This is why.

Troy, Matt, Todd and Erik. Justin and Ben. Daniel. Haley. Tova and Jen and Shay. Brittney. The Bradleys. Seeing our customers as real people—not as calculated risks or credit scores—means being genuine in our quest to listen. To understand the "why" behind their story so we can make banking work for them. It means standing by them through thick and thin. Because if we're always there for our customers, they'll always be there for us.

We're putting these customers first, literally, at the front of this report. Inside, we invite you to watch short "My Why" videos featuring the team members behind each of these customer stories. Enjoy.

Message from President and CEO Curtis Stange

View Curtis' story at **annualreport.atb.com**

We heard a lot in the last year about the bumps in the road our customers encountered as Alberta's economy grappled with low energy prices and regulatory uncertainty.

In response, we looked past the numbers to hear the true Albertan stories behind them. We listened to what our customers were going through and what they needed from us. Then we did everything we could to make banking work for them. We found new ways to help entrepreneurs chase their dreams and to make banking accessible to all Albertans. We accepted combines as collateral for mortgages. We helped people go back to school, start businesses, invest in technology and think differently. We built new investment products, like the Choose Alberta GIC—supporting our customers and helping grow Alberta's economy.

We take pride in and relish every chance we get to strengthen our communities and make a real difference. I personally heard from thousands of Albertans during my Alberta-wide listening tour, as I moved into my new role as CEO, and I was humbled by the respect and appreciation Albertans have for ATB and their excitement for the future.

I heard from customers who enjoyed our smarter, simpler investment options and loved our new account opening process that made banking work for them, enabling new retail accounts to be opened in less than 10 minutes. I heard from Alberta's creative and cultural workers about how The Branch for Arts and Culture, our dedicated bank for artists, is making an impact.

As a catalyst to drive growth and innovation in Alberta, we continue to invest in digital platforms, cloud computing and artificial intelligence—all helping ATB not only keep pace with disruption, but in some cases lead the way. These investments also help us better serve our customers by freeing up our team members' time to focus more on listening and responding to the needs of Albertans.

> **"This province has been full of pioneers, entrepreneurs and a can-do optimistic attitude—and it's got us through much more difficult times than what we're facing today."**
>
> — Curtis Stange, President and CEO

What truly makes us stand out, however, are our 5,500-plus team members at ATB—which you'll get to experience firsthand in short "This is why" videos throughout this report. As an ATB team, our engagement remains at the highest level ever (91%), for a second straight year, and we remain committed to having our people as ATB's top priority. And speaking of people, we went through some major changes in the last year, making me the new CEO and introducing a new board chair—the inimitable Joan Hertz. We also learned that another major change is coming after our incredible, humble CFO, Bob McGee, announced that he'll be retiring next year. Bob's made a remarkable impact on ATB, and I know I speak for all of us when I say he will be missed.

We know we can keep ATB moving in the right direction as long as we take the time to truly listen. Listening inspires us to think of how ATB can contribute to Alberta in new ways. The conversation is ongoing, but we promise to dream big and work hard as we tackle issues like mental health, poverty and reconciliation in ways that seem positively un-bank-like.

Listening has made us who we are at ATB, because it's how we get to the "why" of our customers and the communities we serve. It's tough to think of a year where it felt more important—or more rewarding—for us to listen, which is why we promise to never stop doing it.

Curtis Stange
President and CEO

Dedication is why

Mike has a passion for connecting with Albertans, learning what makes them tick and figuring out how ATB can help them reach their goals. He knows there might be some bumps along the way. But he also knows he'll never stop cheering for them

View Mike's story at **annualreport.atb.com**

Message from Board Chair Joan Hertz

Not long ago, while watching one of my children play hockey, I went to the arena concession stand for a snack. The choices surprised me. Instead of chocolate bars and fries, the concession was selling food made with local ingredients, sustainably farmed and expertly prepared. I fell into conversation with the man behind the counter.

View Joan's story at **annualreport.atb.com**

> **"All our new ideas come from asking: *What would work better for the customer?*"**
>
> —Joan Hertz, Board Chair

He said that for most of his career he'd worked in the oil and gas sector. When the energy industry changed this year, he found himself looking for work. Rather than jump back on the resources rollercoaster, he decided to chase a longtime dream: bringing a new kind of food to community hockey games. But he had trouble finding a banking partner willing to back his dream.

Yet here he was, serving up gourmet, local eats. I asked him how he solved the problem.

"I found ATB," he said. "I wouldn't have been able to start this business without them."

This story has stuck in my mind of late. On the surface, it's a nice anecdote about someone starting a new business. On a deeper level, it braids together many different threads that make up ATB.

elieve ATB's true value starts with our willingness to help Albertans in need. That's crucial, but it's not enough on its own. Saying "yes" to this customer and finding a way to responsibly manage risk takes a strong team with access to the right systems and resources. It takes leaders willing to set people up for success and then get out of the way. It takes investment in the right technologies. It takes a willingness to listen and to get to the "why."

2018 was a challenging year for Alberta. Economic turbulence made life harder for our customers, our neighbours, our families and our friends. We had some tough conversations with our customers in the last year.

