015)	4,118	(103)	-
Transfers into (out of) Stage 3 (1)	(907)	(1,715)	2,622	-	(691)	(488)	1,179	-
New originations (2)	3,661	-	-	3,661	4,330	-	-	4,330
Repayments (3)	(3,868)	(2,782)	(995)	(7,645)	(2,274)	(5,580)	(3,809)	(11,663)
Remeasurements (4)	7,132	4,989	7,442	19,563	(13,873)	5,912	(9,677)	(17,638)
Total provision for (recovery of) loan losses	**6,204**	**1,631**	**7,744**	**15,579**	**(11,139)**	**1,590**	**(15,422)**	**(24,971)**
Write-offs	-	-	(14,203)	(14,203)	-	-	(7,457)	(7,457)
Recoveries	-	-	226	226	-	-	5,040	5,040
Discounted cash flows on impaired loans and other	(84)	(17)	(2,488)	(2,589)	(18)	3	(2,944)	(2,959)
Balance at end of period	**$ 84,032**	**$ 73,415**	**$ 131,353**	**$ 288,800**	**$ 52,114**	**$ 91,878**	**$ 169,821**	**$ 313,813**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 6,124	$ 2,018	$ 1,268	$ 9,410	$ 4,597	$ 1,982	$ 1,829	$ 8,408
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	531	(386)	(145)	-	230	(163)	(67)	-
Transfers into (out of) Stage 2 (1)	(106)	231	(125)	-	(75)	208	(133)	-
Transfers into (out of) Stage 3 (1)	(5)	(152)	157	-	(3)	(92)	95	-
New originations (2)	55	-	-	55	49	-	-	49
Repayments (3)	(40)	(15)	(40)	(95)	(17)	(23)	(49)	(89)
Remeasurements (4)	(323)	688	384	749	209	798	2,123	3,130
Total provision for (recovery of) loan losses	**112**	**366**	**231**	**709**	**393**	**728**	**1,969**	**3,090**
Write-offs	-	-	(406)	(406)	-	-	(2,928)	(2,928)
Recoveries	-	-	25	25	-	-	28	28
Discounted cash flows on impaired loans and other	-	-	201	201	-	-	158	158
Balance at end of period	**$ 6,236**	**$ 2,384**	**$ 1,319**	**$ 9,939**	**$ 4,990**	**$ 2,710**	**$ 1,056**	**$ 8,756**

(1) Stage transfers represent movement between stages and exclude changes due to remeasurements.
(2) New originations relate to new loans recognized during the period.
(3) Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred.
(4) Remeasurements represent the change in the allowance due to changes in economic factors and risk and model parameters.

