MANAGEMENT'S DISCUSSION AND ANALYSIS

FY2022 Q3 Financial Highlights

	For the three months ended			For the nine months ended	
	December 31 2021	September 30 2021	December 31 2020	**December 31 2021**	December 31 2020
Operating results *($ in thousands)*					
Net interest income	**$ 318,041**	$ 310,888	$ 304,636	**$ 933,681**	$ 874,952
Other income	**156,150**	155,678	157,345	**466,914**	439,992
Total revenue	**474,191**	466,566	461,981	**1,400,595**	1,314,944
(Recovery of) provision for loan losses	**(74,393)**	(26,532)	(12,016)	**(162,094)**	285,454
Non-interest expenses	**355,198**	312,833	297,058	**978,956**	876,375
Net income before payment in lieu of tax (PILOT)	**193,386**	180,265	176,939	**583,733**	153,115
PILOT	**44,479**	41,461	35,215	**134,260**	35,215
Net income	**$ 148,907**	$ 138,804	$ 141,724	**$ 449,473**	$ 117,900
Adjusted net income (2)	**$ 177,522**	$ 138,805	$ 141,724	**$ 478,088**	$ 117,902
Income before provision for loan losses (1)					
Total revenue	**$ 474,191**	$ 466,566	$ 461,981	**$ 1,400,595**	$ 1,314,944
Less: non-interest expenses	**(355,198)**	(312,833)	(297,058)	**(978,956)**	(876,375)
Income before provision for loan losses	**$ 118,993**	$ 153,733	$ 164,923	**$ 421,639**	$ 438,569
Financial position					
Net loans	**$ 46,061,091**	$ 45,158,188	$ 44,886,109	**$ 46,061,091**	$ 44,886,109
Total assets	**56,562,510**	55,610,901	55,564,244	**56,562,510**	55,564,244
Total risk-weighted assets (1)	**37,174,460**	36,719,234	36,125,764	**37,174,460**	36,125,764
Total deposits	**37,642,265**	37,897,292	37,186,919	**37,642,265**	37,186,919
Equity	**4,439,750**	4,369,370	4,105,664	**4,439,750**	4,105,664
Key performance measures *(%)* (1)					
Return on average assets	**1.0**	1.0	1.0	**1.1**	0.3
Return on average risk-weighted assets	**1.6**	1.5	1.6	**1.6**	0.4
Total revenue change	**2.6**	8.9	3.4	**6.5**	1.2
Other income to total revenue	**32.9**	33.4	34.1	**33.3**	33.5
Total expense change	**19.6**	9.5	(0.8)	**11.7**	(3.3)
Adjusted total expense change (2)	**7.0**	9.5	(0.8)	**7.5**	(3.3)
Efficiency ratio	**74.9**	67.1	64.3	**69.9**	66.6
Adjusted efficiency ratio (2)	**67.1**	67.1	64.3	**67.2**	66.6
Net interest margin	**2.35**	2.33	2.28	**2.32**	2.20
Loan losses to average loans	**(0.7)**	(0.2)	(0.1)	**(0.5)**	0.8
Net loan change	**2.0**	0.8	(0.6)	**3.3**	(4.6)
Total deposit change	**(0.7)**	0.1	1.4	**(0.3)**	5.1
Change in assets under administration	**3.5**	1.3	6.5	**9.8**	13.3
Tier 1 capital ratio	**11.9**	11.6	10.7	**11.9**	10.7
Total capital ratio	**16.4**	16.3	16.2	**16.4**	16.2
Other information					
ATB Wealth's assets under administration *($ in thousands)*	**$ 27,327,967**	$ 26,415,422	$ 23,959,076	**$ 27,327,967**	$ 23,959,076
Total clients	**810,939**	809,349	805,973	**810,939**	805,973
Team members (3)	**5,028**	5,003	5,092	**5,028**	5,092

(1) Refer to the glossary for a definition of our key performance measures.
(2) Refer to the non-GAAP measures for more information
(3) Reported as full-time equivalents (FTEs).

Introduction

This is management's discussion and analysis (MD&A) of the consolidated results of operations and financial position of ATB Financial (ATB) for the three and nine months ended December 31, 2021, and is dated February 16, 2022. 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, 2021, as well as the audited consolidated financial statements and MD&A for the year ended March 31, 2021.

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 values, and liquidity conditions; the ongoing impacts on the global economy due to the COVID-19 pandemic; 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

All references to years contained in this section are to calendar years unless otherwise stated.

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

Alberta's Economy at a Glance

As of early January 2022, Alberta's economy is well on the road to recovery but is, like other jurisdictions, facing a series of obstacles from the Omicron variant and ongoing pandemic, labour shortages, supply chain disruptions, and inflation. Alberta's GDP growth is forecast to be 6.3% in 2021, 4.0% in 2022 and 2.5% in 2023. We anticipate GDP per capita will not reach pre-pandemic levels until 2023.

While high oil and natural gas prices are providing a positive boost and crude oil production is at an all-time high, the economic uplift similar to the past is not expected due to short-term uncertainty and limited prospects for long-term production growth. Pricing, along with increased pipeline capacity will support increased activity and spending, but capital expenditures will remain low compared to pre-pandemic levels.

Inflation rates are expected to remain elevated (but suppressed by rising interest rates) at around 4% over the first part of 2022, and then fall enough to average 3% for the full year and drop to 2.5% in 2023. We expect the Bank of Canada overnight rate will increase three times in the first half of 2022. Despite rising interest rates, both housing starts and the resale housing market are expected to continue performing well.

The uneven nature of the recovery has impacted many sectors differently. Travel and close contact businesses continue to face pandemic-related challenges, whereas the manufacturing sector remains resilient despite COVID-related supply chain challenges weighing on input costs. In addition retail sales have weathered the pandemic well and are forecast to grow by 7.9% in 2022.

Drought conditions were a significant setback last year, but we expect Alberta's agriculture sector to—weather permitting—bounce back strongly in 2022.

Significant new investments in Alberta's technology and petrochemical sectors combined with the potential development of carbon capture, utilization and storage (CCUS) projects, solar farms, and hydrogen power bode well for future growth in the province.

While Alberta's unemployment rate has improved significantly compared to earlier in the pandemic, it is forecast to remain above both its pre-pandemic level and the national average in 2022. Despite this, labour shortages will be an ongoing issue due to a lack of candidates with the right skills and experience and ongoing labour market transitions. Alberta's population has continued to grow amidst the pandemic and should receive a boost from international migration as pandemic-related bottlenecks are resolved.

Despite these challenges, Alberta's economy is on track to make up the ground it lost in 2020 while simultaneously building on its traditional natural resource base and expanding other sectors. It's a bright future.

Review of Consolidated Operating Results

Net Income

For the quarter ended December 31, 2021, ATB's net income (NI) was $148.9 million an increase from both last quarter and the same time last year. Year-to-date NI has also significantly improved from last year to $449.5 million. The primary driver of these increases is the recovery in the provision for loan losses (LLP).

ATB's net contribution—composed of NI, payment in lieu of tax (PILOT), and deposit guarantee fee— was $207.5 million to the Government of Alberta (GoA) this quarter, an increase from both last quarter and the same time last year. ATB's year-to-date net contribution is $627.0 million, which, similar to NI, is a significant improvement from last year.

Total Revenue

Total revenue consists of net interest income (NII) and other income (OI). This quarter's total revenue is $474.2 million, comprising $318.0 million in NII, and $156.2 million in OI, an increase from both last quarter and the same time last year. The increase in total revenue was driven by higher NII.

On a year-to-date basis, total revenue is $1.4 billion. The year-over-year increase is driven by higher NII and OI. NII improved mainly due to our funding mix change reducing our interest expense. OI increased as a result of higher wealth management, core services and capital market revenue.

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 was $318.0 million this quarter, higher than last quarter and this time last year. NII increased from last quarter due to lower funding costs. The year-over-year NII increase was driven by a change in our deposit mix, offset by lower rates earned on residential mortgage loans (RMLs).

On a year-to-date basis NII was $933.7 million, higher than last year due to lower rates on deposits and a change in our deposit mix. This was offset by lower rates earned on RML and a change in our loan portfolio mix.

Changes in Net Interest Income

The following table presents the changes in ATB's NII by interest-bearing product:

	For the three months ended					
	December 31 2021 vs September 30 2021			December 31 2021 vs December 31 2020		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
($ in thousands)	**Volume / Mix**	**Rate**	**Net change**	Volume / Mix	Rate	Net change
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 91**	**$ (163)**	**$ (72)**	$ 84	$ 2,778	$ 2,862
Loans	**5,432**	**(5,622)**	**(190)**	5,079	(30,817)	(25,738)
Change in interest income	**5,523**	**(5,785)**	**(262)**	5,163	(28,039)	(22,876)
Liabilities						
Deposits	**(610)**	**(5,945)**	**(6,555)**	(11,527)	(24,705)	(36,232)
Wholesale borrowings	**2,862**	**(3,365)**	**(503)**	1,930	(1,452)	478
Collateralized borrowings	**119**	**(476)**	**(357)**	(2,070)	1,559	(511)
Securities sold under repurchase agreements	**-**	**-**	**-**	5	(20)	(15)
Change in interest expense	**2,371**	**(9,786)**	**(7,415)**	(11,662)	(24,618)	(36,280)
Change in net interest income	**$ 3,152**	**$ 4,001**	**$ 7,153**	$ 16,825	$ (3,421)	$ 13,404

($ in thousands)	For the nine months ended December 31 2021 vs December 31 2020 — Increase (decrease) due to changes in Volume / Mix	Rate	Net change
Assets			
Interest-bearing deposits with financial institutions, and securities	**$ 4,734**	**$ (6,638)**	**$ (1,904)**
Loans	**(18,200)**	**(49,582)**	**(67,782)**
Change in interest income	**(13,466)**	**(56,220)**	**(69,686)**
Liabilities			
Deposits	**(39,489)**	**(74,748)**	**(114,237)**
Wholesale borrowings	**(2,336)**	**(1,681)**	**(4,017)**
Collateralized borrowings	**(8,159)**	**(1,772)**	**(9,931)**
Securities sold under repurchase agreements	**(174)**	**(54)**	**(228)**
Subordinated debentures	**(2)**	**-**	**(2)**
Change in interest expense	**(50,160)**	**(78,255)**	**(128,415)**
Change in net interest income	**$ 36,694**	**$ 22,035**	**$ 58,729**

Net Interest Margin

The net interest margin (NIM) is the ratio of NII to average total interest-earning assets for the year. This quarter's ratio was 2.35%, both higher than the 2.33% achieved last quarter and the 2.28% achieved during the same quarter last year. The increase from last quarter was driven by higher NII resulting from lower funding costs. The year-over-year increase was mainly driven by deposit funding mix changes. Year-to-date NIM was 2.32%, higher than the 2.20% achieved for the same period last year. The increase was due to the same factors that drove the year-to-date NII change previously noted.

Other Income

OI consists of all total revenue not classified as NII. OI is consistent with last quarter and the same time last year.

Year to date, OI improved from last year to $466.9 million. The key drivers are our wealth management revenue supported by the growing assets under administration balance, core service revenues (service charges and card fees), and capital market revenues (more new deals closed). But lower volatility in the financial markets and continued low interest rate environment led to lower revenue in the financial markets group and our corporate interest rate risk management portfolios.

Provision for Loan Losses

ATB's loan loss provision (LLP)—comprising net write-offs, recoveries, and required changes to the allowance for Stage 1, 2, and 3 loans—saw a greater recovery compared to last quarter with all three Stages benefiting. The net Stage 3 recovery is the largest driver, reflecting the lower loss expectations on our impaired loan portfolio in addition to a number of previously impaired business loans returning to performing or being paid down. The year-over-year and year-to-date changes are due to the factors previously noted, as well as an improvement in the economic outlook and health of our loan portfolio.

We continue to recognize the challenges that the pandemic has created for our clients. We remain committed to providing our clients with access to credit as we help stabilize and support Alberta's economy, while taking appropriate measures to limit losses. As at December 31, 2021, gross impaired loans of $0.6 billion comprised 1.3% (March 31, 2021: 2.1%, December 31, 2020: 2.2%) of the total loan portfolio.

Non-interest Expense

NIE consists of all expenses incurred by ATB except for interest expenses and LLP. The increase in NIE compared to last quarter and this time last year is mainly driven by the write-off of a non-strategic technology asset as well as revenue related performance-based compensation.

Year-to-date NIEs are up due to the same factors driving the quarter-over-quarter and year-over-year increase.

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 74.9% this quarter worsened from 67.1% last quarter and the 64.3% achieved for the same period last year. The worsening over last quarter and last year is mainly due to the write-off of the non-strategic technology asset causing total expense to outpace revenue growth. For the nine months ended December 31, 2021, ATB reported an efficiency ratio of 69.9% compared to 66.6% for the same period last year due to the same factors driving the quarter-over-quarter and year-over-year increase.

The adjusted efficiency ratio is NIE for the period after adjusting for the write-off of a non-strategic technology asset ($37.2 million) divided by total revenue for the quarter is 67.1% and compares to 67.1% last quarter but increased compared to the 64.3% achieved for the same period last year. The increase in the efficiency ratio is driven by increased discretionary spending, performance-related compensation and IT costs growing at a faster rate than our improving revenue. The year-to-date adjusted efficiency ratio is 67.2% and is also increased compared with the 66.6% result last year, mainly driven by the same factors noted.