But wherever we could, ATB stood by Albertans, thanks to our great teams, strong culture and steadfast commitment to being more than a bank. For those customers whose businesses didn't make it, we walked the journey with them and will continue to be there for them as we work our way through these economic challenges and help them look to their next chapter.

As this report shows, 2018 was a good year for ATB. We surpassed many of our financial goals and continued to push the technological envelope while marking our 80th anniversary. We made a real difference to Alberta through products like the Choose Alberta GIC, which creates wins for our customers, our shareholder and the provincial economy.

We also navigated some pretty significant organizational change, welcoming Curtis as our new president and CEO. Every time I hear Curtis speak, whether in a board meeting, a conversation with ATB team members or with Albertans, I'm impressed by his knowledge, passion and leadership. I speak for the whole board when I say we're fortunate to have Curtis leading the organization.

The most concrete proof of this I can conjure is our placement on the most recent list of Aon Best Employers in Canada. To land on the "platinum" category—again—in a year of such challenge and change is a strong testament to our team members—and our strength as an organization.

This makes me very conscious that I have big shoes to fill as the new chair of the board of directors. Brian Hesje's time as chair was a shining example of great leadership, in my view, and one I got to see up close as a member of the board. As the new chair, I look forward to working hard to build on what was achieved this year and take ATB—and Alberta—to new heights in the years to come.

Joan Hertz
Chair of the Board

Connection is why

Laureen believes ATB can only fulfill its mission of making banking work for every Albertan if we can see the human beings behind the numbers—and never lose focus on them.

View Laureen's story at **annualreport.atb.com**

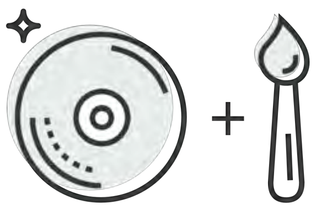
Customer obssesion

Customer obsession is about deeply listening to what customers tell us. Getting rid of what they hate about banking and creating what they love. For customers, this means more than 5,500 team members working to provide customers with a remarkable experience at every interaction with ATB. Our customers are at the heart of everything we do. Every product, service, initiative—we look at it all through the lens of "How does this make banking better for customers?" "How does this rival the best experiences they have with their favourite brands?"

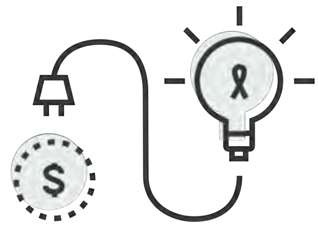
We carry the outrageous belief that banking can change peoples' lives for the better. So, in 2018, here are some ways we obsessed about our customers:

- Approached customer obsession from a systems-level perspective, understanding that all areas within ATB need to work together symbiotically to deliver remarkable experiences for customers. We identified the core pillars of the system and the role of each in delivering customer obsession.
- Stood up a cross-functional, purpose-driven team from all parts of the organization with the common goal of delivering a remarkable experience for customers in every role, process, and product.

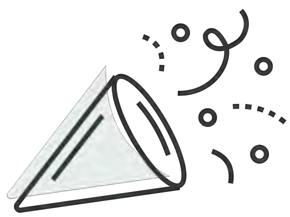
- Created tangible, differentiated and customer-obsessed initiatives such as:



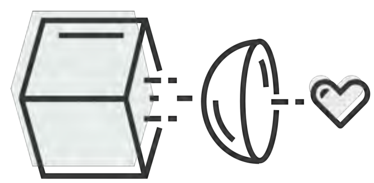
The Branch for Arts and Culture: Recognizing that banks don't generally work well for the arts community, The Branch is dedicated to deeply understanding and serving artists and arts organizations in Alberta.



ATB's "Build Her Business" competition: This unique crowdfunding campaign was designed specifically for women as a means to start and grow their business ideas.



Deposit Yourself Here program: We recognized and rewarded our existing customers rather than simply "buying" new business with one-off sales tactics that ignore those customers who have made us what we are.

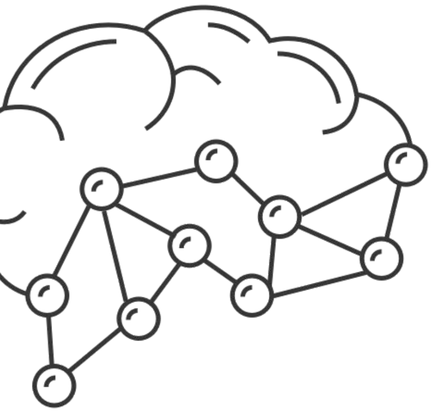


Numerous transformation activities like Onboarding Express, which reduces the time it takes to open a personal account to under 10 minutes. This lets customers spend more time doing the things they love.

Business Transformation

This year, we continued our journey to transform everything about the way we work and how we serve our customers. We're transforming our tools and processes, our back-end systems, the products and services we offer and how we work together as an ALL-IN team of more than 5,500 members. Why? It's the only way to become more than a bank and create happiness for Albertans.