For the three months ended ($ in thousands)	December 31, 2023				December 31, 2022			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 18,395	$ 6,747	$ 9,635	$ 34,777	$ 30,330	$ 9,346	$ 8,363	$ 48,039
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	2,838	(2,605)	(233)	-	1,838	(1,475)	(363)	-
Transfers into (out of) Stage 2 (1)	(627)	1,077	(450)	-	(481)	595	(114)	-
Transfers into (out of) Stage 3 (1)	(348)	(568)	916	-	(173)	(654)	827	-
New originations (2)	1,401	-	-	1,401	506	-	-	506
Repayments (3)	(397)	(272)	(128)	(797)	(202)	(115)	(177)	(494)
Remeasurements (4)	(1,635)	2,960	5,229	6,554	(5,552)	2,251	5,063	1,762
Total provision for (recovery of) loan losses	**1,232**	**592**	**5,334**	**7,158**	**(4,064)**	**602**	**5,236**	**1,774**
Write-offs	-	-	(4,810)	(4,810)	-	-	(4,419)	(4,419)
Recoveries	-	-	45	45	-	-	12	12
Discounted cash flows on impaired loans and other	-	-	248	248	-	-	183	183
Balance at end of period	**$ 19,627**	**$ 7,339**	**$ 10,452**	**$ 37,418**	**$ 26,266**	**$ 9,948**	**$ 9,375**	**$ 45,589**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 14,929	$ 9,055	$ 2,695	$ 26,679	$ 8,370	$ 32,264	$ 2,762	$ 43,396
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	4,936	(4,936)	-	-	21,020	(21,020)	-	-
Transfers into (out of) Stage 2 (1)	(664)	664	-	-	(341)	341	-	-
Transfers into (out of) Stage 3 (1)	(53)	(627)	680	-	(3)	(661)	664	-
New originations (2)	181	-	-	181	267	-	-	267
Repayments (3)	(179)	(839)	-	(1,018)	(115)	(1,755)	-	(1,870)
Remeasurements (4)	(3,867)	8,440	2,361	6,934	(14,952)	16,485	667	2,200
Total provision for (recovery of) loan losses	**354**	**2,702**	**3,041**	**6,097**	**5,876**	**(6,610)**	**1,331**	**597**
Write-offs	-	-	(5,511)	(5,511)	-	-	(3,616)	(3,616)
Recoveries	-	-	2,569	2,569	-	-	1,770	1,770
Discounted cash flows on impaired loans and other	(11)	(4)	1	(14)	(6)	(24)	(2)	(32)
Balance at end of period	**$ 15,272**	**$ 11,753**	**$ 2,795**	**$ 29,820**	**$ 14,240**	**$ 25,630**	**$ 2,245**	**$ 42,115**
Total balance as at end of period	**$ 125,167**	**$ 94,891**	**$ 145,919**	**$ 365,977**	**$ 97,610**	**$ 130,166**	**$ 182,497**	**$ 410,273**
Comprises: Loans	$ 92,311	$ 81,391	$ 145,919	$ 319,621	$ 70,733	$ 102,051	$ 182,497	$ 355,281
Comprises: Other credit instruments (5)	32,856	13,500	-	46,356	26,877	28,115	-	54,992

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

For the nine months ended ($ in thousands)	December 31, 2023 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	December 31, 2022 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowance for loan losses—business loans								
Balance at beginning of period	$ 57,462	$ 77,943	$ 174,184	$ 309,589	$ 61,708	$ 85,846	$ 200,246	$ 347,800
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	8,028	(7,581)	(447)	-	11,916	(8,217)	(3,699)	-
Transfers into (out of) Stage 2 (1)	(2,969)	11,570	(8,601)	-	(10,066)	11,606	(1,540)	-
Transfers into (out of) Stage 3 (1)	(1,969)	(3,058)	5,027	-	(2,711)	(10,127)	12,838	-
New originations (2)	9,077	-	-	9,077	12,022	-	-	12,022
Repayments (3)	(6,894)	(10,389)	(2,901)	(20,184)	(5,244)	(14,897)	(11,659)	(31,800)
Remeasurements (4)	21,364	4,941	29,390	55,695	(15,761)	27,260	1,935	13,434
Total provision for (recovery of) loan losses	**26,637**	**(4,517)**	**22,468**	**44,588**	**(9,844)**	**5,625**	**(2,125)**	**(6,344)**
Write-offs	-	-	(58,533)	(58,533)	-	-	(39,904)	(39,904)
Recoveries	-	-	606	606	-	-	8,074	8,074
Discounted cash flows on impaired loans and other	(67)	(11)	(7,372)	(7,450)	250	407	3,530	4,187
Balance at end of period	**$ 84,032**	**$ 73,415**	**$ 131,353**	**$ 288,800**	**$ 52,114**	**$ 91,878**	**$ 169,821**	**$ 313,813**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 4,997	$ 2,711	$ 1,107	$ 8,815	$ 4,269	$ 2,146	$ 2,782	$ 9,197
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	1,668	(1,428)	(240)	-	951	(729)	(222)	-
Transfers into (out of) Stage 2 (1)	(231)	527	(296)	-	(142)	333	(191)	-
Transfers into (out of) Stage 3 (1)	(9)	(375)	384	-	(5)	(286)	291	-
New originations (2)	248	-	-	248	107	-	-	107
Repayments (3)	(142)	(109)	(122)	(373)	(99)	(98)	62	(135)
Remeasurements (4)	(295)	1,058	1,091	1,854	(91)	1,344	3,162	4,415
Total provision for (recovery of) loan losses	**1,239**	**(327)**	**817**	**1,729**	**721**	**564**	**3,102**	**4,387**
Write-offs	-	-	(1,206)	(1,206)	-	-	(4,926)	(4,926)
Recoveries	-	-	74	74	-	-	68	68
Discounted cash flows on impaired loans and other	-	-	527	527	-	-	30	30
Balance at end of period	**$ 6,236**	**$ 2,384**	**$ 1,319**	**$ 9,939**	**$ 4,990**	**$ 2,710**	**$ 1,056**	**$ 8,756**