Review of Operating Results by Area of Expertise

ATB has organized its operations and activities around the following three AoEs that differ in products and services offered:

- **ATB Everyday Financial Services (EFS)** provides financial services to individuals and small businesses through our branch, agency, Client Care, Brightside, and automated-banking-machine (ABM) networks. Brightside will be winding down by the end of March 2022.
- **ATB Business** provides financial advisory services to medium and large businesses, corporations, and agricultural clients.
- **ATB Wealth** provides investment advisory, insurance solutions, private banking, and institutional portfolio management solutions.

ATB's strategic support units (SSUs) provide company-wide expertise and support to our AoEs in the pursuit of 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 (HR), internal assurance, and other functions.

ATB Everyday Financial Services (1)

Financial Performance

	For the three months ended		
($ in thousands)	**December 31 2021**	September 30 2021	December 31 2020
Net interest income	**$ 119,193**	$ 121,002	$ 119,390
Other income	**31,556**	29,433	26,346
Total revenue	**150,749**	150,435	145,736
Provision for (recovery of) loan losses	**7,072**	(237)	3,602
Non-interest expense (2)	**129,628**	130,477	128,155
Net income before payment in lieu of tax	**14,049**	20,195	13,979
Payment in lieu of tax	**3,248**	3,476	-
Net income	**$ 10,801**	$ 16,719	$ 13,979
Net loans	**$ 20,175,226**	$ 19,981,774	$ 19,755,777
Total deposits	**17,304,063**	17,073,348	16,514,454

	For the nine months ended	
($ in thousands)	**December 31 2021**	December 31 2020
Net interest income	**$ 360,609**	$ 337,751
Other income	**89,394**	78,357
Total revenue	**450,003**	416,108
Provision for loan losses	**10,939**	40,013
Non-interest expenses	**388,407**	388,805
Net income (loss) before payment in lieu of tax	**50,657**	(12,710)
Payment in lieu of tax	**11,650**	-
Net income (loss)	**$ 39,007**	$ (12,710)

(1) In June 2021, the financial results and balances for certain loan products were moved to the SSUs from EFS. Results for the three and nine months ended December 31, 2020 were reclassified to conform with current period presentation.
(2) Certain costs are allocated from the SSUs to the AoEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.

NI decreased compared to both last quarter and the same time last year, mainly driven by a larger LLP. Year-to-date NI increased due to a lower provision for loan losses and higher revenue while expenses were consistent.

NII decreased compared to last quarter but is consistent compared to this time last year. The decrease from last quarter is driven by lower RML spreads offset by deposits repricing and clients migrating to lower cost deposits to hold more liquid assets. Year-to-date NII increased due to deposits repricing.

OI increased from last quarter and the same time last year. Both are driven by higher card transaction volumes as clients are using card-based payments instead of cash. In addition, service charges increased, as EFS's business client base grew. These same factors, in addition to higher insurance revenue, drove the year-to-date OI increase.

This quarter's LLP increased compared to the recovery recorded last quarter. LLP has also increased year-over-year. Both are due to a higher net Stage 1 and 2 provision. However, year-to-date LLP decreased due to a Stage 1 and 2 recovery reflecting an improved economic outlook.

NIE is consistent with last quarter and increased slightly compared to the same quarter last year. The year-over-year increase is mainly due to higher team member costs. Year-to-date NIE is consistent with last year.

Loans increased from both last quarter and the same time last year mainly due to EFS's focus on growing mortgages. Deposits grew from last quarter and the same quarter last year due to clients holding more liquid assets.

ATB Business

Financial Performance

	For the three months ended		
($ in thousands)	**December 31 2021**	September 30 2021	December 31 2020
Net interest income	**$ 181,657**	$ 174,633	$ 163,955
Other income	**63,429**	59,000	57,440
Total revenue	**245,086**	233,633	221,395
Recovery of loan losses	**(77,238)**	(21,931)	(15,124)
Non-interest expense (1)	**107,830**	105,470	98,351
Net income before payment in lieu of tax	**214,494**	150,094	138,168
Payment in lieu of tax	**49,290**	34,565	26,286
Net income	**$ 165,204**	$ 115,529	$ 111,882
Net loans	**$ 23,544,457**	$ 22,754,682	$ 22,365,971
Total deposits	**18,090,948**	18,438,243	17,506,486

	For the nine months ended	
($ in thousands)	**December 31 2021**	December 31 2020
Net interest income	**$ 523,694**	$ 474,018
Other income	**176,499**	151,465
Total revenue	**700,193**	625,483
(Recovery of) provision for loan losses	**(159,917)**	226,716
Non-interest expenses	**315,992**	284,478
Net income before payment in lieu of tax	**544,118**	114,289
Payment in lieu of tax	**125,148**	26,286
Net income	**$ 418,970**	$ 88,003

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

NI increased from last quarter and the same time last year, with the recovery of LLP and strong revenue growth being the main drivers. Year-to-date NI is higher than last year due to the same reasons previously noted.

NII increased from last quarter and the same time last year due to growth in average loan balances and a number of previously impaired business loans returning to performing. Year to date, NII increased for the reasons previously noted.

OI increased from last quarter due to investments gains, offset by lower revenue from the capital markets activity as fewer deals were closed. Compared to the same quarter last year, OI increased due to the gains previously noted, and higher capital markets activity. Year-to-date OI is higher due to the same year-over-year factors noted. Service charges and card fees also increased due to higher transaction volumes as clients shift towards card-based payments solutions.

LLP is in a larger recovery position than last quarter and the same time last year, mainly driven by decreases in the Stage 2 and 3 allowances. Both reflect an improved economic outlook with lower loan loss expectations, clients repaying loans, and loans returning to performing. Year to date, all three stages saw a decrease, due to the factors previously noted.

NIE increased from last quarter due to higher support costs and increased discretionary spending as COVID-19 restrictions were eased. The year-over-year and year-to-date increases are due to the same reasons noted, as well as increased performance-based compensation as a result of higher OI.

Loan balances have increased quarter-over quarter and year-over-year, particularly in the real estate, agriculture and energy sectors. Deposits have decreased quarter-over-quarter as municipalities spend collected property taxes. Deposits have increased year-over-year due to government relief programs and clients holding more liquid assets.

ATB Wealth

Financial Performance

($ in thousands)	For the three months ended **December 31 2021**	September 30 2021	December 31 2020
Net interest income	**$ 8,049**	$ 7,892	$ 5,267
Other income	**72,826**	72,279	62,498
Total revenue	**80,875**	80,171	67,765
Provision for (recovery of) loan losses	**671**	(661)	(1,416)
Non-interest expense (1)	**69,316**	70,229	58,483
Net income before payment in lieu of tax	**10,888**	10,603	10,698
Payment in lieu of tax	**2,504**	2,439	2,461
Net income	**$ 8,384**	$ 8,164	$ 8,237
Net loans	**$ 1,280,891**	$ 1,279,740	$ 1,251,987
Total deposits	**2,116,092**	2,268,251	3,013,310
Total assets under administration	**27,327,967**	26,415,422	23,959,076

($ in thousands)	For the nine months ended **December 31 2021**	December 31 2020
Net interest income	**$ 22,471**	$ 14,058
Other income	**213,257**	178,283
Total revenue	**235,728**	192,341
(Recovery of) provision for loan losses	**(1,260)**	4,235
Non-interest expenses	**207,192**	167,355
Net income before payment in lieu of tax	**29,796**	20,751
Payment in lieu of tax	**6,853**	4,773
Net income	**$ 22,943**	$ 15,978

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

Total revenue is consistent with the prior quarter but increased year-over year and year-to-date mainly due to higher average assets under administration (AUAs).

NIE is consistent with last quarter but is higher than this time last year, primarily due to variable costs associated with AUA. On a year-to-date basis, NIE is higher due to the same driver as the year-over-year increase.

Loans are consistent with the prior quarter, but increased from this time last year due to residential mortgages. Deposits are consistent with last quarter but decreased compared with this time last year due to clients transferring funds from term deposits to more liquid assets.

ATB Wealth's AUA increased from last quarter and last year due to higher asset gathering and positive market returns.

Strategic Support Units [1]

Financial Performance

($ in thousands)	For the three months ended December 31 2021	 September 30 2021	 December 31 2020
Net interest income	**$ 9,142**	7,361	16,024
Other (loss) income	**(11,661)**	(5,034)	11,061
Total (loss) revenue	**(2,519)**	2,327	27,085
(Recovery of) provision for loan losses	**(4,898)**	(3,703)	922
Non-interest expenses (2) (3)	**48,424**	6,657	12,069
Net (loss) income before payment in lieu of tax	**(46,045)**	(627)	14,094
Payment in lieu of (recovery of) tax	**(10,563)**	981	6,468
Net (loss) income	**$ (35,482)**	$ (1,608)	$ 7,626

($ in thousands)	For the nine months ended December 31 2021	 December 31 2020
Net interest income	**$ 26,907**	49,125
Other (loss) income	**(12,236)**	31,887
Total Revenue	**14,671**	81,012
(Recovery of) provision for loan losses	**(11,856)**	14,490
Non-interest expenses (3)	**67,365**	35,737
Net income before payment in lieu of tax	**(40,838)**	30,785
(Recovery of) payment in lieu of tax	**(9,391)**	4,156
Net income	**$ (31,447)**	$ 26,629

(1) In June 2021, the financial results and balances for certain loan products were moved to the SSUs from EFS. Results for the three and nine months ended December 31, 2020 were reclassified to conform with current period presentation.
(2) Certain costs are allocated from the SSUs to the AoEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(3) For the three and nine months ended December 31, 2021 results include the $37.2 million write-off of a non-strategic technology asset.

Total revenue decreased compared to last quarter driven by the impact of the continued lower rate environment on our interest-rate risk management portfolio. This time last year the portfolio recorded unrealized gains which drove the year-over-year decrease. The year-to-date drop off can be explained by a combination of the previously mentioned items.

The recovery for LLP increased this quarter, reflecting the decrease in net write offs and the improved economic outlook. These same factors also drove the recovery recorded this quarter and year compared to the provision recorded last year.

NIE increased this quarter, driven by a write-off of a non-strategic technology asset. The year-over-year and year-to-date increase is also attributed to the write-off in addition to the revised corporate allocation method to attribute costs out to the AoEs.

Review of Consolidated Financial Position

Total Assets

Our total assets as at December 31, 2021, were $56.6 billion, higher than last quarter and this time last year, both driven by loan growth.

Loans

Net loans were $46.1 billion, an increase from last quarter and this time last year due to business loans and RMLs, as well as lower allowance for loan losses. Both are attributable to the economic recovery we have experienced over the past twelve months.

Total Liabilities

ATB has three principal sources of funding: deposits, wholesale borrowings, and collateralized borrowings.

Total liabilities as at December 31, 2021, were $52.1 billion, higher than last quarter and last year due to wholesale borrowings, slightly offset by a decrease in collateralized borrowings.

Deposits

ATB's principal sources of funding are client deposits. Total deposits were $37.6 billion, which is lower quarter-over-quarter but higher than last year. The quarterly decrease is due to clients holding less assets in fixed-date deposits, which is slightly offset by an increase in more liquid accounts. The increase over last year is due to clients migrating assets to more liquid accounts to assist with having readily accessible funds when required.

Wholesale Borrowings

Wholesale borrowings, consisting primarily of bearer-deposit and mid-term notes issued by GoA on ATB's behalf, can fluctuate quarter to quarter. The agreement with GoA currently limits the total volume of such borrowings to $9.0 billion. The balance this quarter was $4.5 billion, which is higher than last quarter and this time last year. The increases are due to issuing more bearer-deposit notes in order to support lending activities.

Collateralized Borrowings

Collateralized borrowings, also used to supplement client deposits, represent ATB's participation in the Canada Mortgage Bonds (CMB) program, securitization of credit card receivables, and other mortgage loan securitization. The balance this quarter was $7.7 billion, which decreased compared to last quarter and last year. The decrease is due to more maturities combined with relying on other alternative funding sources.

Accumulated Other Comprehensive Income

Accumulated Other Comprehensive Income (AOCI) includes unrealized gains and losses that are only recorded on the consolidated statement of operations when realized. AOCI significantly decreased from last quarter and the same quarter last year. Both are due to swap rates increasing with the economy rebounding which unfavorably impacted our hedge-accounted swap portfolio. This was offset by unrealized gains due to higher than expected returns on our pension plan assets.

Regulatory Capital

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

As a Crown corporation, ATB and our subsidiaries operate under a regulatory framework established pursuant to the *ATB Act*, *ATB Regulation*, and *Capital Adequacy Requirements Guideline* (*CAR Guideline*). ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the GoA's President of Treasury Board and Minister of Finance. ATB's minimum Tier 1 capital requirement is 7.0%, and the total capital requirement is the greater of 10.0% of risk-weighted assets or 5.0% of total assets. As at December 31, 2021, ATB had a Tier 1 capital ratio of 11.9% and a total capital ratio of 16.4%, both exceeding our regulatory requirements.

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

Credit Risk

Credit risk—the risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB—is ATB's most significant risk. Examples of typical products bearing credit risk include retail and commercial 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, 2021, are outlined below.

Total Credit Exposure

Below is a summary that best represents ATB's exposure to credit risk, mainly comprised of loans (see Note 4 for further details).

As at *($ in thousands)*	**December 31** **2021**	March 31 2021
Financial assets (1)	**$ 55,509,917**	$ 54,484,142
Other commitments and off-balance-sheet items	**20,549,810**	19,640,027
Total credit risk	**$ 76,059,727**	$ 74,124,169

(1) Financial assets include derivatives stated net of collateral held and master netting agreements.