> **"In 2016, we set out to radically transform the way we work to make banking work for people. I never imagined we could come this far in such a short time."**
>
> –Wellington Holbrook, Chief Transformation Officer



In fiscal year 2019, we continued to leverage the latest technologies and internal capabilities to push ATB forward, including:

- Strengthening and maturing our Agile practice to change the way we bring valuable products and services to our customers.
- Advancing our digital development capabilities, building on our open-source digital platform with flexible application programming interfaces (APIs)—launching new investment and customer onboarding apps.
- Continuing our migration to the cloud to more rapidly develop and deploy scalable, secure applications.
- Applying machine learning to make credit more accessible to our customers, enhance fraud detection, and optimize customer relationships.
- Using robotic process automation for 60 end-to-end work processes, automating over 66,000 human work-hours—freeing up our team members to focus on high-value, rewarding work serving our customers.
- Launching an easy voice autonomation (EVA) tool, which now processes a new customer request every two minutes, significantly reducing process times and often improving turnaround times for our customers by 99%.
- Advancing Brightside, ATB's first digital-only banking offer, in preparation to launch in fiscal year 2020.

Happiness is why.

Just like ATB wants to be more than a bank, Tony wants to be more than a banker. He doesn't see the happiness of his customers as a nice bonus or a stretch goal—it's the driving ambition behind everything he does.

View Tony's story at **annualreport.atb.com**

Business Highlights

Listening isn't always easy. But we promise to never stop, because we know it's the rst step to achieving our outrageous goal of helping Albertans achieve their outrageous goals.

Here are a few achievements from the last year that tell us we're on the right track:

- Reached $1.7 billion in operating revenue—our most ever
- Saw our income before provision for loan losses reach $518 million.
- Welcomed 16,000 new customers.
- Did $20 billion in new lending.
- Reached $3 million in direct donations to 250 charities, plus $1.3 million through our United Way and Teddy for a Toonie campaigns.
- Sparked $4.9 million in further charitable donations through ATB Cares.
- Catalysed community events through $7.5 million in sponsorship spending.
- Reached 96 schools across Alberta with gunior ATB and celebrated the program's 10th anniversary.
- Upgraded our systems to let customers open new retail accounts in under 10 minutes.
- Realized a team member engagement score of 91B, putting us in the top decile of companies in Canada for the second year in a row.
- Launched the Choose Alberta GIC, creating a win for Albertans, our customers and the provincial economy and attracting over $345 million in investment.
- Welcomed a new CEO and a new board chair.
- Collected a passel of awards, including repeat appearances on lists of the best places to work in Canada.
- Automated 60 new work processes, freeing up 66,000 work-hours of time for our team to focus on more challenging, rewarding, human tasks.
- Moved Brightside, our digital-only banking offer, into a soft launch.
- Opened a new entrepreneur centre in Grande Prairie.
- Worked with NorQuest to launch ATB NorQuest, the first banking facility in Alberta managed by and for a post-secondary institution.
- Donated more than 27,000 hours of our time volunteering for causes we care about.
- Completed energy efficiency retrofits on our 100th branch. These upgrades have cut our electricity consumption by over three million kilowatt-hours.
- Launched our Workplace 3.0 program to help us work smarter, harder and happier.

> **"When you have diverse perspectives around the table, we've seen over and over again that it creates better decisions."**
>
> – Joan Hertz, Board Chair

Board of Directors

Joan Hertz
Chair, Board of Directors

Barry James
Audit (Chair), Risk

Colette Miller
Human Resources, Audit

Diane Pettie
Governance and Conduct Review (Chair), Human Resources

Jim Carter
ATB Wealth boards (Chair), Human Resources, Risk

Jim Drinkwater
Risk (Chair), Audit, ATB Wealth boards

Manjit Minhas
Governance and Conduct Review, Human Resources

Mary Ellen Neilson
Governance and Conduct Review

Robert Pearce
Risk, Audit

Todd Pruden
Governance and Conduct Review, Human Resources

Wendy Henkleman
Human Resources (Chair), Audit

Patrick Lor
Risk, Governance and Conduct Review

Senior executives and officers

Curtis Stange
President and CEO

Wellington Holbrook
Chief Transformation Officer

Bob McGee
Chief Financial Officer

Lisa McDonald
Chief Risk Officer

Debbie Blakeman
Chief People Officer

Chris Turchansky
President and Executive Vice President, Wealth

Teresa Clouston
Executive Vice President, Business and Agriculture

Tim Gillespie
Executive Vice President, Corporate Financial Services

Jon Horsman
Chairman and CEO, AltaCorp Capital Inc.

John Tarnowski
Executive Vice President, Retail Financial Services

Carol Shmygol
Senior Vice President, Brand

Camille Weleschuk
Vice President, Communications and Strategic Coordination

Corporate Social Responsibility (CSR) Governance

Sandra Huculak, our managing director of CSR, leads our CSR governance. The managing director, who reports directly to the chief people officer, also sits on three CSR-related committees that set policies and principles. ATB's board of directors review those policies and procedures to ensure they align with our overall CSR strategy.