(1) Stage transfers represent movement between stages and exclude changes due to remeasurements.
(2) New originations relate to new loans recognized during the period.
(3) Repayments relate to loans fully repaid or derecognized and exclude loans written off where a credit loss was incurred.
(4) Remeasurements represent the change in the allowance due to changes in economic factors and risk and model parameters.

For the nine months ended ($ in thousands)	December 31, 2023 Performing Stage 1	December 31, 2023 Performing Stage 2	December 31, 2023 Impaired Stage 3	December 31, 2023 Total	December 31, 2022 Performing Stage 1	December 31, 2022 Performing Stage 2	December 31, 2022 Impaired Stage 3	December 31, 2022 Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 23,065	$ 7,856	$ 9,014	$ 39,935	$ 32,048	$ 16,157	$ 8,997	$ 57,202
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	7,535	(6,902)	(633)	-	13,636	(12,833)	(803)	-
Transfers into (out of) Stage 2 (1)	(1,505)	2,465	(960)	-	(1,837)	2,516	(680)	(1)
Transfers into (out of) Stage 3 (1)	(712)	(1,836)	2,548	-	(580)	(1,948)	2,528	-
New originations (2)	2,833	-	-	2,833	2,766	-	-	2,766
Repayments (3)	(1,143)	(741)	(520)	(2,404)	(1,554)	(863)	(477)	(2,894)
Remeasurements (4)	(10,446)	6,497	15,627	11,678	(18,213)	6,919	14,753	3,459
Total provision for (recovery of) loan losses	**(3,438)**	**(517)**	**16,062**	**12,107**	**(5,782)**	**(6,209)**	**15,321**	**3,330**
Write-offs	-	-	(15,560)	(15,560)	-	-	(15,462)	(15,462)
Recoveries	-	-	74	74	-	-	61	61
Discounted cash flows on impaired loans and other	-	-	862	862	-	-	458	458
Balance at end of period	**$ 19,627**	**$ 7,339**	**$ 10,452**	**$ 37,418**	**$ 26,266**	**$ 9,948**	**$ 9,375**	**$ 45,589**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 19,173	$ 18,215	$ 2,269	$ 39,657	$ 21,969	$ 13,880	$ 3,208	$ 39,057
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	21,723	(21,723)	-	-	25,652	(25,652)	-	-
Transfers into (out of) Stage 2 (1)	(1,863)	1,863	-	-	(5,528)	5,528	-	-
Transfers into (out of) Stage 3 (1)	(137)	(1,962)	2,099	-	(61)	(1,561)	1,622	-
New originations (2)	687	-	-	687	1,034	-	-	1,034
Repayments (3)	(612)	(2,950)	-	(3,562)	(355)	(2,893)	(23)	(3,271)
Remeasurements (4)	(23,694)	18,312	6,787	1,405	(28,512)	36,286	1,631	9,405
Total provision for (recovery of) loan losses	**(3,896)**	**(6,460)**	**8,886**	**(1,470)**	**(7,770)**	**11,708**	**3,230**	**7,168**
Write-offs	-	-	(16,280)	(16,280)	-	-	(10,538)	(10,538)
Recoveries	-	-	7,821	7,821	-	-	6,343	6,343
Discounted cash flows on impaired loans and other	(5)	(2)	99	92	41	42	2	85
Balance at end of period	**$ 15,272**	**$ 11,753**	**$ 2,795**	**$ 29,820**	**$ 14,240**	**$ 25,630**	**$ 2,245**	**$ 42,115**
Total balance as at end of period	**$ 125,167**	**$ 94,891**	**$ 145,919**	**$ 365,977**	**$ 97,610**	**$ 130,166**	**$ 182,497**	**$ 410,273**
Comprises: Loans	$ 92,311	$ 81,391	$ 145,919	$ 319,621	$ 70,733	$ 102,051	$ 182,497	$ 355,281
Comprises: Other credit instruments (5)	32,856	13,500	-	46,356	26,877	28,115	-	54,992