Industry Concentration Risk

ATB is inherently exposed to significant concentrations of credit risk, as our clients all participate in the Alberta economy, which, over time, has shown strong growth as well as sharp declines. ATB manages credit risk through diversifying our credit portfolio by limiting concentrations to single borrowers, industries, and geographic regions of Alberta. Below is a breakdown of the three largest single-industry segments and the single largest borrower:

		December 31 **2021**		March 31 2021
As at *($ in thousands)*		**Percentage of total gross loans**		Percentage of total gross loans
Commercial real estate	**$6,333,946**	**13.6%**	$6,166,027	13.6%
Agriculture, forestry, fishing, and hunting	**4,491,318**	**9.7%**	4,095,938	9.0%
Mining and oil-and-gas extraction	**3,987,850**	**8.6%**	3,971,632	8.8%
Largest borrower	**$233,696**	**0.5%**	$200,000	0.4%

Residential Real-Estate-Secured Lending

Residential mortgages and HELOCs are secured by residential properties. The following table presents a breakdown of the amounts and percentages of insured and uninsured residential mortgages and HELOCs:

As at		**December 31**		March 31	
($ in thousands)		**2021**		2021	
Residential mortgages	Insured[1]	**$ 10,148,971**	**60.9%**	$ 9,492,165	59.9%
	Uninsured	**6,511,734**	**39.1%**	6,341,645	40.1%
Total residential mortgages		**$ 16,660,705**	**100.0%**	$ 15,833,810	100.0%
Home equity lines of credit	Uninsured	**$ 2,553,799**	**100.0%**	$ 2,793,598	100.0%
Total home equity lines of credit		**$ 2,553,799**	**100.0%**	$ 2,793,598	100.0%
	Insured	**$ 10,148,971**	**52.8%**	$ 9,492,165	51.0%
Total	**Uninsured**	**9,065,532**	**47.2%**	9,135,243	49.0%

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

Below is a summary of the percentages of our RML portfolio that fall within various amortization periods:

As at	**December 31 2021**	March 31 2021
Less than 25 years	**93.9%**	91.5%
25 years and above	**6.1%**	8.5%
Total	**100.0%**	100.0%

Below is a summary of our average loan-to-value ratio for newly originated and acquired uninsured RMLs and HELOC products:

As at	**December 31 2021**	March 31 2021
Residential mortgages	**0.7**	0.7
Home equity lines of credit	**0.6**	0.6

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

Market Risk

ATB may incur losses due to adverse changes in interest rates, foreign-exchange rates, and equity and commodity market prices. Financial institutions like ATB are exposed to market risk in day-to-day operations such as investing, lending, and deposit-taking. ATB's risk management practices and key measures are disclosed in Note 23 to the consolidated financial statements for the year ended March 31, 2021, and the Risk Management section of the MD&A in the 2021 annual consolidated financial statements.

Interest Rate Risk

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

Interest Rate Sensitivity

The following table provides the potential impact of an immediate and sustained 100- and 200-basis-point increase and decrease in interest rates on ATB's net interest income as applied against ATB's core balance sheet over the following 12-month period:

As at *($ in thousands)*	**December 31 2021**	March 31 2021
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	**$ 29,136**	$ 26,034
200 basis points	**56,257**	49,859
Decrease in interest rates of:		
100 basis points (1) (2)	**(21,690)**	171
200 basis points (1)	**(24,078)**	(30,047)

(1) Certain aspects of the decrease in interest rate scenarios are constrained by interest rate floors when appropriate.
(2) The 100-basis-point decrease result for March 31, 2021, is positive as interest rate floors exist with the lower prime and overnight rates.

Foreign-Exchange Risk

Foreign-exchange risk is the risk of loss resulting from fluctuations in foreign-exchange rates. This risk arises from the existence of a net asset or liability position denominated in foreign currencies and/or a difference in maturity profiles for purchases and sales of a given currency. ATB manages its foreign-currency exposure through foreign-exchange contracts. ATB is within its Board-approved minimum limit as at December 31, 2021, and March 31, 2021.

Liquidity Risk

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

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

On December 31, 2021, the liquidity coverage ratio (LCR) was 141.2% (March 31, 2021: 137.3%), well above Board-approved minimum limits.

The following table provides the remaining maturity of ATB's non-deposit sources of funding:

As at *($ in thousands)*	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**December 31 2021 total**	March 31 2021 total
Mid-term notes	**$ -**	**$ 252,960**	**$ -**	**$ 350,000**	**$ 700,000**	**$ 800,000**	**$ 2,102,960**	$ 2,101,320
Bearer deposit notes	**2,425,000**	**-**	**-**	**-**	**-**	**-**	**2,425,000**	1,400,000
Mortgage-backed securities	**1,393,455**	**1,648,525**	**1,314,429**	**1,337,940**	**1,255,180**	**619,167**	**7,568,696**	7,806,033
Credit card securitization	**100,000**	**-**	**-**	**-**	**-**	**-**	**100,000**	100,000
Securities purchased under repurchase agreements	**-**	**-**	**-**	**-**	**-**	**-**	**-**	14,730
Total long-term funding	**$ 3,918,455**	**$ 1,901,485**	**$ 1,314,429**	**$ 1,687,940**	**$ 1,955,180**	**$ 1,419,167**	**$ 12,196,656**	$ 11,422,083
Of which:								
Secured	**$ 1,493,455**	**$ 1,648,525**	**$ 1,314,429**	**$ 1,337,940**	**$ 1,255,180**	**$ 619,167**	**$ 7,668,696**	$ 7,920,763
Unsecured	**2,425,000**	**252,960**	**-**	**350,000**	**700,000**	**800,000**	**4,527,960**	3,501,320
Total long-term funding	**$ 3,918,455**	**$ 1,901,485**	**$ 1,314,429**	**$ 1,687,940**	**$ 1,955,180**	**$ 1,419,167**	**$ 12,196,656**	$ 11,422,083

COVID-19

Beginning in mid-March 2020, the World Health Organization declared the outbreak of COVID-19 "a global pandemic." Governments in affected areas imposed measures to contain the outbreak, including business closures, travel restrictions, quarantines, and cancellations of gatherings and events. The spread of COVID-19 has disrupted the global economy, causing financial market volatility, hampering certain sectors (e.g., hospitality) and helping others to flourish (e.g., e-commerce). Although the Alberta economy has started to reopen as a result of increased vaccination rates, we continue to closely monitor the lingering impacts of the pandemic as some restrictions return due to the Omicron variant elevating case numbers. ATB will continue to support our clients and protect the health and safety of team members.

ATB provided a payment deferral program to its clients, facilitating relief on nearly 46,000 loans with a gross carrying amount of nearly $11 billion. While assistance granted under these programs has ended, we continue to support our clients on a case by case basis. For further details, refer to the MD&A of our 2021 annual consolidated financial statements.

Agriculture Loan Deferral Program

Eligible agriculture clients will be able to defer their payments of principal and interest for up to 12 months on eligible term loans. Eligible products include Farmland Financing, Agricultural Term Loans, Equity Agri-Plan Loan, Agricultural Equipment Conditional Sales Contracts and Agricultural Equipment Leases. This program was last offered in 2019 and while initially designed for the difficult fall harvest, it has been reintroduced to support our clients during the challenges of COVID-19. This program will provide cash flow relief for eligible clients with payments between August 1 and March 31, 2022.

Government Relief Programs

ATB supported the following government relief programs:

Canada Emergency Business Account

The $25 billion Canada Emergency Business Account (CEBA) program provides interest-free loans of up to $40,000 to small businesses and not-for-profit organizations to help cover operating costs where revenues have been temporarily reduced due to the economic impacts of COVID-19. Loan forgiveness (25%, up to $10,000) can apply and be provided by the government when an organization repays 75% of their maximum CEBA loan balance by December 31, 2023 (previously, the repayment date was December 31, 2022). The program was expanded on December 4, 2020, to add another $20,000 for businesses that remain eligible. If half of the additional amount (i.e., $10,000) is repaid by December 31, 2023 (previously, the forgiveness date was December 31, 2022) , the other half can be forgiven by the federal government. The application period for a $60,000 loan or the additional $20,000 ended on June 30, 2021.

Business Credit Availability Program

The Business Credit Availability Program (BCAP) is also referred to as the loan guarantee for eligible businesses. One version of the program is administered through Export Development Canada (EDC) and the other through the Business Development Bank of Canada (BDC). Both programs were available until December 31, 2021.

- The EDC guarantees new operating credit and cash-flow term loans that financial institutions extend to small and medium-sized businesses, up to $6.25 million. Loans are originated and funded by ATB, and EDC guarantees 80% of the loan.
- The BDC Mid-market Financing Program supports Canadian medium-sized companies in all industries, including oil and gas, that have been directly or indirectly impacted by COVID-19 and/or the recent decline in oil and gas prices and whose credit needs exceed what is already available under other BCAP lending streams. These junior loans (from $12.5 million to $60 million each) are 90% funded by BDC and 10% by ATB or a group of lenders in the case of a syndicate.

Highly Affected Sectors Credit Availability Program

The Highly Affected Sectors Credit Availability Program (HASCAP) provides additional liquidity and cash flow to businesses highly affected either directly or indirectly by the COVID-19 pandemic. This program began on February 16, 2021, and is available until March 31, 2022 (previously was available until December 31, 2021), to help eligible clients access additional liquidity and cover operating costs. Features include:

- New 100% guaranteed term loans ranging from $25,000 to $1 million to qualifying clients;
- 4% fixed-interest-rate loans with repayment terms of up to 10 years; and
- Up to a 12-month postponement on principal repayments at the start of the loan.

Non-GAAP Measures

We use certain financial metrics based on non-GAAP measures to assess ATB's performance. These measures do not have standardized meanings under Generally Accepted Accounting Principles (GAAP) and may not be comparable to similar measures disclosed by other financial institutions.

The following table provides a reconciliation of our non-GAAP financial measures to our reported financial results.

	For the three months ended			For the nine months ended	
	December 31 2021	September 30 2021	December 31 2020	**December 31 2021**	December 31 2020
Non-interest expenses	**$ 355,198**	$ 312,833	$ 297,058	**$ 978,956**	$ 876,375
Adjustments (before PILOT)					
Write off of a non-strategic technology asset	**37,162**	-	-	**37,162**	-
Adjusted non-interest expenses	**$ 318,036**	$ 312,833	$ 297,058	**$ 941,794**	$ 876,375
Reported net income	**$ 148,907**	$ 138,804	$ 141,724	**$ 449,473**	$ 117,900
Adjustments (after PILOT)					
Write off of a non-strategic technology asset	**28,615**	-	-	**28,615**	-
Adjusted net income	**$ 177,522**	$ 138,804	$ 141,724	**$ 478,088**	$ 117,900

Adjusted total expense change is the current period non-interest expenses adjusted for the write-off of a non-strategic technology asset less the previous period's non-interest expense, divided by the previous period's non-interest expense.

Adjusted efficiency ratio is non-interest expense for the period after adjusting for the write-off of a non-strategic technology asset divided by total revenue for the period.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

As at *($ in thousands)*	Note	**December 31 2021**	September 30 2021	March 31 2021	December 31 2020
Cash		**$ 4,589,714**	$ 3,711,073	$ 4,643,603	$ 4,540,965
Interest-bearing deposits with financial institutions		**483,654**	702,460	389,471	154,487
Total cash resources		**5,073,368**	4,413,533	5,033,074	4,695,452
Securities measured at fair value through profit or loss		**111,138**	100,817	92,093	72,776
Securities measured at fair value through other comprehensive income		**3,146,761**	3,269,168	3,534,514	3,442,987
Total securities	6	**3,257,899**	3,369,985	3,626,607	3,515,763
Business loans		**24,043,259**	23,312,130	23,197,080	23,190,242
Residential mortgages		**16,660,705**	16,411,927	15,833,810	15,981,111
Personal loans		**5,124,881**	5,313,527	5,631,547	5,805,663
Credit card		**709,675**	694,518	660,652	694,710
Total gross loans		**46,538,520**	45,732,102	45,323,089	45,671,726
Allowances for loan losses	8	**(477,429)**	(573,914)	(725,867)	(785,617)
Total net loans	7	**46,061,091**	45,158,188	44,597,222	44,886,109
Derivative financial instruments	9	**1,130,251**	1,611,743	1,181,796	1,341,957
Property and equipment		**224,624**	223,673	238,269	248,386
Software and other intangibles	14	**224,541**	268,322	282,708	282,934
Other assets		**590,736**	565,457	795,359	660,763
Total other assets		**2,170,152**	2,669,195	2,498,132	2,534,040
Total assets		**$ 56,562,510**	$ 55,610,901	$ 55,755,035	$ 55,631,364
Transaction accounts		**$ 13,269,771**	$ 13,440,017	$ 12,035,331	$ 10,849,932
Saving accounts		**12,409,241**	12,442,295	12,241,167	11,903,712
Notice accounts		**6,333,359**	6,096,917	5,639,066	5,571,972
Non-redeemable fixed-date deposits		**4,884,137**	5,101,219	6,014,076	6,858,916
Redeemable fixed-date deposits		**745,757**	816,844	1,828,748	2,002,387
Total deposits		**37,642,265**	37,897,292	37,758,388	37,186,919
Collateralized borrowings	10	**7,684,961**	7,828,505	7,931,082	7,991,595
Wholesale borrowings		**4,528,980**	3,035,920	3,508,819	3,762,452
Derivative financial instruments	9	**1,026,046**	1,377,240	921,411	904,499
Securities sold under repurchase agreements		**-**	56,027	14,730	40,664
Other liabilities		**1,240,508**	1,046,547	1,545,682	1,639,571
Total other liabilities		**14,480,495**	13,344,239	13,921,724	14,338,781
Total liabilities		**52,122,760**	51,241,531	51,680,112	51,525,700
Retained earnings		**4,411,105**	4,259,441	3,961,408	3,868,470
Accumulated other comprehensive income		**28,645**	109,929	113,515	237,194
Total equity		**4,439,750**	4,369,370	4,074,923	4,105,664
Total liabilities and equity		**$ 56,562,510**	$ 55,610,901	$ 55,755,035	$ 55,631,364