Corporate Donations Committee

The corporate donations committee reviews and approves funding for donation requests at the broader organizational level, based on principles and criteria approved by the board of directors, and outlined in ATB's Corporate Giving Approach. Sandra Huculak, managing director of CSR, chairs the committee. It provides direction and monitors progress for all aspects of our CSR program, including corporate donations and fundraising.

Give Locally Committees

The corporate donations committee reviews and approves funding for donation requests at the broader organizational level, based on principles and criteria approved by the board of directors, and outlined in ATB's Corporate Giving Approach. Sandra Huculak, managing director of CSR, chairs the committee. It provides direction and monitors progress for all aspects of our CSR program, including corporate donations and fundraising.

Scorecard Advisory Committee

The corporate donations committee reviews and approves funding for donation requests at the broader organizational level, based on principles and criteria approved by the board of directors, and outlined in ATB's Corporate Giving Approach. Sandra Huculak, managing director of CSR, chairs the committee. It provides direction and monitors progress for all aspects of our CSR program, including corporate donations and fundraising.

"People get excited about a 10-year strategy, but they get really excited about working for a company that is doing something about mental health, that has the courage to reduce the stigma and encourages people to talk about it openly."

—Curtis Stange, President and CEO

Our Corporate Social Responsibility

Courage is why.

Sandra believes that when Albertans come together, anything is possible. Their courage inspires her to lead our CSR team to even greater heights.

View Sandra's story at **annualreport.atb.com**

In some corners of this wonderful province, we're better known for our connection with the community than for our banking services. We don't mind that one bit, because our mission to create happiness is as expansive as it is important. For over 80 years, we've pursued it with the same steadfast zeal and authenticity.

One new development this year? For the first time in our history, we've combined our corporate social responsibility report with our annual report. The reason is simple.

ATB exists to pursue the greater good of Albertans, full stop. We don't think of our social and environmental activities as separate from the rest of what we do. In fact, they've never been a deeper part of who we are as a company and as Albertans.

Awards

Workplaces for Giving Back, Best Workplaces for Women, Best Workplaces for Inclusion (Great Place to Work), 2019

Top Employers for Young People (MediaCorp), 2019

Alberta's Top Employers (MediaCorp), 2019

Award of Excellence, Financial, Physical and Mental Wellness (Venngo), 2019

50 Most Engaged Workplaces (Achievers), 2019

Elite Eight, Best Employers in Canada (Aon Hewitt), 2018

Gold Award, Learning Elite (Human Capital), 2018

Lipper Award for investment funds, Mixed Assets (Lipper Fund Awards), 2018

Lipper Award for investment funds, Canadian Fixed Income Balanced (Lipper Fund Awards), 2018

Ranked #2, overall customer satisfaction index for Canadian Midsized Banks (J.D. Power), 2018

FundGradeA+ Awards for Compass Balanced Growth, Balanced, Conservative and Conservative Balanced portfolios (Fundata Canada), 2018

Legal Department Management Award, Small Department (Innovatio), 2018

Innovation of the Year Award (Innovatio), 2018

Insight Award (SAS), 2018

Best in Class, Canadian CX Index (Forrester Research), 2018

Learning is why

What makes Faizel happy? Creating happiness for others. It's a simple insight, but it leads to some pretty profound places—for Faizel, for the people he serves and the team he leads.

View Faizel's story at **annualreport.atb.com**

Economy

An Alberta that works for everyone is why.

Alberta's economy ran into some serious headwinds in the last year. Stubbornly low energy prices and regulatory uncertainty combined to make it a challenging year for many.

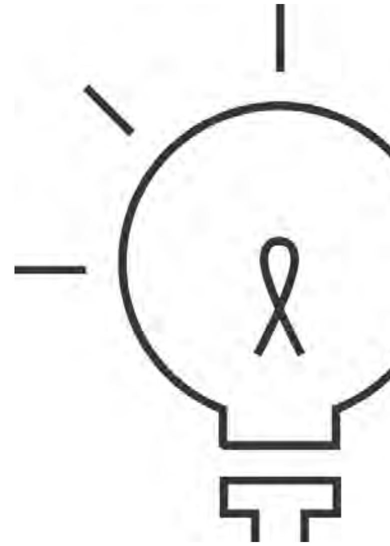
But while the economic anxiety was real, so was ATB's commitment to our fellow Albertans. We stood by our customers, our clients and our fellow Albertans with long-term plans, programs and partnerships to help them prosper in every sense of the word. Because we are more than a bank, we also helped in more creative ways. We volunteered on Habitat for Humanity builds, co-created custom financing plans for nonprofits, grew our financial literacy programming and much, much more.

How Four Directions empowers us all

Four Directions Financial uses biometric tech to make banking more accessible to Albertans experiencing homelessness or living in poverty.

Social enterprise projects

Social enterprises are all about finding solutions that work for everyone—a perfect fit with ATB's mission to create happiness. Over the last year, our social enterprise projects included:



- **BoostR** and **LendR**, our crowdfunding platforms for Alberta businesses.
- Offering **free banking** to Alberta entrepreneurs over their first year.
- **ATB X**, an intensive 14-week accelerator for startups.
- Providing custom financing at below-market rates to nonprofits including Attainable Homes, Habitat for Humanity and the Home Space Society.
- Opening our fourth entrepreneur centre, this one in Grande Prairie.
- Growing our **innovative partnership with Cashco** to reach Albertans outside the conventional financial services system.