(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 Security (MBS) Program. The MBSs issued as a result of this program are pledged to the CMB program or to third-party investors. The sale of mortgage pools and certain securities that comprise the MBSs does not qualify for derecognition as outlined in IFRS 9 *Financial Instruments*, as ATB retains the prepayment, credit and interest rate risks, which represent substantially all the risks and rewards. Therefore, it is accounted for as a collateralized borrowing. (For more on the program, refer to Note 15 of the 2023 annual consolidated financial statements.)

Credit Card Securitization

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

Equipment Finance Securitization

Effective December 8, 2023 ATB entered into a program with another financial institution to securitize equipment finance receivables as an additional source of funding. This program allows ATB to borrow up to 84% of the equipment finance receivables pledged. The equipment finance receivables remain on ATB's consolidated statement of financial position and have not been transferred, as they do not qualify for derecognition. Should the amount securitized not adequately support the program, ATB will be responsible for funding this shortfall.

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

As at *($ in thousands)*	**December 31** **2023**	**March 31** **2023**
Principal value of mortgages pledged as collateral	$ 5,889,480	$ 6,093,429
ATB mortgage-backed securities (MBSs) pledged as collateral through repurchase agreements	1,137,593	1,721,022
Externally purchased MBSs	50,322	99,829
Principal value of credit card receivables pledged as collateral	716,942	651,923
Principal value of equipment finance receivables pledged as collateral	29,257	-
Total	**$ 7,823,594**	**$ 8,566,203**
Associated liabilities	$ 7,004,186	$ 7,891,866

10 Payment in Lieu of Tax

Pursuant to the *ATB Act*, the GoA may assess a charge to ATB as prescribed by the *Alberta Financial Regulation* (*ATB Regulation*). The *ATB Regulation* defines the charge to be an amount equal to 23% of ATB's consolidated NI as reported in our interim condensed consolidated statement of income under IFRS.

For the three and nine months ended December 31, 2023, ATB has accrued a total of $28.4 million and $90.3 million respectively (December 31, 2022: $37.5 million and $101.6 million, respectively) for PILOT.

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 our subsidiaries operate under a regulatory framework established pursuant to the *ATB Act* and associated regulations and guidelines. The capital adequacy requirements for ATB are defined in a guideline authorized by the Minister, which was modelled after guidelines governing other Canadian deposit-taking institutions. ATB's minimum Tier 1 capital requirement is 7%. The total capital requirement is the greater of 10% of risk-weighted assets or 5% of total assets. Risk weights are established for various on- and off-balance-sheet assets according to the degree of credit risk.

Tier 1 capital consists of retained earnings, and Tier 2 capital consists of eligible portions of wholesale borrowings and the collective allowance for loan losses. (For more details, refer to Note 24 of the 2023 annual consolidated financial statements.)