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

Curtis Stange
President and Chief Executive Officer

Dan Hugo
Chief Financial Officer

Interim Condensed Consolidated Statement of Income

(Unaudited)

		For the three months ended			For the nine months ended	
		December 31	September 30	December 31	**December 31**	December 31
($ in thousands)	Note	**2021**	2021	2020	**2021**	2020
Loans		**$ 422,242**	$ 422,432	$ 447,980	**$ 1,267,740**	$ 1,335,522
Securities		**3,059**	3,246	156	**9,265**	13,558
Interest-bearing deposits with financial institutions		**2,772**	2,657	2,813	**8,533**	6,144
Interest income		**428,073**	428,335	450,949	**1,285,538**	1,355,224
Deposits		**59,812**	66,367	96,059	**199,340**	313,805
Wholesale borrowings		**15,267**	15,770	14,790	**46,691**	50,708
Collateralized borrowings		**34,953**	35,310	35,464	**105,826**	115,757
Subordinated debentures		**-**	-	-	**-**	2
Interest expense		**110,032**	117,447	146,313	**351,857**	480,272
Net interest income		**318,041**	310,888	304,636	**933,681**	874,952
Wealth management		**71,835**	71,151	61,830	**210,369**	176,097
Service charges		**21,631**	20,135	18,379	**61,352**	52,568
Card fees		**19,367**	18,185	16,142	**55,066**	45,907
Credit fees		**12,931**	15,264	14,940	**38,653**	32,905
Financial markets group		**14,201**	10,151	14,276	**38,007**	43,211
Capital markets revenue		**10,487**	15,970	13,256	**40,844**	29,283
Foreign exchange		**5,725**	(1,048)	7,239	**8,140**	18,374
Insurance		**6,493**	6,438	4,857	**18,436**	16,512
Net (losses) gains on derivative financial instruments		**(11,441)**	(1,554)	8,344	**(11,182)**	19,962
Net gains (losses) on securities		**6,276**	848	(835)	**8,282**	6,073
Sundry		**(1,355)**	138	(1,083)	**(1,053)**	(900)
Other income		**156,150**	155,678	157,345	**466,914**	439,992
Total revenue		**474,191**	466,566	461,981	**1,400,595**	1,314,944
(Recovery of) provision for loan losses	8	**(74,393)**	(26,532)	(12,016)	**(162,094)**	285,454
Salaries and employee benefits		**175,306**	172,790	159,245	**520,787**	484,530
Data processing		**37,503**	33,963	33,758	**108,434**	95,172
Premises and occupancy, including depreciation		**18,307**	14,911	19,322	**49,986**	58,348
Professional and consulting costs		**21,608**	18,032	16,925	**55,150**	45,207
Deposit guarantee fee		**13,169**	12,827	13,739	**38,915**	37,203
Equipment, including depreciation		**3,608**	3,508	5,350	**10,605**	16,561
Software and other intangibles amortization		**18,760**	20,981	21,236	**61,071**	60,770
General and administrative		**17,195**	15,439	14,413	**47,036**	37,504
ATB agencies		**3,776**	3,772	3,754	**11,261**	11,035
Other		**8,804**	16,610	9,316	**38,549**	30,045
Write-off of a non-strategic technology asset	14	**37,162**	-	-	**37,162**	-
Non-interest expenses		**355,198**	312,833	297,058	**978,956**	876,375
Net income before payment in lieu of tax (PILOT)		**193,386**	180,265	176,939	**583,733**	153,115
PILOT	11	**44,479**	41,461	35,215	**134,260**	35,215
Net income		**$ 148,907**	$ 138,804	$ 141,724	**$ 449,473**	$ 117,900

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

Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

($ in thousands)	For the three months ended December 31 2021	September 30 2021	December 31 2020	For the nine months ended December 31 2021	December 31 2020
Net income	**$148,907**	$ 138,804	$ 141,724	**$ 449,473**	$ 117,900
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	**(11,570)**	8,515	2,552	**(1,491)**	9,917
Net (gains) losses reclassified to net income	**1,100**	(12)	-	**1,088**	(6,908)
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges					
Unrealized net gains (losses) arising during the period	**(63,061)**	6,345	(34,235)	**(51,413)**	(20,747)
Net (gains) losses reclassified to net income	**(13,255)**	(32,838)	(5,565)	**(66,988)**	(11,410)
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plan liabilities	**5,502**	6,824	2,039	**33,936**	(62,116)
Other comprehensive income (loss)	**(81,283)**	(11,166)	(35,209)	**(84,869)**	(91,264)
Comprehensive income	**$ 67,624**	$ 127,638	$ 106,515	**$ 364,604**	$ 26,636

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

($ in thousands)	For the three months ended December 31 2021	September 30 2021	December 31 2020	For the nine months ended December 31 2021	December 31 2020
Retained earnings					
Balance at beginning of the period	**$ 4,259,441**	$ 4,123,261	$ 3,727,732	**$ 3,961,408**	$ 3,752,651
Net income	**148,907**	138,804	141,724	**449,473**	117,900
Other	**2,757**	(2,624)	(986)	**224**	(2,081)
Balance at end of the period	**4,411,105**	4,259,441	3,868,470	**4,411,105**	3,868,470
Accumulated other comprehensive income (loss)					
Securities measured at fair value through other comprehensive income					
Balance at beginning of the period	**8,130**	(373)	(1,951)	**(1,937)**	(2,408)
Other comprehensive income (loss)	**(10,470)**	8,503	2,552	**(403)**	3,009
Balance at end of the period	**(2,340)**	8,130	601	**(2,340)**	601
Derivative financial instruments designated as cash flow hedges					
Balance at beginning of the period	**89,658**	116,151	340,285	**131,745**	332,642
Other comprehensive income (loss)	**(76,316)**	(26,493)	(39,800)	**(118,403)**	(32,157)
Balance at end of the period	**13,342**	89,658	300,485	**13,342**	300,485
Defined-benefit-plan liabilities					
Balance at beginning of the period	**12,141**	5,317	(65,931)	**(16,293)**	(1,776)
Other comprehensive income (loss)	**5,502**	6,824	2,039	**33,936**	(62,116)
Balance at end of the period	**17,643**	12,141	(63,892)	**17,643**	(63,892)
Accumulated other comprehensive income	**28,645**	109,929	237,194	**28,645**	237,194
Equity	**$ 4,439,750**	$ 4,369,370	$ 4,105,664	**$ 4,439,750**	$ 4,105,664

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited)

	For the three months ended			For the nine months ended	
($ in thousands)	**December 31 2021**	September 30 2021	December 31 2020	**December 31 2021**	December 31 2020
Cash flows from operating activities					
Net income	**$ 148,907**	$ 138,804	$ 141,724	**$ 449,473**	$ 117,900
Adjustments for non-cash items and other items					
(Recovery of) provision for loan losses	**(74,393)**	(26,532)	(12,016)	**(162,094)**	285,454
Depreciation and amortization	**30,617**	32,663	34,522	**96,613**	101,137
Net (gains) on securities	**(6,276)**	(848)	835	**(8,282)**	(6,073)
Losses (gains) on foreign denominated wholesale borrowings	**(2,375)**	7,300	(12,008)	**1,523**	(93,006)
Write-off of a non-strategic technology asset	**37,162**	-	-	**37,162**	-
Adjustments for net changes in operating assets and liabilities					
Loans	**(828,510)**	(315,427)	268,393	**(1,301,775)**	1,890,442
Deposits	**(255,022)**	54,224	529,868	**(116,052)**	1,814,132
Derivative financial instruments	**42,550**	(30,237)	22,538	**26,878**	80,141
Prepayments and other receivables	**9,983**	4,803	29,637	**(17,285)**	79,980
Accounts receivable – financial market products	**(81,126)**	(142,957)	59,933	**171,223**	(104,288)
Due to clients, brokers, and dealers	**(13,893)**	42,477	19,736	**22,598**	(6,009)
Deposit guarantee fee payable	**14,076**	14,546	14,483	**(15,189)**	(12,791)
Accounts payable and accrued liabilities	**(3,691)**	(45,741)	(78,562)	**(58,793)**	(596,904)
Accounts payable – financial market products	**201,305**	(9,356)	(35,679)	**(189,592)**	121,221
Liability for payment in lieu of tax and income taxes	**44,479**	38,946	35,215	**68,860**	4,369
Net interest receivable and payable	**(9,451)**	(32,666)	4,578	**(44,105)**	(33,295)
Change in accrued-pension-benefit liability	**1,102**	1,137	1,056	**3,356**	1,004
Other	**37,785**	5,845	(16,557)	**27,378**	670
Net cash provided by (used in) operating activities	**(706,771)**	(263,019)	1,007,696	**(1,008,103)**	3,644,084
Cash flows from investing activities					
Purchase of securities	**(405,512)**	(202,975)	(872,583)	**(670,793)**	(2,299,750)
Proceeds from sales and maturities of securities	**507,246**	451,330	407	**1,043,736**	3,412,059
Change in interest-bearing deposits with financial institutions	**218,806**	(25,841)	(33,402)	**(94,183)**	(53,459)
Purchases and disposals of property and equipment, software, and other intangibles	**(24,949)**	(22,062)	(20,507)	**(61,963)**	(44,636)
Net cash provided by (used in) investing activities	**295,591**	200,452	(926,085)	**216,797**	1,014,214
Cash flows from financing activities					
Issuance of wholesale borrowings	**3,474,835**	1,749,623	2,374,563	**7,799,091**	6,696,100
Repayment of wholesale borrowings	**(1,980,000)**	(2,150,000)	(1,723,360)	**(6,780,000)**	(7,235,820)
Issuance of collateralized borrowings	**209,986**	261,353	208,901	**659,622**	838,805
Repayment of collateralized borrowings	**(350,000)**	(199,909)	(780,650)	**(899,546)**	(1,392,302)
Change in securities sold under repurchase agreements	**(56,027)**	41,296	6,192	**(14,730)**	(310,164)
Repayment of lease liabilities	**(8,973)**	(8,551)	(7,345)	**(27,020)**	(26,496)
Issuance of subordinated debentures	**-**	-	-	**-**	30,845
Repayment of subordinated debentures	**-**	-	-	**-**	(30,845)
Net cash provided by (used in) financing activities	**1,289,821**	(306,188)	78,301	**737,417**	(1,429,877)
Net increase (decrease) in cash	**878,641**	(368,755)	159,912	**(53,889)**	3,228,421
Cash at beginning of the period	**3,711,073**	4,079,828	4,381,053	**4,643,603**	1,312,544
Cash at end of the period	**$ 4,589,714**	$ 3,711,073	$ 4,540,965	**$ 4,589,714**	$ 4,540,965
Net cash provided by (used in) operating activities includes:					
Interest paid	**$ (144,974)**	$ (132,344)	$ (181,463)	**$ (427,317)**	$ (514,131)
Interest received	**453,564**	410,566	502,620	**1,316,893**	1,352,697

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

Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended December 31, 2021

1 Nature of Operations

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

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the GoA designed to be in lieu of such charges. (See Note 11.)

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 2021 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 16, 2022.

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

Significant Accounting Judgments, Estimates, and Assumptions

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

COVID-19

The COVID-19 pandemic has caused and will continue to cause significant volatility that will impact our financial results, as the duration of the pandemic and the effectiveness of actions taken by ourselves, government bodies, and the Bank of Canada are uncertain.

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Interest Rate Benchmark Reform (IBOR) Phase 2

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

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

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

ATB has established a comprehensive approach to the IBOR reform project. The implementation plan includes the following objectives:

- Identifying all clients and transactions impacted by the transition
- Determining new pricing for all products that will be transitioned
- Updating client contracts to reflect the transition
- Supporting changes to impacted systems, processes and policies impacted by the transition

We are following the recommended target dates for cessation of IBOR-based products, which was revised from December 31, 2021 to June 30, 2023.

During the first quarter of FY2022, ATB partially adopted the Phase 2 amendments, which had no impact on our financial statements.

Hedging Relationships Impacted by the Interest Rate Benchmark Reform

As at December 31, 2021, ATB has four hedging relationships that have been impacted by the interest rate benchmark reform.

The following table shows the notional amount of our hedging instruments that will expire after June 30, 2023 and result in the amendment of hedging relationships and related documentation. The notional amounts of our hedging instruments also approximate the extent of the risk exposure we manage through hedging relationships.

As at December 31, 2021 *($ in thousands)*	**Notional amount**
Interest rate swaps	
USD London InterBank Offered Rate (LIBOR)	**$ 190,807**

Non-derivative Financial Assets and Undrawn Commitments

The following table reflects ATB's exposure to non-derivative financial assets and undrawn commitments as at December 31, 2021, subject to reform that have yet to transition to alternative benchmark rates. These exposures will remain outstanding until USD LIBOR ceases, which is expected to be June 30, 2023.

As at December 31, 2021 *($ in thousands)*	**Amount**
Non-derivative financial assets (1)	**$ 728,808**
Authorized and committed undrawn commitments	**-**

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

Future Accounting Policy Changes

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

Annual Improvements to IFRS Standards 2018–2020

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

ATB is currently assessing the impact of these improvements, which are effective for annual reporting periods beginning on or after January 1, 2022, with early application permitted. However, they should not impact our financial statements. The amendment to IFRS 16 relates to an illustrative example and therefore has no effective date. The amendments take effect April 1, 2022, the start of ATB's FY2023.