Poverty, homelessness and financial empowerment

We mean it when we say we want to be more than a bank. In the last year, more than 100 ATB team members volunteered to deliver financial literacy programming for more than 1,500 Albertans. Many of these programs reached some of the most vulnerable, including people experiencing poverty and homelessness.

Here are a few other ways we pitched in around Alberta this year.

Homespace

Homespace is a Calgary-based real estate company that operates 521 units of affordable housing throughout the city. It has a unique social financing agreement with ATB, through which we effectively cover the interest on their line of credit. This helps to provide more affordable housing to low-income Calgarians.

Habitat for Humanity

ATB supported Habitat for Humanity this year with donations of both time and money. We helped build a five-plex in Calgary's Bowness community. We also pitched in on the Jimmy and Rosalyn Carter Work Project in Edmonton for the second year in a row. In December, we were delighted to present the keys to one of the 13 families moving into the project.

A hand up for helpers

Our Corporate Financial Services team developed customized financing for organizations working against homelessness and poverty in our communities.

For Attainable Homes, we built a structured loan for general operations and unit purchases. For Habitat for Humanity, we provided project financing for home construction. For Home Space Society, we provided development financing for rental projects.

Making banking work for everyone

This year, our External Equity and Inclusion team applied the principle of "ABC"—that's access, belonging and clarity—to rebuild ATB's tools, processes and policies with particular regard for people with disabilities. One in seven Albertans have a disability and, for too many, that means accessing financial services is hard or even impossible.

In the last year we addressed this through our business banking and re-banking apps, and worked with Mastercard to improve the physical design of our credit cards.

A decade of Junior ATB

Junior ATB celebrated its 10th anniversary this year. That's 10 years of spreading financial literacy and job skills to young Albertans.

Junior ATB operates in 96 schools across Alberta. Each "branch" runs as a partnership between a local elementary school and a nearby ATB branch. Students run the whole thing (with some oversight from the grownups) so they learn about how banks work firsthand. They accept real money for deposits and teach students about concepts like customer service, professionalism and real-life applications of math. The students even run their own boards of directors. (Miniature suits and ties are optional.)

The Junior ATB of St. John Bosco

Here's how one Junior ATB makes a difference to teachers, to ATB team members, and to students like Silvano, who started as a teller and is now the CEO.

Financial Pathways Collaborative

Financial Pathways is a unique partnership between three community agencies and seven financial institutions. It brings the "Each One, Teach One" series of workshops to over 3,000 people in the Edmonton community. The workshops are free and cover a variety of topics, from banking basics to RRSPs and RESPs. They are attended by everyone from newcomers to Canada to at-risk youth to people seeking employment to those living with mental illness. No selling is involved with the program—the focus is on empowering people with knowledge.

Seven ATB team members volunteer with this program.

Junior Achievement

We ran two ATB Junior Achievement days in the last year. Volunteers delivered programs to junior high students in Edmonton and Calgary on everything from financial literacy to leadership. In all, 64 ATB team members helped to reach over 1,000 students.

ATB team members also volunteered in the similar-but-distinct Junior Achievement Company Program, which gives students in junior high and high school the opportunity to start and run a company. Students go through the whole lifecycle of a business, from pitching ideas to marketing to sales. Last year ATB volunteers mentored three different teams of students (45 total) through the program.

Empower U

Empower U offers knowledge and matched savings to vulnerable people in the Edmonton area. It's a partnership between ATB, 10 Edmonton-based social agencies and the United Way. Participants go through volunteer-run workshops and have the opportunity to save money in a special Empower U account designed for this program. Savings are tripled at the end of the program to a maximum of $1,080.

Since its inception, over 1,300 Edmontonians have gone through Empower U. This year 216 did.

These ATB volunteers are in high spirits at a Habitat for Humanity build in southern Alberta.

Post-secondary financial literacy

Over the last year, we've teamed up with six of Alberta's post-secondary institutions to create opportunities for students to understand the basics of finance. We've created four units covering budgeting, saving, the Canadian banking system and taking control of money. More than 700 students attended the events this year. Our partners included SAIT, NAIT, the University of Calgary, the University of Alberta, Mount Royal University and MacEwan University.

The Alex Centre

We teamed up with the Alex Community Centre in Calgary to design and implement a financial literacy program for interested Housing First clients. ATB team members volunteered as guests for some of the sessions, answering any questions the clients had as they moved through the curriculum.

Tax Time Savings

This program helps low-income Albertans maximize their tax savings. It is run by Momentum in conjunction with free tax clinics offered by agencies in Calgary. Low-income filers are encouraged to pledge to save a portion of their tax refund in a dedicated ATB account. If their pledged amount remains untouched for a year, we kick in 50% of their contribution for free, up to $500.

This was our pilot year for the program. We helped 131 participants save more than $135,000.