As at December 31, 2023, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

As at *($ in thousands)*	December 31 2023	March 31 2023
Tier 1 capital		
Retained earnings	$ 5,278,961	$ 4,976,622
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	1,312,238	1,437,268
Collective allowance for loan losses	220,058	211,422
Total Tier 2 capital	**$ 1,532,296**	**$ 1,648,690**
Deductions from capital		
Software and other intangibles	181,556	216,199
Total capital	**$ 6,629,701**	**$ 6,409,113**
Total risk-weighted assets	$ 40,683,733	$ 38,526,125
Risk-weighted capital ratios		
Tier 1 capital ratio	13.0%	12.9%
Total capital ratio	16.4%	16.6%

12 Segmented Information

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

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

ATB's SSUs provide company-wide expertise and support 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, human resources, internal assurance and other functions.

Basis of Presentation

Results presented in the following schedule are based on ATB's internal financial reporting systems. The accounting policies used in preparing the schedules are consistent with those followed in preparing the consolidated financial statements, as we disclose in the notes to the statements. Since these AOEs align with ATB's internal management structure, they may not be directly comparable to those of other financial institutions. (Refer to Note 26 of the 2023 annual consolidated financial statements.)

NII is attributed to each AOE according to ATB's internal funds transfer pricing (FTP) system: assets earn NII to the extent that external revenues exceed internal FTP expense, and liabilities earn NII to the extent that internal FTP revenues exceed external interest expenses. LLP is allocated based on the loans the AOE has issued and is determined based on the methodology outlined in Notes 2 and 9 of the 2023 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
December 31, 2023					
Net interest income (loss)	$ 141,600	$ 213,072	$ 10,892	$ (17,283)	$ 348,281
Other income (loss)	39,454	62,583	66,884	787	169,708
Total revenue (loss)	181,054	275,655	77,776	(16,496)	517,989
Provision for (recovery of) loan losses	17,669	12,610	649	(1,385)	29,543
Non-interest expense (1)	143,552	132,069	79,757	9,628	365,006
Income (loss) before payment in lieu of tax	19,833	130,976	(2,630)	(24,739)	123,440
Payment in lieu of (recovery of) tax	4,562	30,125	(605)	(5,691)	28,391
Net income (loss)	**$ 15,271**	**$ 100,851**	**$ (2,025)**	**$ (19,048)**	**$ 95,049**
Total assets	$ 30,836,205	$ 25,953,973	$ 1,835,416	$ 1,568,145	$ 60,193,739
Total liabilities	18,520,949	18,615,854	1,900,819	15,952,614	54,990,236
September 30, 2023					
Net interest income (loss)	$ 146,138	$ 205,849	$ 11,064	$ (18,677)	$ 344,374
Other income (loss)	37,011	61,168	68,007	(7,357)	158,829
Total revenue (loss)	183,149	267,017	79,071	(26,034)	503,203
Provision for (recovery of) loan losses	1,548	28,604	(15)	183	30,320
Non-interest expense (1)	139,550	135,335	72,740	11,858	359,483
Income (loss) before payment in lieu of tax	42,051	103,078	6,346	(38,075)	113,400
Payment in lieu of (recovery of) tax	9,672	23,707	1,460	(8,758)	26,081
Net income (loss)	**$ 32,379**	**$ 79,371**	**$ 4,886**	**$ (29,317)**	**$ 87,319**
Total assets	$ 30,447,671	$ 27,111,942	$ 1,658,236	$ 1,700,716	$ 60,918,565
Total liabilities	18,281,741	20,053,919	1,701,158	15,909,123	55,945,941
December 31, 2022					
Net interest income (loss)	$ 139,269	$ 197,993	$ 11,471	$ (17,523)	$ 331,210
Other income (loss)	36,694	70,857	64,713	(19,794)	152,470
Total revenue (loss)	175,963	268,850	76,184	(37,317)	483,680
Provision for (recovery of) loan losses	7,113	(28,196)	(44)	1,617	(19,510)
Non-interest expense (1)	136,377	124,721	69,938	9,289	340,325
Income (loss) before payment in lieu of tax	32,473	172,325	6,290	(48,223)	162,865
Payment in lieu of (recovery of) tax	7,469	39,635	1,447	(11,092)	37,459
Net income (loss)	**$ 25,004**	**$ 132,690**	**$ 4,843**	**$ (37,131)**	**$ 125,406**
Total assets	$ 29,198,090	$ 24,956,038	$ 1,460,661	$ 2,873,630	$ 58,488,419
Total liabilities	17,515,930	18,732,642	1,472,675	16,098,154	53,819,401