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

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

ATB is currently assessing the impact of these amendments, which are effective for annual reporting periods beginning on or after January 1, 2022, and must be applied for all obligations not fulfilled at the beginning of the fiscal year in which the amendment is adopted. Earlier application is permitted. The amendments take effect April 1, 2022, the start of ATB's FY2023.

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

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

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

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

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

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

IFRS 17 *Insurance Contracts*

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

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*)

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

ATB has assessed the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied retrospectively. The amendments to IAS 12 take effect April 1, 2023, the start of ATB's FY2024. Instead of income tax, ATB pays an amount equal to 23% of consolidated net income as reported in its audited annual financial statements; see Note 20 in the 2021 annual consolidated financial statements. Therefore, there is no impact to our financial statements.

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

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

ATB has assessed the impact of the amendment and determined there is no impact on our financial presentation. The amendment is in effect April 1, 2023, the beginning of ATB's FY2024.

4 Financial Instruments

Classification and Carrying Value

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

As at December 31, 2021 *($ 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)	$ -	$ -	$ -	$ -	$ 4,589,714	$ 4,589,714
Interest-bearing deposits with financial institutions (1)	-	483,654	-	-	-	483,654
Total cash resources	-	483,654	-	-	4,589,714	5,073,368
Total securities (1)	73,108	38,030	3,110,695	36,066	-	3,257,899
Business loans	-	-	-	-	24,043,259	24,043,259
Residential mortgages	-	-	-	-	16,660,705	16,660,705
Personal loans	-	-	-	-	5,124,881	5,124,881
Credit card	-	-	-	-	709,675	709,675
Allowances for loan losses	-	-	-	-	(477,429)	(477,429)
Total loans (2)	-	-	-	-	46,061,091	46,061,091
Derivative financial instruments	1,130,251	-	-	-	-	1,130,251
Other assets (1) (6)	-	-	-	-	516,677	516,677
Total other assets	1,130,251	-	-	-	516,677	1,646,928
Total financial assets	$ 1,203,359	$ 521,684	$ 3,110,695	$ 36,066	$ 51,167,482	$ 56,039,286
Financial liabilities						
Transaction accounts	$ -	$ -	$ -	$ -	$ 13,269,771	$ 13,269,771
Savings accounts	-	-	-	-	12,409,241	12,409,241
Notice accounts	-	-	-	-	6,333,359	6,333,359
Non-redeemable fixed-date deposits	-	-	-	-	4,884,137	4,884,137
Redeemable fixed-date deposits	-	-	-	-	745,757	745,757
Total deposits (3)	-	-	-	-	37,642,265	37,642,265
Collateralized borrowings (5)	-	-	-	-	7,684,961	7,684,961
Wholesale borrowings (4)	-	264,642	-	-	4,264,338	4,528,980
Derivative financial instruments (1)	1,026,046	-	-	-	-	1,026,046
Securities sold under repurchase agreements (1)	-	-	-	-	-	-
Other liabilities (1) (6)	-	-	-	-	1,252,275	1,252,275
Total other liabilities	1,026,046	264,642	-	-	13,201,574	14,492,262
Total financial liabilities	$ 1,026,046	$ 264,642	$ -	$ -	$ 50,843,839	$ 52,134,527

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $47,168,002.
(3) The fair value of deposits is estimated at $37,094,493 .
(4) The fair value of wholesale borrowings is estimated at $4,579,141 .
(5) The fair value of collateralized borrowings is estimated at $7,795,935.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

As at March 31, 2021 ($ 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)	$ -	$ -	$ -	$ -	$ 4,643,603	$ 4,643,603
Interest-bearing deposits with financial institutions (1)	-	389,471	-	-	-	389,471
Total cash resources	-	389,471	-	-	4,643,603	5,033,074
Total securities (1)	56,070	36,023	3,519,592	14,922	-	3,626,607
Business loans	-	-	-	-	23,197,080	23,197,080
Residential mortgages	-	-	-	-	15,833,810	15,833,810
Personal loans	-	-	-	-	5,631,547	5,631,547
Credit card	-	-	-	-	660,652	660,652
Allowance for loan losses	-	-	-	-	(725,867)	(725,867)
Total loans (2)	-	-	-	-	44,597,222	44,597,222
Derivative financial instruments	1,181,796	-	-	-	-	1,181,796
Other assets (1) (6)	-	-	-	-	323,387	323,387
Total other assets	1,181,796	-	-	-	323,387	1,505,183
Total financial assets	$ 1,237,866	$ 425,494	$ 3,519,592	$ 14,922	$ 49,564,212	$ 54,762,086
Financial liabilities						
Transaction accounts	$ -	$ -	$ -	$ -	$ 12,035,331	$ 12,035,331
Savings accounts	-	-	-	-	12,241,167	12,241,167
Notice accounts	-	-	-	-	5,639,066	5,639,066
Non-redeemable fixed-date deposits	-	-	-	-	6,014,076	6,014,076
Redeemable fixed-date deposits	-	-	-	-	1,828,748	1,828,748
Total deposits (3)	-	-	-	-	37,758,388	37,758,388
Collateralized borrowings (5)	-	-	-	-	7,931,082	7,931,082
Wholesale borrowings (4)	-	274,251	-	-	3,234,568	3,508,819
Derivative financial instruments (1)	921,411	-	-	-	-	921,411
Securities sold under repurchase agreements (1)	-	-	-	-	14,730	14,730
Other liabilities (1) (6)	-	-	-	-	1,415,276	1,415,276
Total other liabilities	921,411	274,251	-	-	12,595,656	13,791,318
Total financial liabilities	$ 921,411	$ 274,251	$ -	$ -	$ 50,354,044	$ 51,549,706

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $46,187,190.
(3) The fair value of deposits is estimated at $37,644,667.
(4) The fair value of wholesale borrowings is estimated at $3,592,122.
(5) The fair value of collateralized borrowings is estimated at $8,170,998.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

Fair-Value Hierarchy

The following tables present the level within the fair-value hierarchy as described in Note 4 to the consolidated financial statements for the year ended March 31, 2021, 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, 2021, and the year ended March 31, 2021, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at December 31, 2021 *($ in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Interest-bearing deposits with financial institutions	**$ -**	**$ 483,654**	**$ -**	**$ 483,654**
Securities				
Securities measured at FVTPL	**38,081**	**-**	**73,057**	**111,138**
Securities measured at FVOCI	**3,110,695**	**-**	**36,066**	**3,146,761**
Other assets				
Derivative financial instruments	**114**	**1,130,137**	**-**	**1,130,251**
Total financial assets	**$ 3,148,890**	**$ 1,613,791**	**$ 109,123**	**$ 4,871,804**
Financial liabilities				
Wholesale borrowings	**$ -**	**$ 264,642**	**$ -**	**$ 264,642**
Other liabilities				
Derivative financial instruments	**133**	**1,025,913**	**-**	**1,026,046**
Total financial liabilities	**$ 133**	**$ 1,290,555**	**$ -**	**$ 1,290,688**

As at March 31, 2021 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 389,471	$ -	$ 389,471
Securities				
Securities measured at FVTPL	37,927	-	54,166	92,093
Securities measured at FVOCI	3,519,592	-	14,922	3,534,514
Other assets				
Derivative financial instruments	13,055	1,168,741	-	1,181,796
Total financial assets	$ 3,570,574	$ 1,558,212	$ 69,088	$ 5,197,874
Financial liabilities				
Wholesale borrowings	$ -	$ 290,189	$ -	$ 290,189
Other liabilities				
Derivative financial instruments	11,176	910,235	-	921,411
Total financial liabilities	$ 11,176	$ 1,200,424	$ -	$ 1,211,600

ATB performs a sensitivity analysis for fair-value measurements classified as Level 3, substituting one or more reasonably possible alternative assumptions for the unobservable inputs. Valuation techniques are detailed in Note 2 of the 2021 annual consolidated financial statements. These sensitivity analyses are detailed in Note 6 for the other securities designated at fair value through profit or loss (FVTPL).

The following table provides details on the changes in fair value of Level 3 financial instruments for the nine months ended December 31, 2021:

($ in thousands)	**Securities designated as FVOCI**	**Securities classified as FVTPL**
Fair value as at March 31, 2021	**$ 14,922**	**$ 54,166**
Total realized and unrealized losses included in net income	**-**	**9,386**
Total realized and unrealized gains included in other comprehensive income	**11,746**	**-**
Purchases and issuances	**9,398**	**9,505**
Sales and settlements	**-**	**-**
Fair value as at December 31, 2021	**$ 36,066**	**$ 73,057**
Change in unrealized gain included in income regarding financial instruments held as at December 31, 2021	**$ -**	**$ 9,386**

5 Financial Instruments – Risk Management

ATB has included in the Risk Management section of the MD&A certain disclosures required by IFRS 7 relating to credit, market, foreign-exchange, and liquidity risks. These risks are an integral part of the MD&A section of the 2021 annual consolidated financial statements.

6 Securities

Below is a summary of the carrying value of securities by remaining term to maturity:

As at December 31, 2021 *($ in thousands)*	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total carrying value**
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	**$ 38,001**	**$ -**	**$ -**	**$ 38,001**
Other securities	**37**	**48,468**	**24,632**	**73,137**
Total securities measured at FVTPL	**$ 38,038**	**$ 48,468**	**$ 24,632**	**$ 111,138**
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	**$ 1,744,067**	**$ 1,305,943**	**$ 60,685**	**$ 3,110,695**
Other securities	**-**	**-**	**36,066**	**36,066**
Total securities measured at FVOCI	**$ 1,744,067**	**$ 1,305,943**	**$ 96,751**	**$ 3,146,761**

As at March 31, 2021 *($ in thousands)*	Within 1 year	1 to 5 years	Over 5 years	Total carrying value
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	$ 36,023	$ -	$ -	$ 36,023
Other securities	390	42,184	13,496	56,070
Total securities measured at FVTPL	$ 36,413	$ 42,184	$ 13,496	$ 92,093
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	$ 1,107,460	$ 2,412,132	$ -	$ 3,519,592
Other securities	-	-	14,922	14,922
Total securities measured at FVOCI	$ 1,107,460	$ 2,412,132	$ 14,922	$ 3,534,514

Other Securities

These securities in the current year relate to investments made by ATB and its subsidiaries in a broad range of mainly private Alberta companies and funds. There are limited observable market prices for the investments made in these private Alberta companies as at the balance sheet date. ATB estimated the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies, specifically the expected earnings before interest, income tax, depreciation, and amortization (EBITDA). The following table presents key assumptions used to determine the fair values of our significant Level 3 financial instruments:

			As at December 31 2021		As at March 31 2021	
			Range of input values		Range of input values	
Product	Valuation technique	Significant unobservable inputs	**Low**	**High**	Low	High
Equity	Valuation multiple	Enterprise value/ EBITDA multiple	**3.9**	**25.8**	3.8	10.3
		Enterprise value/ revenue multiple	**6.2**	**6.2**	6.2	6.2

A 10% change to each multiple would result in a $6.8 million increase and $5.5 million decrease in fair value (March 2021: $6.5 million increase and $5.3 million decrease in fair value). The estimate is also adjusted for the effect of the non-marketability of these investments.

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 to 900
Low risk	700 to 799
Medium risk	620 to 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 to 4
Low risk	5 to 7
Medium risk	8 to 9
High risk	10 to 13

Credit Quality

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

As at *($ in thousands)*				December 31 2021				March 31 2021
	Performing		**Impaired**		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Very low risk	**$ 4,389,982**	**$ 3,083**	**$ -**	**$ 4,393,065**	$ 3,612,447	$ 271,146	$ -	$ 3,883,593
Low risk	**13,895,813**	**379,963**	**-**	**14,275,776**	12,288,476	1,026,331	-	13,314,807
Medium risk	**3,821,068**	**270,116**	**-**	**4,091,184**	3,955,165	404,824	-	4,359,989
High risk	**-**	**723,289**	**-**	**723,289**	-	779,782	-	779,782
Not rated (1)	**46,575**	**5,285**	**-**	**51,860**	39,811	550	-	40,361
Impaired	**-**	**-**	**508,085**	**508,085**	-	-	818,548	818,548
Total business	**22,153,438**	**1,381,736**	**508,085**	**24,043,259**	19,895,899	2,482,633	818,548	23,197,080
Very low risk	**7,725,480**	**7,381**	**-**	**7,732,861**	7,212,459	115,142	-	7,327,601
Low risk	**5,830,529**	**55,767**	**-**	**5,886,296**	4,593,117	847,397	-	5,440,514
Medium risk	**2,207,391**	**166,898**	**-**	**2,374,289**	1,299,111	1,050,768	-	2,349,879
High risk	**415,757**	**173,092**	**-**	**588,849**	204,242	408,148	-	612,390
Not rated (1)	**15,752**	**62**	**-**	**15,814**	6,985	7,481	-	14,466
Impaired	**-**		**62,596**	**62,596**	-	-	88,960	88,960
Total residential mortgages	**16,194,909**	**403,200**	**62,596**	**16,660,705**	13,315,914	2,428,936	88,960	15,833,810
Very low risk	**2,278,622**	**12,262**	**-**	**2,290,884**	2,522,359	25,348	-	2,547,707
Low risk	**1,752,416**	**37,707**	**-**	**1,790,123**	1,356,544	551,758	-	1,908,302
Medium risk	**735,201**	**52,785**	**-**	**787,986**	454,485	412,057	-	866,542
High risk	**108,657**	**93,674**	**-**	**202,331**	72,639	167,447	-	240,086
Not rated (1)	**16,640**	**197**	**-**	**16,837**	6,660	16,373	-	23,033
Impaired	**-**	**-**	**36,720**	**36,720**	-	-	45,877	45,877
Total personal	**4,891,536**	**196,625**	**36,720**	**5,124,881**	4,412,687	1,172,983	45,877	5,631,547
Very low risk	**108,336**	**2,742**	**-**	**111,078**	92,741	3,905	-	96,646
Low risk	**296,795**	**16,454**	**-**	**313,249**	263,660	19,347	-	283,007
Medium risk	**178,183**	**16,232**	**-**	**194,415**	171,548	19,569	-	191,117
High risk	**24,239**	**10,933**	**-**	**35,172**	23,015	12,949	-	35,964
Not rated (1)	**46,052**	**5,241**	**-**	**51,293**	43,855	4,702	-	48,557
Impaired	**-**	**-**	**4,468**	**4,468**	-	-	5,361	5,361
Total credit card	**653,605**	**51,602**	**4,468**	**709,675**	594,819	60,472	5,361	660,652
Total loans	**43,893,488**	**2,033,163**	**611,869**	**46,538,520**	38,219,319	6,145,024	958,746	45,323,089
Total allowance for loan losses	**(98,869)**	**(171,767)**	**(206,793)**	**(477,429)**	(126,821)	(251,401)	(347,645)	(725,867)
Total net loans	**$ 43,794,619**	**$ 1,861,396**	**$ 405,076**	**$ 46,061,091**	$ 38,092,498	$ 5,893,623	$ 611,101	$ 44,597,222