RESOLVE campaign

Calgary's RESOLVE campaign was a fundraising drive aimed at creating affordable housing for vulnerable and homeless Calgarians. With help from ATB and others, RESOLVE raised more than $74 million last year, enough to get 1,850 Albertans off the street and into a home with support. The savings to social programs and government for this is estimated to be $632 million over 10 years.

Support for post-secondary education

Education opens up new worlds, stokes the fire of our curiosity and fuels Alberta's economy. When you get right down to it, education is the ultimate answer to the ultimate "why." That's why we were happy to support students and schools over the last year.

ATB Loran Scholars

The ATB Loran awards are handed out by the Loran Scholars Foundation on the basis of qualities that transcend transcripts: character, integrity, commitment to service, entrepreneurial spirit, breadth of interests, teamwork and potential for leadership. Loran Scholars are leaders and innovators, dedicated to serving their communities. (We like to think they're a bit like us.)

The Foundation selected eight winners last year. In addition to financial support, ATB invites the winners to ATB events and offers them opportunities to interview for ATB 101 positions.

ATB 101

ATB 101 is our student work experience and engagement program. Now in its fourth year, it provides meaningful employment, rich in learning experiences. It encourages students to think big and make it happen.
Last year ATB 101 expanded to become year-round, with three intake periods. We welcomed 106 students into our ranks, with one-third of them having their contracts extended. ATB 101 was also cited as a reason for our recognition as one of Canada's Top Employers for Young People.

Norquest Agency

NorQuest College broke new ground this year, with help from ATB: it became the first post-secondary institution in Alberta to manage a banking facility. ATB NorQuest, opened in January, is run by college staff and offers a full suite of banking services to students, employees and the community. Half of its profits go back into NorQuest itself to benefit students, and more than 500 accounts have been opened there.

Our partnership with NorQuest reaches other areas too. We've invested in its Indigenous Access Bursaries, which provide emergency financial aid to help Indigenous students stay in school. Most recently, we helped design and deliver finance empowerment programming across campus.

Bow Valley College

We've teamed up with Bow Valley College to create the ATB Centre for Financial Empowerment on campus. The centre gives students access to free financial literacy programming and service. Events include "Ask the Banker," budget boot camps, money management workshops, a matched savings bursary program, one-on-one coaching and more.

Economy scorecard

Metric	FY2018	FY2019	FY2020 target	Action plan
Money spent on goods and services from suppliers	$532 million	$564 million		Continue using a supply base that conforms to environmental standards.
Direct economic value generated and distributed	Economic value generated: $1,582 million; economic value distributed: $1,308 million; economic value retained: $275 million	Economic value generated: $1,682 million; economic value distributed: $1,534 million; economic value retained: $147 million		Grow our direct economic value generated and distributed to the Alberta economy through the attainment of our three organizational goals.
Range of ratios of standard entry-level wages compared to local minimum wage at significant locations of operation	1.173:1	1.063:1		Continue to keep entry-level wages above minimum wage.

Creativity is why

Ben spent his 20s making music across Canada. The journeys taught him the power of creativity. They also brought home how hard it can be for artists to access banking. He draws on both these lessons every day now during his work at The Branch for Arts and Culture.

View Ben's story at **annualreport.atb.com**

Workplace

Becoming *THE* place to work is why

We've got big dreams, we admit. But with over 80 years of serving Albertans, we've learned that big dreams don't amount to much on their own. They need a great team to bring them to life—or, rather, they need a bunch of great teams, working and flourishing together.

That's why we work hard to create workplaces that bring out the best in people, grow strong leaders and recognize their achievements in an authentic way. That's why we foster diversity, inclusion and health within our walls. That's why we celebrate our peers who go the extra mile for their community.

In short, our people are our number-one asset, which is why we are extra proud of this year's team member engagement score of 91%, putting us in the top decile of surveyed companies for the second consecutive year.

Helping Hands

In this year of economic challenge, ATB team members responded by the hundreds to pitch in across their communities. Helping Hands was there to amplify their efforts.

Helping Hands subsidizes the best intentions of our peers. For any team member who volunteers 40 hours or more in a year, Helping Hands donates $500 to the cause of their choice. If the volunteering involves fundraising, ATB chips in 20% of their goal up to a maximum of $500.

This year, ATB team members donated more than 27,000 hours of their time to causes they cared about, resulting in over $111,000 in donations to charities.

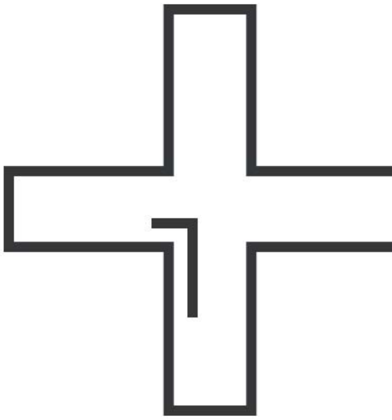
ATB's Andrew Katakahara volunteers as a coach with the Junior Cougars football team. Through Helping Hands, ATB also provides financial support to the club.