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

For the nine months ended ($ in thousands)	**Everyday Financial Services**	**ATB Business**	**ATB Wealth**	**Strategic support units**	**Total**
December 31, 2023					
Net interest income (loss)	$ 427,670	$ 608,914	$ 32,443	$ (44,545)	$ 1,024,482
Other income (loss)	112,384	186,107	200,989	(4,811)	494,669
Total revenue (loss)	540,054	795,021	233,432	(49,356)	1,519,151
Provision for (recovery of) loan losses	15,438	41,194	552	(230)	56,954
Non-interest expense (1)	422,052	395,040	222,540	29,918	1,069,550
Income (loss) before payment in lieu of tax	102,564	358,787	10,340	(79,044)	392,647
Payment in lieu of (recovery of) tax	23,590	82,521	2,378	(18,181)	90,308
Net income (loss)	**$ 78,974**	**$ 276,266**	**$ 7,962**	**$ (60,863)**	**$ 302,339**
December 31, 2022					
Net interest income (loss)	$ 401,414	$ 576,282	$ 30,935	$ (22,974)	$ 985,657
Other income (loss)	99,379	175,175	196,708	(13,322)	457,940
Total revenue (loss)	500,793	751,457	227,643	(36,296)	1,443,597
Provision for (recovery of) loan losses	20,461	(6,186)	(638)	(5,096)	8,541
Non-interest expense (1)	394,612	363,569	200,552	34,689	993,422
Income (loss) before payment in lieu of tax	85,720	394,074	27,729	(65,889)	441,634
Payment in lieu of (recovery of) tax	19,716	90,637	6,378	(15,155)	101,576
Net income (loss)	**$ 66,004**	**$ 303,437**	**$ 21,351**	**$ (50,734)**	**$ 340,058**

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

13 Comparative Amounts

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

GLOSSARY

(unaudited)

Achievement note	A long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Wealth.
Allowance for loan losses	A total allowance that represents management's best estimate of expected losses for both performing and impaired loans that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month and lifetime horizon or on the discounted contractual cash shortfall expected over the remaining lifetime.
Assets under administration	Assets that are beneficially owned by clients for which ATB provides management and custodial services. These assets are not reported on ATB's consolidated statement of financial position.
Average assets	The average of the daily total asset balances during the 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.
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 assets gathered	Net of assets inflows and outflows at period end.
Net income (NI)	Income after the removal of expenses, provision for loan losses and payment in lieu of tax.
Net interest income (NII)	The difference between interest earned on assets, such as cash, securities and loans, and interest paid on liabilities, such as deposits and wholesale and collateralized borrowings.
Net interest margin (NIM)	The ratio of net interest income for the 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.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but not strategic or reputational.
Option	A contract between two parties whereby the buyer of the option has the right but no obligation to buy (call) or sell (put) a specified financial instrument or currency at a set price or rate on or before a specified future date or on a series of specified future dates.
Other income to total revenue	Other income for the period divided by total revenue for the period.
Performing loan change	Performing loans outstanding at period end less performing loans outstanding at the previous period end, divided by performing loans outstanding at the previous period end.
Performing loans	Net loans, excluding impaired loans.
Provision for loan losses (LLP)	See "loan loss provision."
Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) the ATB Act and ATB Regulation and guidelines, and (b) other laws, rules, regulations and prescribed practices applicable to ATB in any jurisdiction in which it operates.
Reputational risk	The potential that negative stakeholder impressions, whether true or not, regarding ATB's business practices, actions or inaction will or may cause deterioration in ATB's value, brand, liquidity, client base or relationship with its Shareholder.
Return on average assets	Net income for the period divided by average total assets.