As at *($ in thousands)*				December 31 2021				March 31 2021
	Performing		**Impaired**		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Very low risk	**$ 4,535,691**	**$ 7,455**	**$ -**	**$ 4,543,146**	$ 4,578,085	$ 11,785	$ -	$ 4,589,870
Low risk	**1,193,912**	**8,977**	**-**	**1,202,889**	882,632	208,072	-	1,090,704
Medium risk	**167,571**	**3,313**	**-**	**170,884**	100,269	51,847	-	152,116
High risk	**11,995**	**8,116**	**-**	**20,111**	9,362	10,386	-	19,748
Not rated (1)	**13,378**	**81**	**-**	**13,459**	8,532	7,471	-	16,003
Total undrawn loan commitments – retail	**5,922,547**	**27,942**	**-**	**5,950,489**	5,578,880	289,561	-	5,868,441
Total allowance for loan losses (2)	**(16,164)**	**(3,277)**		**(19,441)**	(11,460)	(3,061)	-	(14,521)
Total net undrawn	**$ 5,906,383**	**$ 24,665**	**$ -**	**$ 5,931,048**	$ 5,567,420	$ 286,500	$ -	$ 5,853,920
Very low risk	**$ 5,596,625**	**$ 6,539**	**$ -**	**$ 5,603,164**	$ 5,223,651	$ 457,148	$ -	$ 5,680,799
Low risk	**7,618,809**	**143,623**	**-**	**7,762,432**	5,946,434	579,491	-	6,525,925
Medium risk	**844,598**	**85,976**	**-**	**930,574**	1,043,995	123,480	-	1,167,475
High risk	**1,941**	**75,401**	**-**	**77,342**	1,360	135,180	-	136,540
Not rated (1)	**156,743**	**4,757**	**-**	**161,500**	150,598	5,428	-	156,026
Total undrawn loan commitments – non-retail	**14,218,716**	**316,296**	**-**	**14,535,012**	12,366,038	1,300,727	-	13,666,765
Total allowance for loan losses (2)	**(13,396)**	**(9,222)**	**-**	**(22,618)**	(14,795)	(15,574)	-	(30,369)
Total net undrawn	**$ 14,205,320**	**$ 307,074**	**$ -**	**$ 14,512,394**	$ 12,351,243	$ 1,285,153	$ -	$ 13,636,396

(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

Below is a summary of loans that 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 December 31, 2021 *($ in thousands)*	**Business**	**Residential mortgages**	**Personal**	**Credit card**	**Total**	**Percentage of total gross loans**
Up to 1 month (1)	**$ 59,834**	**$ 99,937**	**$ 21,468**	**$ 34,599**	**$ 215,838**	**0.5%**
Over 1 month up to 2 months	**51,320**	**76,227**	**21,170**	**6,635**	**155,352**	**0.3%**
Over 2 months up to 3 months	**17,818**	**15,942**	**5,806**	**2,882**	**42,448**	**0.1%**
Over 3 months	**955**	**162**	**287**	**4,028**	**5,432**	**0.0%**
Total past due but not impaired	**$ 129,927**	**$ 192,268**	**$ 48,731**	**$ 48,144**	**$ 419,070**	**0.9%**

As at March 31, 2021 *($ in thousands)*	Business	Residential mortgages	Personal	Credit card	Total	Percentage of total gross loans
Up to 1 month (1)	$ 72,348	$ 74,022	$ 21,931	$ 22,716	$ 191,017	0.4%
Over 1 month up to 2 months	90,614	76,028	25,719	5,273	197,634	0.5%
Over 2 months up to 3 months	32,404	11,356	8,124	2,391	54,275	0.1%
Over 3 months	5,860	262	430	5,009	11,561	0.0%
Total past due but not impaired	$ 201,226	$ 161,668	$ 56,204	$ 35,389	$ 454,487	1.0%

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

8 Allowance for Loan Losses

Key Inputs and Assumptions

Measuring expected credit losses (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; and
- Stage migration as a result of the inputs noted above.

Forward-Looking Information

Relevant forward-looking economic information is incorporated for each loan portfolio when measuring ECLs, based on a five-year outlook considering a combination of past, current, and future economic conditions and outlooks. (See 2021 annual consolidated financial statements for more on how forward-looking information is incorporated to measure ECLs.)

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

	As at December 31, 2021								
	Baseline scenario			**Optimistic scenario**			**Pessimistic scenario**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Unemployment rate *(%)*	**8.9**	**7.9**	**6.8**	**8.7**	**6.9**	**5.7**	**9.1**	**8.8**	**7.8**
Housing starts	**29,678**	**30,019**	**28,528**	**30209**	**33,724**	**35,135**	**29,203**	**26,785**	**22,478**
Oil prices *(WTI, US$/bbl)*	**67**	**72**	**69**	**70**	**80**	**83**	**65**	**53**	**48**
Foreign-exchange rate *(CDN$1/US$1)*	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**	**0.8**

	As at March 31, 2021								
	Baseline scenario			Optimistic scenario			Pessimistic scenario		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Unemployment rate *(%)*	10.1	9.5	8.6	8.9	8.8	8.7	12.3	11.9	11.5
Housing starts	22,700	22,700	22,500	25,000	24,400	23,900	19,300	19,000	18,500
Oil prices *(WTI, US$/bbl)*	51	50	50	60	60	60	40	35	35
Foreign-exchange rate *(CDN$1/US$1)*	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.8

The following tables provides detail on ATB's loan loss allowance by each major category:

	For the three months ended December 31, 2021						
						Comprises	
($ in thousands)	**Balance at beginning of period**	**(Recovery of) provision for loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**	**Loans**	**Other credit instruments (1)**
Business	**$ 510,137**	**$ (75,036)**	**$ (30,331)**	**$ 6,484**	**$ 411,254**	**$ 388,291**	**$ 22,963**
Residential mortgages	**13,716**	**(2,247)**	**(898)**	**91**	**10,662**	**9,834**	**$ 828**
Personal	**69,494**	**(6,518)**	**(5,405)**	**57**	**57,628**	**48,732**	**$ 8,896**
Credit card	**31,235**	**9,408**	**(647)**	**(52)**	**39,944**	**30,572**	**$ 9,372**
Total	**$ 624,582**	**$ (74,393)**	**$ (37,281)**	**$ 6,580**	**$ 519,488**	**$ 477,429**	**$ 42,059**

	For the three months ended December 31, 2020						
						Comprises	
($ in thousands)	Balance at beginning of period	(Recovery of) provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period	Loans	Other credit instruments (1)
Business	$ 751,120	$ (17,447)	$ (27,410)	$ 333	$ 706,596	$ 662,388	$ 44,208
Residential mortgages	11,338	(587)	(459)	(196)	10,096	10,045	51
Personal	96,900	9,907	(9,623)	(483)	96,701	89,715	6,986
Credit card	44,755	(3,889)	(1,474)	(48)	39,344	23,472	15,872
Total	$ 904,113	$ (12,016)	$ (38,966)	$ (394)	$ 852,737	$ 785,620	$ 67,117

	For the nine months ended December 31, 2021						
						Comprises	
($ in thousands)	**Balance at beginning of period**	**(Recovery of) provision for loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**	**Loans**	**Other credit instruments (1)**
Business	**$ 633,122**	**$ (158,357)**	**$ (71,541)**	**$ 8,030**	**$ 411,254**	**$ 388,291**	**$ 22,963**
Residential mortgages	**16,042**	**(3,216)**	**(2,408)**	**244**	**10,662**	**9,834**	**$ 828**
Personal	**88,921**	**(11,247)**	**(20,191)**	**145**	**57,628**	**48,732**	**$ 8,896**
Credit card	**32,672**	**10,726**	**(3,350)**	**(104)**	**39,944**	**30,572**	**$ 9,372**
Total	**$ 770,757**	**$ (162,094)**	**$ (97,490)**	**$ 8,315**	**$ 519,488**	**$ 477,429**	**$ 42,059**

	For the nine months ended December 31, 2020						
						Comprises	
($ in thousands)	Balance at beginning of period	Provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period	Loans	Other credit instruments (1)
Business	$ 552,640	$ 242,912	$ (81,006)	$ (7,950)	$ 706,596	$ 662,388	$ 44,208
Residential mortgages	12,858	1,770	(4,163)	(369)	10,096	10,045	51
Personal	92,624	32,911	(28,014)	(820)	96,701	89,715	6,986
Credit card	41,133	7,861	(9,592)	(58)	39,344	23,472	15,872
Total	$ 699,255	$ 285,454	$ (122,775)	$ (9,197)	$ 852,737	$ 785,620	$ 67,117

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

The following tables provides details on ATB's allowance for loan losses by stage, for each major category:

	For the three months ended December 31, 2021				For the three months ended December 31, 2020			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – business loans								
Balance at beginning of period	**$ 77,854**	**$ 172,945**	**$ 259,338**	**$ 510,137**	$ 94,705	$ 266,233	$ 390,182	$ 751,120
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**8,078**	**(7,605)**	**(473)**	**-**	43,094	(37,401)	(5,693)	-
Transfers into (out of) Stage 2 (1)	**(2,714)**	**4,164**	**(1,450)**	**-**	(2,883)	12,698	(9,815)	-
Transfers into (out of) Stage 3 (1)	**(29)**	**(988)**	**1,017**	**-**	(255)	(6,153)	6,408	-
New originations (2)	**11,835**	**49,512**	**4,277**	**65,624**	13,328	50,190	21,515	85,033
Repayments (3)	**(6,046)**	**(42,820)**	**(10,685)**	**(59,551)**	(14,111)	(55,583)	(37,040)	(106,734)
Remeasurements (4)	**(20,741)**	**(24,003)**	**(36,365)**	**(81,109)**	(53,800)	38,851	19,203	4,254
Total provision for loan losses	**(9,617)**	**(21,740)**	**(43,679)**	**(75,036)**	(14,627)	2,602	(5,422)	(17,447)
Write-offs	**-**	**-**	**(30,810)**	**(30,810)**	-	-	(30,687)	(30,687)
Recoveries	**-**	**-**	**479**	**479**	-	-	3,277	3,277
Discounted cash flows on impaired loans and other	**(10)**	**21**	**6,473**	**6,484**	(114)	(492)	939	333
Balance at end of period	**$ 68,227**	**$ 151,226**	**$ 191,801**	**$ 411,254**	$ 79,964	$ 268,343	$ 358,289	$ 706,596

	For the three months ended December 31, 2021				For the three months ended December 31, 2020			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – residential mortgages								
Balance at beginning of period	**$ 6,951**	**$ 4,352**	**$ 2,413**	**$ 13,716**	$ 3,035	$ 4,700	$ 3,603	$ 11,338
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**801**	**(722)**	**(79)**	**-**	924	(924)	-	-
Transfers into (out of) Stage 2 (1)	**(59)**	**224**	**(165)**	**-**	(178)	421	(243)	-
Transfers into (out of) Stage 3 (1)	**(2)**	**(133)**	**135**	**-**	(2)	(180)	182	-
New originations (2)	**151**	**26**	**-**	**177**	148	51	34	233
Repayments (3)	**(51)**	**(53)**	**(25)**	**(129)**	(71)	(134)	(112)	(317)
Remeasurements (4)	**(2,219)**	**(997)**	**921**	**(2,295)**	(1,801)	(10)	1,308	(503)
Total provision for loan losses	**(1,379)**	**(1,655)**	**787**	**(2,247)**	(980)	(776)	1,169	(587)
Write-offs	**-**	**-**	**(939)**	**(939)**	-	-	(627)	(627)
Recoveries	**-**	**-**	**41**	**41**	-	-	168	168
Discounted cash flows on impaired loans and other	**-**	**-**	**91**	**91**	-	-	(196)	(196)
Balance at end of period	**$ 5,572**	**$ 2,697**	**$ 2,393**	**$ 10,662**	$ 2,055	$ 3,924	$ 4,117	$ 10,096