Everyday Heroes and President's League

The Everyday Heroes rewards program gives ATB team members an easy way to hand out meaningful kudos in the workplace. Any team member can give another ATB team member Everyday Heroes points, which can be redeemed for everything from travel to gift cards to gadgets. Team members can also nominate their peers for quarterly awards, which are handed out four times each year along with some bonus points. Last year more than $1.4 million worth of high-five-powered goods were claimed.

Quarterly award winners are also eligible for induction into the President's League, which is ATB's answer to the Avengers. League inductees win three bonus days of paid time off and can access an Everyday Heroes personal concierge service to help them enjoy the fruits of their points.

Inclusion and diversity



Our external commitment to inclusion and diversity is matched by our internal support for these values. Through a combination of engaged executive leadership and grassroots initiatives, ATB team members have built six different networks, all unified in their desire to make every team member feel welcome and valued at work. They are:

- An LGBTQ2+ network
- A group called the Melting Pot for team members who are new to Canada
- A group for ATB team members of Filipino heritage
- Ellevate, a group for empowering women at ATB
- The Ability team
- An Indigenous network

These groups all connect like-minded people to support each other and guide ATB to improve our communication and help us attract talent and customers in this increasingly diverse province.

Learning and leadership

Do great teams make great leaders, or is it the other way around? In our experience, the answer is "both." That's why we see investing in the next generation as not just necessary but urgent.

We make this investment in many different areas, from our leadership framework to our formal feedback systems to our appetite for courageous conversations. Our learning systems are some of our most powerful and important tools in this mission. We've invested in cutting-edge experiential learning tools like Degreed to help each ATB team member learn what they need, when they need it.

Mental health and wellness

We want every ATBer to access the health services they need to live their best life. That includes mental health services, which too often carry an unwarranted stigma. In fact, we're not big fans of the term itself: "mental health." It sounds like a subgenre of health, and suggests that mental wellness is separate from our overall well-being.

And we think that's just not true. Mental illness can impact a life, a family and a community just like physical illness can. The way we think about and address them should be similar. Too often, they aren't.

To push back against this, we incorporated a strong focus on mental wellness in our total health strategy this year. That included taking part in two big national campaigns, National Depression Screening and Not Myself Today, which work to reduce the stigma around mental illness and promote mental health.

The strategy is also supported by two grassroots internal ATB teams: the Mental Health Action Team and the Wellness Leadership Committee. Both are made up of leaders drawn from across ATB.

This year we also launched Wellness Wednesdays, a monthly video series led by our president and CEO. Each video invites ATB team members to look at a different aspect of health, like physical, emotional, spiritual, mental and financial.

The Man Van plan

This year we continued our partnership with the Prostate Cancer Centre to bring eight Man Van clinics to rural Alberta. These masculine motor vehicles are the only mobile prostate cancer screening clinics in the world. They provide convenient blood testing with confidential results, making it quick and easy for Albertan men to access prostate cancer screening wherever they live. This year the vans also offered a mental health "stress check" for the first time.

The vans have screened more than 2,000 men through this partnership since it began in 2015. We hope they'll screen thousands more.

At a Man Van stop in Sylvan Lake, two men enjoy a very specific—and very important—type of peace of mind.

Transformation team

Just as our non-banking activities in communities across Alberta are not separate from our core operations, our health and wellness programs are not distinct from the work we do each day. If work doesn't make us feel energized, empowered and satisfied, the best wellness program in the galaxy won't make up for it.

We developed our unique Transformation team to make sure we don't overlook this. The team exists to change how we think and solve problems for customers. It brings together hundreds of ATB team members to tackle the problems that have plagued banks and banking customers for decades.

One team developed an app that cuts down the time it takes to open a new retail account to less than 10 minutes. Another developed a robotic approach to ensure customers' addresses were consistent across all our systems. The upshot? ATB team members have more time to do what they're especially good at—cultivating rich relationships with our customers.

Workplace scorecards

Creating an "ALL IN" environment

Metric	FY2018	FY2019	FY2020 target	Action plan
Employee engagement	91%	91%	91%	Continue to be the place to work, where team members are "ALL IN."
Percentage of ATB team members who responded positively to the statement: "This is a socially and environmentally responsible organization."	96%	95%	96%	Raise CSR awareness among team members via the Annual and CSR report.
Percentage of ATB team members who responded positively to the statement: "Team member learning and development is strongly supported at ATB."	88%	84%	88%	Foster an environment of learning, seeking out and sharing of new ideas, and continuous improvement.
Absenteeism	6.2 days	5.1 days	≤ 6 days	

- For the second consecutive year ATB met its engagement targets and is within the top decile of survey participants.

- ATB team members almost unanimously agree that they care about their communities and the environment.

- Learning and development is a key metric that indicates our capability to be truly customer obsessed and our preparedness for the future of work.