Return on average risk-weighted assets	Net income for the period divided by average risk-weighted assets.
Securities purchased under reverse repurchase agreements	The purchase of securities for cash and the concurrent sale of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securities sold under repurchase agreements	The cash sale of securities and the concurrent repurchase of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securitization	The process by which a pool of financial assets, mainly loans, are converted into asset-backed securities and transferred to a trust that normally issues a series of asset-backed securities to investors to fund the purchase of loans.
Standby fees	Fees charged monthly, quarterly or annually to a client based on the average unused portion of their loan commitment. Standby fees can arise on any loan, including syndicated loans.
Swaps	A contractual agreement between two parties to exchange a series of cash flows. For interest rate swaps, counterparties generally exchange fixed- and floating-rate interest payments based on a notional amount in a single currency. For cross-currency swaps, counterparties generally exchange one currency for another at a set date.
Tier 1 capital	A measure of retained earnings used to determine regulatory ratios set out by our regulator, the Alberta Superintendent of Financial Institutions.
Tier 1 capital ratio	Tier 1 capital divided by risk-weighted assets.
Total asset change	Total assets outstanding at period end less total assets outstanding at the previous period end, divided by total assets outstanding at the previous period end. For year to date change, its net assets change recorded during the year
Total capital	An assessed regulatory measure of Tier 1 capital; Tier 2 capital consisting of eligible portions of subordinated debentures, wholesale borrowings and the collective allowance for loan losses; and the deduction of software and other intangibles.
Total capital ratio	Total capital divided by risk-weighted assets.
Total deposit change	Total deposits outstanding at period end less total deposits outstanding at the previous period end, divided by total deposits outstanding at the previous period end.
Total expense change	The current year's non-interest expense less the previous year’s non-interest expense, divided by the previous year's non-interest expense.
Total revenue	The sum of net interest income and other income.
Total revenue change	The current year’s total revenue less the previous year's total revenue, divided by the previous year’s total revenue.

ACRONYMS

(Unaudited)

AcSB	Accounting Standards Board
AOCI	Accumulated other comprehensive income
AOE	Area of expertise
ASFI	Alberta Superintendent of Financial Institutions
AUA	Assets under administration
BRR	Borrower risk rating
CAR Guideline	Capital Adequacy Requirements Guideline
CARR	Canadian Alternative Reference Rate working group
CDOR	Canadian Dollar Offered Rate
CMB	Canada Mortgage Bonds
CORRA	Canadian Overnight Repo Rate Average
EBITDA	Earnings before interest, income tax, depreciation and amortization
ECL	Expected credit loss
EFS	Everyday Financial Services
FICO	Fair Isaac Corporation
FTE	Full-time equivalent
FTP	Funds transfer pricing
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
FY	Fiscal year (e.g., FY2024)
GDP	Gross domestic product
GoA	Government of Alberta
HELOC	Home equity line of credit
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
LCR	Liquidity coverage ratio
LIBOR	London Interbank Offered Rate
LLP	Loan loss provision (also “provision for loan losses”)
MBS	Mortgage-backed security
MD&A	Management’s discussion and analysis
NI	Net income
NIE	Non-interest expense
NII	Net interest income
NIM	Net interest margin
OI	Other income
PILOT	Payment in lieu of tax
RML	Residential mortgage loan
SSU	Strategic support unit
WTI	West Texas Intermediate