	For the three months ended December 31, 2021				For the three months ended December 31, 2020			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**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	**$ 38,580**	**$ 21,390**	**$ 9,524**	**$ 69,494**	$ 34,367	$ 47,090	$ 15,443	$ 96,900
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**6,977**	**(6,864)**	**(113)**	**-**	10,083	(9,962)	(121)	-
Transfers into (out of) Stage 2 (1)	**(849)**	**1,196**	**(347)**	**-**	(1,184)	2,037	(853)	-
Transfers into (out of) Stage 3 (1)	**(33)**	**(875)**	**908**	**-**	(60)	(955)	1,015	-
New originations (2)	**751**	**226**	**141**	**1,118**	1,016	1,248	69	2,333
Repayments (3)	**(676)**	**(417)**	**(116)**	**(1,209)**	(1,124)	(1,404)	(4,363)	(6,891)
Remeasurements (4)	**(12,925)**	**1,344**	**5,154**	**(6,427)**	(15,224)	17,605	12,084	14,465
Total provision for loan losses	**(6,755)**	**(5,390)**	**5,627**	**(6,518)**	(6,493)	8,569	7,831	9,907
Write-offs	**-**	**-**	**(5,414)**	**(5,414)**	-	-	(9,705)	(9,705)
Recoveries	**-**	**-**	**9**	**9**	-	-	82	82
Discounted cash flows on impaired loans and other	**-**	**-**	**57**	**57**	-	-	(483)	(483)
Balance at end of period	**$ 31,825**	**$ 16,000**	**$ 9,803**	**$ 57,628**	$ 27,874	$ 55,659	$ 13,168	$ 96,701

($ in thousands)	For the three months ended December 31, 2021 Performing Stage 1	Stage 2	Impaired Stage 3	Total	For the three months ended December 31, 2020 Performing Stage 1	Stage 2	Impaired Stage 3	Total
Allowance for loan losses – credit cards								
Balance at beginning of period	**$ 18,651**	**$ 10,216**	**$ 2,368**	**$ 31,235**	$ 13,708	$ 28,949	$ 2,098	$ 44,755
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**3,542**	**(3,542)**	**-**	**-**	2,459	(2,459)	-	-
Transfers into (out of) Stage 2 (1)	**(486)**	**486**	**-**	**-**	(353)	353	-	-
Transfers into (out of) Stage 3 (1)	**(29)**	**(530)**	**559**	**-**	(25)	(406)	431	-
New originations (2)	**129**	**28**	**-**	**157**	189	95	-	284
Repayments (3)	**164**	**502**	**10**	**676**	137	168	(10)	295
Remeasurements (4)	**837**	**7,186**	**552**	**8,575**	(2,190)	(3,511)	1,233	(4,468)
Total provision for loan losses	**4,157**	**4,130**	**1,121**	**9,408**	217	(5,760)	1,654	(3,889)
Write-offs	**-**	**-**	**(3,652)**	**(3,652)**	-	-	(3,866)	(3,866)
Recoveries	**-**	**-**	**3,005**	**3,005**	-	-	2,392	2,392
Discounted cash flows on impaired loans and other	**(4)**	**(3)**	**(45)**	**(52)**	(17)	(4)	(27)	(48)
Balance at end of period	**$ 22,804**	**$ 14,343**	**$ 2,797**	**$ 39,944**	$ 13,908	$ 23,185	$ 2,251	$ 39,344

($ in thousands)	For the nine months ended December 31, 2021 Performing Stage 1	Stage 2	Impaired Stage 3	Total	For the nine months ended December 31, 2020 Performing Stage 1	Stage 2	Impaired Stage 3	Total
Allowance for loan losses – business loans								
Balance at beginning of period	**$ 92,490**	**$ 210,688**	**$ 329,944**	**$ 633,122**	$ 54,309	$ 139,869	$ 358,462	$ 552,640
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**24,971**	**(23,483)**	**(1,488)**	**-**	81,604	(75,349)	(6,255)	-
Transfers into (out of) Stage 2 (1)	**(6,275)**	**14,301**	**(8,026)**	**-**	(20,683)	32,466	(11,783)	-
Transfers into (out of) Stage 3 (1)	**(106)**	**(8,068)**	**8,174**	**-**	(665)	(33,803)	34,468	-
New originations (2)	**29,582**	**131,613**	**33,910**	**195,105**	54,953	145,002	117,381	317,336
Repayments (3)	**(25,141)**	**(158,898)**	**(22,064)**	**(206,103)**	(27,528)	(125,223)	(89,645)	(242,396)
Remeasurements (4)	**(47,287)**	**(15,192)**	**(84,880)**	**(147,359)**	(61,865)	186,312	43,525	167,972
Total provision for loan losses	**(24,256)**	**(59,727)**	**(74,374)**	**(158,357)**	25,816	129,405	87,691	242,912
Write-offs	**-**	**-**	**(77,570)**	**(77,570)**	-	-	(105,625)	(105,625)
Recoveries	**-**	**-**	**6,029**	**6,029**	-	-	24,619	24,619
Discounted cash flows on impaired loans and other	**(7)**	**265**	**7,772**	**8,030**	(161)	(931)	(6,858)	(7,950)
Balance at end of period	**$ 68,227**	**$ 151,226**	**$ 191,801**	**$ 411,254**	$ 79,964	$ 268,343	$ 358,289	$ 706,596

($ in thousands)	For the nine months ended December 31, 2021 Performing Stage 1	Stage 2	Impaired Stage 3	Total	For the nine months ended December 31, 2020 Performing Stage 1	Stage 2	Impaired Stage 3	Total
Allowance for loan losses – residential mortgages								
Balance at beginning of period	**$ 4,571**	**$ 8,056**	**$ 3,415**	**$ 16,042**	$ 3,007	$ 5,469	$ 4,382	$ 12,858
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**3,436**	**(3,025)**	**(411)**	**-**	2,469	(2,453)	(16)	-
Transfers into (out of) Stage 2 (1)	**(159)**	**406**	**(247)**	**-**	(1,007)	1,982	(975)	-
Transfers into (out of) Stage 3 (1)	**(3)**	**(333)**	**336**	**-**	(2)	(503)	505	-
New originations (2)	**377**	**(629)**	**170**	**(82)**	1,110	(743)	87	454
Repayments (3)	**(164)**	**(222)**	**(797)**	**(465)**	(188)	(365)	(117)	(670)
Remeasurements (4)	**(2,486)**	**(1,556)**	**1,373**	**(2,669)**	(3,334)	537	4,783	1,986
Total provision for loan losses	**1,001**	**(5,359)**	**1,142**	**(3,216)**	(952)	(1,545)	4,267	1,770
Write-offs	**-**	**-**	**(2,881)**	**(2,881)**	-	-	(4,649)	(4,649)
Recoveries	**-**	**-**	**473**	**473**	-	-	486	486
Discounted cash flows on impaired loans and other	**-**	**-**	**244**	**244**	-	-	(369)	(369)
Balance at end of period	**$ 5,572**	**$ 2,697**	**$ 2,393**	**$ 10,662**	$ 2,055	$ 3,924	$ 4,117	$ 10,096

	For the nine months ended December 31, 2021				For the nine months ended December 31, 2020			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	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	$ 36,095	$ 41,290	$ 11,536	$ 88,921	$ 42,834	$ 31,697	$ 18,093	$ 92,624
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	24,116	(23,865)	(251)	-	22,302	(21,584)	(718)	-
Transfers into (out of) Stage 2 (1)	(1,845)	3,014	(1,169)	-	(7,309)	10,558	(3,249)	-
Transfers into (out of) Stage 3 (1)	(99)	(2,815)	2,914	-	(179)	(3,597)	3,776	-
New originations (2)	3,520	314	357	4,191	5,165	(377)	387	5,175
Repayments (3)	(2,602)	(2,759)	(361)	(5,722)	(3,143)	(3,691)	(5,315)	(12,149)
Remeasurements (4)	(27,360)	821	16,823	(9,716)	(31,796)	42,653	29,028	39,885
Total provision for loan losses	(4,270)	(25,290)	18,313	(11,247)	(14,960)	23,962	23,909	32,911
Write-offs	-	-	(20,815)	(20,815)	-	-	(29,114)	(29,114)
Recoveries	-	-	624	624	-	-	1,100	1,100
Discounted cash flows on impaired loans and other	-	-	145	145	-	-	(820)	(820)
Balance at end of period	$ 31,825	$ 16,000	$ 9,803	$ 57,628	$ 27,874	$ 55,659	$ 13,168	$ 96,701

	For the nine months ended December 31, 2021				For the nine months ended December 31, 2020			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – credit cards								
Balance at beginning of period	$ 19,920	$ 10,002	$ 2,750	$ 32,672	$ 8,677	$ 29,591	$ 2,865	$ 41,133
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	11,101	(11,101)	-	-	10,158	(10,158)	-	-
Transfers into (out of) Stage 2 (1)	(1,393)	1,393	-	-	(1,448)	1,448	-	-
Transfers into (out of) Stage 3 (1)	(84)	(1,433)	1,517	-	(62)	(1,086)	1,148	-
New originations (2)	444	95	-	539	443	184	-	627
Repayments (3)	159	235	38	432	163	448	(36)	575
Remeasurements (4)	(7,347)	15,153	1,949	9,755	(4,009)	2,758	7,910	6,659
Total provision for loan losses	2,880	4,342	3,504	10,726	5,245	(6,406)	9,022	7,861
Write-offs	-	-	(14,608)	(14,608)	-	-	(16,630)	(16,630)
Recoveries	-	-	11,258	11,258	-	-	7,038	7,038
Discounted cash flows on impaired loans and other	4	(1)	(107)	(104)	(14)	-	(44)	(58)
Balance at end of period	$ 22,804	$ 14,343	$ 2,797	$ 39,944	$ 13,908	$ 23,185	$ 2,251	$ 39,344

Total balance as at end of period		$ 128,428	$ 184,265	$ 206,795	$ 519,488	$ 123,801	$ 351,111	$ 377,825	$ 852,737
Comprises:	Loans	$ 98,868	$ 171,766	$ 206,795	$ 477,429	$ 97,453	$ 310,342	$ 377,825	$ 785,620
	Other credit instruments (5)	29,560	12,499	-	42,059	26,348	40,769	-	67,117

(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 Derivative Financial Instruments

The fair value of derivative financial instruments segregated between contracts in a favourable position (i.e., having positive fair value) and contracts in an unfavourable position (i.e., having negative fair value) consists of the following:

As at ($ in thousands)	December 31 2021 Notional amount	December 31 2021 Assets	December 31 2021 Liabilities	March 31 2021 Notional amount	March 31 2021 Assets	March 31 2021 Liabilities
Over-the-counter contracts						
Interest rate contracts						
Swaps	**$ 22,869,478**	**$ 205,583**	**$ (190,393)**	$ 26,153,604	$ 364,313	$ (242,486)
Other	**7,194,909**	**95,218**	**(57,751)**	5,835,965	133,281	(65,857)
Total interest rate contracts	**30,064,387**	**300,801**	**(248,144)**	31,989,569	497,594	(308,343)
Foreign-exchange contracts						
Forwards	**7,962,100**	**74,798**	**(74,827)**	6,003,136	91,126	(89,377)
Cross-currency swaps	**1,819,022**	**40,300**	**(28,217)**	1,574,152	41,379	(40,342)
Total foreign-exchange contracts	**9,781,122**	**115,098**	**(103,044)**	7,577,288	132,505	(129,719)
Commodity contracts						
Forwards	**8,371,321**	**714,238**	**(674,724)**	6,808,076	538,642	(471,484)
Total commodity contracts	**8,371,321**	**714,238**	**(674,724)**	6,808,076	538,642	(471,484)
Embedded derivatives						
Market-linked deposits	**-**	**-**	**-**	313,383	-	(689)
Total embedded derivatives	**-**	**-**	**-**	313,383	-	(689)
Total over-the-counter contracts	**48,216,830**	**1,130,137**	**(1,025,912)**	46,688,316	1,168,741	(910,235)
Exchange-traded contracts						
Interest rate contracts						
Futures	**434,000**	**114**	**(134)**	13,332,000	13,055	(11,176)
Total interest rate contracts	**434,000**	**114**	**(134)**	13,332,000	13,055	(11,176)
Total exchange-traded contracts	**434,000**	**114**	**(134)**	13,332,000	13,055	(11,176)
Total fair value of contracts	**$ 48,650,830**	**$ 1,130,251**	**$ (1,026,046)**	$ 60,020,316	$ 1,181,796	$ (921,411)

In addition to the notional amounts of derivative instruments shown above, ATB has certain foreign-exchange spot deals that settle in one day. These deals had notional amounts of $94.5 million as at December 31, 2021 (March 31, 2021: $183.3 million).

(Refer to Note 10 of the 2021 annual consolidated financial statements, for more on ATB's derivative-related activities.)

10 Collateralized Borrowings

Canada Mortgage Bonds Program

ATB periodically securitizes insured RMLs by participating in the *National Housing Act mortgage-backed securities (*MBS) Program. The MBS issued as a result of this program are pledged to the CMB program or to third-party investors. The sale of mortgage pools that comprise the MBSs does not qualify for derecognition as outlined in IFRS 9 *Financial Instruments*, it is therefore accounted for as a collateralized borrowing. (Refer to Note 15 of the 2021 annual consolidated financial statements, for more on the program.)

Credit Card Securitization

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

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

As at *($ in thousands)*	**December 31 2021**	March 31 2021
Principal value of mortgages pledged as collateral	**$ 5,825,023**	$ 6,279,964
ATB mortgage-backed securities pledged as collateral through repurchase agreements	**1,759,195**	1,548,104
Principal value of credit card receivables pledged as collateral	**665,270**	625,496
Total	**$ 8,249,488**	$ 8,453,564
Associated liabilities	**$ 7,684,961**	$ 7,931,082

11 Payment in Lieu of Tax

For the three months and nine months ended December 31, 2021, ATB has accrued a total of $44.5 million and $134.3 million respectively (December 31, 2020: $35.2 million for both periods) for payment in lieu of tax. PILOT is calculated as 23% of NI reported under IFRS. (Refer to Note 20 of the 2021 annual consolidated financial statements, for more on PILOT.)

12 Capital Management

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

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

Tier 1 capital consists of retained earnings, and Tier 2 capital consists of eligible portions of wholesale borrowings, the collective allowance for loan losses, and notional capital. Wholesale borrowings became eligible as Tier 2 capital as of December 2015 as a result of an amendment to the capital requirements guideline. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Effective March 30, 2009, $600 million of notional capital was made available to ATB. This amount reduces by 25% of NI each quarter.

As at December 31, 2021, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

Below is a table providing details on ATB's Tier 1 and Total capital ratios:

($ in thousands)	**December 31 2021**	March 31 2021
Tier 1 capital		
Retained earnings	**$ 4,411,105**	$ 3,961,408
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	**1,613,337**	1,876,866
Collective allowance for loan losses	**312,694**	319,262
Notional capital	**-**	22,086
Total Tier 2 capital	**$ 1,926,031**	$ 2,218,214
Deductions from capital		
Software and other intangibles	**224,541**	282,708
Total capital	**$ 6,112,595**	$ 5,896,914
Total risk-weighted assets	**$ 37,174,460**	$ 36,487,057
Risk-weighted capital ratios		
Tier 1 capital ratio	**11.9%**	10.9%
Total capital ratio	**16.4%**	16.2%

13 Segmented Information

ATB has organized its operations and activities around the following three AoEs that differ in products and services offered:

- **ATB Everyday Financial Services** provides financial services to individuals and small businesses through our branch, agency, Client Care, Brightside, and ABM networks. Brightside will be winding down by the end of March 2022.
- **ATB Business** provides financial advisory services to medium and large businesses, corporations, and agricultural clients.
- **ATB Wealth** provides investment advisory, insurance solutions, private banking, and institutional portfolio management solutions.

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

Basis of Presentation

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

NII is attributed to each AoE according to ATB's internal funds transfer pricing (FTP) system: assets earn NII to the extent that external revenues exceed internal FTP expense, and liabilities earn NII to the extent that internal FTP revenues exceed external interest expenses. LLP is allocated based on the loans the AoE has issued and is determined based on the methodology outlined in Notes 2 and 9 of 2021 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.

Below is a summary of ATB's quarterly and year-to-date financial performance by AoE:

For the three months ended *($ in thousands)*	**ATB Everyday Financial Services (1)**	**ATB Business**	**ATB Wealth**	**Strategic support units (1)**	**Total**
December 31, 2021					
Net interest income	**$ 119,193**	**$ 181,657**	**$ 8,049**	**$ 9,142**	**$ 318,041**
Other income (loss)	**31,556**	**63,429**	**72,826**	**(11,661)**	**156,150**
Total revenue (loss)	**150,749**	**245,086**	**80,875**	**(2,519)**	**474,191**
Provision for (recovery of) loan losses	**7,072**	**(77,238)**	**671**	**(4,898)**	**(74,393)**
Non-interest expenses (2) (3)	**129,628**	**107,830**	**69,316**	**48,424**	**355,198**
Income (loss) before payment in lieu of taxes (PILOT)	**14,049**	**214,494**	**10,888**	**(46,045)**	**193,386**
PILOT	**3,248**	**49,290**	**2,504**	**(10,563)**	**44,479**
Net income (loss)	**$ 10,801**	**$ 165,204**	**$ 8,384**	**$ (35,482)**	**$ 148,907**
Total assets	**$ 27,747,583**	**$ 23,906,310**	**$ 791,176**	**$ 4,117,441**	**$ 56,562,510**
Total liabilities	**16,658,241**	**18,862,735**	**805,857**	**15,795,927**	**52,122,760**

($ in thousands)	ATB Everyday Financial Services (1)	ATB Business	ATB Wealth	Strategic support units (1)	Total
September 30, 2021					
Net interest income	$ 121,002	$ 174,633	$ 7,892	$ 7,361	$ 310,888
Other income (loss)	29,433	59,000	72,279	(5,034)	155,678
Total revenue	150,435	233,633	80,171	2,327	466,566
Recovery of loan losses	(237)	(21,931)	(661)	(3,703)	(26,532)
Non-interest expenses (2)	130,477	105,470	70,229	6,657	312,833
Income (loss) before PILOT	20,195	150,094	10,603	(627)	180,265
PILOT	3,476	34,565	2,439	981	41,461
Net income (loss)	$ 16,719	$ 115,529	$ 8,164	$ (1,608)	$ 138,804
Total assets	$ 27,435,619	$ 24,234,752	$ 956,482	$ 2,984,048	$ 55,610,901
Total liabilities	16,498,866	19,467,836	979,458	14,295,371	51,241,531

($ in thousands)	ATB Everyday Financial Services (1)	ATB Business	ATB Wealth	Strategic support units (1)	Total
December 31, 2020					
Net interest income	$ 119,390	$ 163,955	$ 5,267	$ 16,024	$ 304,636
Other income	26,346	57,440	62,498	11,061	157,345
Total revenue	145,736	221,395	67,765	27,085	461,981
Provision for (recovery of) loan losses	3,602	(15,124)	(1,416)	922	(12,016)
Non-interest expenses (2)	128,155	98,351	58,483	12,069	297,058
Income before PILOT	13,979	138,168	10,698	14,094	176,939
PILOT	-	26,286	2,461	6,468	35,215
Net income	$ 13,979	$ 111,882	$ 8,237	$ 7,626	$ 141,724
Total assets	$ 26,185,373	$ 22,358,671	$ 1,677,505	$ 5,409,815	$ 55,631,364
Total liabilities	17,151,724	18,330,880	1,711,398	14,331,698	51,525,700

For the nine months ended *($ in thousands)*	**ATB Everyday Financial Services (1)**	**ATB Business**	**ATB Wealth**	**Strategic support units (1)**	**Total**
December 31, 2021					
Net interest income	**$ 360,609**	**$ 523,694**	**$ 22,471**	**$ 26,907**	**$ 933,681**
Other income (loss)	**89,394**	**176,499**	**213,257**	**(12,236)**	**466,914**
Total revenue	**450,003**	**700,193**	**235,728**	**14,671**	**1,400,595**
Provision for (recovery of) loan losses	**10,939**	**(159,917)**	**(1,260)**	**(11,856)**	**(162,094)**
Non-interest expenses (2) (3)	**388,407**	**315,992**	**207,192**	**67,365**	**978,956**
Income (loss) before payment in lieu of taxes (PILOT)	**50,657**	**544,118**	**29,796**	**(40,838)**	**583,733**
PILOT	**11,650**	**125,148**	**6,853**	**(9,391)**	**134,260**
Net income (loss)	**$ 39,007**	**$ 418,970**	**$ 22,943**	**$ (31,447)**	**$ 449,473**

($ in thousands)	ATB Everyday Financial Services (1)	ATB Business	ATB Wealth	Strategic support units (1)	Total
December 31, 2020					
Net interest income	$ 337,751	$ 474,018	$ 14,058	$ 49,125	$ 874,952
Other income	78,357	151,465	178,283	31,887	439,992
Total revenue	416,108	625,483	192,341	81,012	1,314,944
Provision for loan losses	40,013	226,716	4,235	14,490	285,454
Non-interest expenses (2)	388,805	284,478	167,355	35,737	876,375
(Loss) income before PILOT	(12,710)	114,289	20,751	30,785	153,115
PILOT	-	26,286	4,773	4,156	35,215
Net (loss) income	$ (12,710)	$ 88,003	$ 15,978	$ 26,629	$ 117,900

(1) In June 2021, the financial results and balances for certain loan products were moved to the SSUs from EFS. Results for the three months and nine months ended December 31, 2020 were reclassified to conform with current period presentation.
(2) Certain costs are allocated from the SSUs to the AoEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(3) For the three and nine months ended December 31, 2021 results include the $37.2 million write-off of a non-strategic technology asset.

14 Impairments

During the three months ended December 31, 2021, ATB determined that a non-strategic technology asset would no longer be maintained. As a result of this decision, a $37.2 million write-off was recognized in the quarter.

15 Comparative Amounts

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

Glossary

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 based 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 balance sheet.
Average assets	The average of the daily total asset balances during the period.
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 securities, 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 provision for loan losses	All ATB's total 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 annualized provision for loan losses divided by average net loans.
Market risk	The risk that a loss may be incurred as a result of adverse changes in interest rates, foreign-exchange rates, and equity or commodity market prices.
Mortgage-backed securities (MBS)	Securities established through the securitization of residential mortgage loans.
Net income (NI)	Income after the removal of expenses, provision for loan losses, and payment in lieu of tax.
Net interest income (NII)	The difference between interest earned on assets, such as securities and loans, and interest paid on liabilities, such as deposits and wholesale and collateralized borrowings.
Net interest margin (NIM)	The ratio of the annualized net interest income for the period to the value of average interest-earning assets for the period.
Net loan growth	Net loans outstanding at the end of the current reporting period less net loans outstanding at the end of the previous reporting period, divided by net loans outstanding at the end of the previous reporting period.
Net loans	Gross loans less the allowance for loan losses.
Notional amount	The principal value used to calculate interest and other payments under derivative contracts. The amounts are termed "notional" because they are not usually exchanged, except in the case of cross-currency swaps; they serve only as the basis for calculating amounts that do change hands.
Off-balance-sheet instruments	Assets or liabilities that are not recorded on the balance sheet but have the potential to produce future positive or negative cash flows. Various products offered to clients can be classified as off balance sheet, and they fall into two general categories: credit-related arrangements, such as letters of credit and letters of guarantee, and the notional amount of derivatives.
Total expense change	The current period's non-interest expense less the previous period's non-interest expense, divided by the previous period's non-interest expense.
Total revenue	The sum of net interest income and other income.
Total revenue change	The current period's total revenue less the previous period's total revenue, divided by the previous period's total revenue.
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 growth	Performing loans outstanding at the end of the current reporting period less performing loans outstanding at the end of the previous reporting period, divided by performing loans outstanding at the end of the previous reporting period.
Performing loans	Net loans, excluding the impacts allowance for loan losses.
Project Finance advisory fees	Fees generated by the Project Finance team on advisory projects for external third-party ATB clients looking to structure a deal/bid for a project.
Provision for loan losses (LLP)	*See* loan loss provision.
Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) the *ATB Act* and *ATB Regulation* and guidelines, and (b) other laws, rules, regulations, and prescribed practices applicable to ATB in any jurisdiction in which it operates.
Reputational risk	The potential that negative stakeholder impressions, whether true or not, regarding ATB's business practices, actions, or inaction will or may cause deterioration in ATB's value, brand, liquidity, client base, or relationship with its Shareholder.
Return on average assets	Annualized net income for the period divided by average total assets for the period.
Return on average risk-weighted assets	Annualized net income for the period divided by average risk-weighted assets for the period.
Securities purchased under reverse repurchase agreements	The purchase of securities for cash and the concurrent sale of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securities sold under repurchase agreements	The cash sale of securities and the concurrent repurchase of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.

Securitization	The process by which a pool of financial assets, mainly loans, are converted into asset-backed securities and transferred to a trust that normally issues a series of asset-backed securities to investors to fund the purchase of loans.
Swaps	A contractual agreement between two parties to exchange a series of cash flows. For interest rate swaps, counterparties generally exchange fixed- and floating-rate interest payments based on a notional amount in a single currency. For cross-currency swaps, counterparties generally exchange one currency for another at a set date.
Tier 1 capital	A measure of retained earnings used to determine regulatory ratios set out by our regulator, the Alberta Superintendent of Financial Institutions.
Tier 1 capital ratio	Tier 1 capital divided by risk-weighted assets.
Total capital	An assessed regulatory measure of Tier 1 capital; Tier 2 capital consisting of eligible portions of subordinated debentures, wholesale borrowings, collective allowance for loan losses, and notional capital; and the deduction of software and other intangibles.
Total capital ratio	Total capital divided by risk-weighted assets.

Acronyms

ABM	Automated banking machine
AcSB	Accounting Standards Board
AoE	Area of expertise
APAGA	*Alberta Public Agencies Governance Act*
ASFI	Alberta Superintendent of Financial Institutions
AUA	Assets under administration
BCAP	Business Credit Availability Program
BDC	Business Development Bank of Canada
BRR	Borrower risk rating
CAR Guideline	*Capital Adequacy Requirements Guideline*
CEBA	Canada Emergency Business Account
CERB	Canada Emergency Response Benefit
CMB	Canada Mortgage Bonds
CMHC	Canada Mortgage Housing Corporation
EBITDA	Earnings before interest, income tax, depreciation, and amortization
ECL	Expected credit loss
EDC	Export Development Canada
EFS	ATB Everyday Financial Services
FICO	Fair Isaac Corporation
FMG	Financial Markets Group
FTE	Full-time equivalent
FTP	Funds transfer pricing
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY	Fiscal year (e.g., FY2021)
GDP	Gross Domestic Product
GoA	Government of Alberta
HASCAP	Highly Affected Sectors Credit Availability Program
HELOC	Home equity line of credit
HR	Human resources
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standard
LCR	Liquidity coverage ratio
LGIC	Lieutenant-Governor in Council
LIBOR	London interbank offered rate
LLP	Loan loss provision (also “provision for loan losses”)
MBS	Mortgage-backed securities
MD&A	Management’s discussion and analysis
NI	Net income

NIE	Non-interest expense
NII	Net interest income
NIM	Net interest margin
OCI	Other comprehensive income
OI	Other income
OPEC+	Organization of the Petroleum Exporting Countries Plus
OSFI	Office of the Superintendent of Financial Institutions
PILOT	Payment in lieu of tax
RML	Residential mortgage loan
SSU	Strategic support unit
WTI	West Texas Intermediate