Workplace scorecards

Fostering a diverse and inclusive workplace

Metric	FY2018	FY2019	FY2020 target	Action plan
Compensation ratio men vs. women[1]	1.03	1.02	Parity	Ensure compensation plans are fair and equitable.
Senior executives who are women (18 of 47)[2]	30%	38%	Parity	Work towards more balanced gender representation, along with other dimensions of diversity, on our executive team.
Board directors who are women (6 of 12)	50%	50%	Parity	Support our existing Board diversity policy.
Diversity indicators among all team members (as a % of population.)			Increase representation of Indigenous people, people with disabilities, and LGBTQ2+ team members.	Identify gaps in hiring, especially of people with disabilities and Indigenous people. Continue to grow awareness and create an inclusive workplace through team member networks.
Women	65%	63.50%		
Indigenous peoples	1.94%	2.30%		
Visible minorities	23.31%	29.20%		
LGBTQ2+	2.49%	3.10%		
Persons with disabilities	2.51%	3.10%		

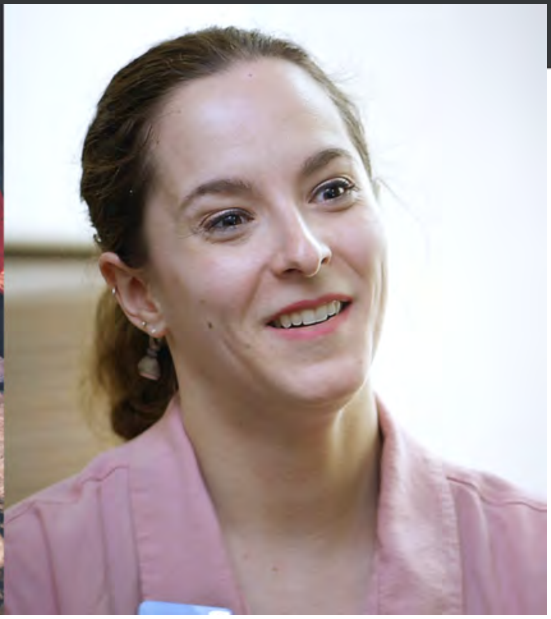
- At the overall average level the wage parity gap at ATB remains small. The 1.02 ratio means that, on average, men earn 2% more than women in equivalent roles. Nationally it is believed that men earn somewhere between 13% and 25% more than women, on average.

- Diversity indicators have shown steady, marked improvement since FY2017 and are equal to or better in most categories versus the largest Canadian banks.

Metric	FY2018	FY2019	FY2020 target	Action plan
Substantiated reports of privacy infringement	113	122	0	Monitor privacy infringement trends to make appropriate updates to the enterprise training and provide suitable and timely guidance to assist branch resolution of incidents.

[1] Executive grades see a pay differential of up to 7% in favour of men.

[2] Includes Senior Leadership Team and vice presidents.



Helping is why

For Isabelle, customers are more than customers—they're neighbours. Through her work at The Branch for Arts and Culture, she listens to some of the most creative people in Alberta. Then she makes banking work for them.

View Isabelle's story at **annualreport.atb.com**

Community

Bringing Albertans together is why.

We talk a lot about standing by Albertans in good times and in bad. This isn't a satellite market for us. We know our customers are more than customers. They're our neighbours, our friends and our families. Their success is our success. Their struggles are ours too.

Maybe that's why, in a year when the economy created real challenges for our fellow Albertans, these community-building projects felt especially meaningful.

Whatever the reason, we relished every chance we got in the last year to strengthen our partners and communities by supporting causes that make a real difference.

Here are some of the highlights.

ATB fundraisers

Teddy for a Toonie

Teddy for a Toonie has become an annual fixture in Alberta's fundraising calendar. This year was no exception. ATB customers and team members collaborated to raise $637,000 for the Stollery Children's Hospital in Edmonton and the Alberta Children's Hospital in Calgary.

Teddy for a Toonie has now run for 19 years and raised over $9.7 million for children's health in Alberta. It has also helped an unknown but likely staggering number of teddy bears find deserving homes.

ATB Cares

ATB Cares aims to activate an avalanche of charity across Alberta. The premise is simple, but the effects are profound. Here's how it works:

Albertans pick a charity they want to support and donate to through ATB Cares. Their charity of choice receives 100% of the original donation, plus an extra 15% provided by ATB for eligible Alberta-based charities.

Last year $4.9 million made its way to charities supporting Albertans in countless ways through ATB Cares.

United Way

This year's United Way campaign brought out the best in ATB team members, whose creativity in fundraising reached new heights. The campaign raised over $636,000, mostly through donations from team members, to fund programs in all 10 United Way Alberta regions. We also continued our efforts to educate everyone at ATB, through storytelling and interactive tools, on the United Way's profound impact on our province. This year's campaign brings our total United Way contribution to $9.6 million.

Calgary Centre for Sexuality

A few years ago, the Calgary Centre for Sexuality noticed a disturbing trend: While teen pregnancy rates were dropping, STI rates continued to march upward, along with domestic and sexual violence rates.
That's when WizeGuyz was born. WizeGuyz is a program for Alberta boys in grade nine. It walks these young Albertans through four weekly classes that give them skills to have healthy relationships, teach them to respect others and challenge stereotypes about masculinity. Ultimately, it aims to influence the next generation of young men.

WizeGuys was founded in 2010 and now reaches schools in Calgary and rural Alberta. ATB has supported the program since 2017.

Indigenous dancers at a Spirit North event in Canmore.

Spirit North

Founded in 2009 by Canadian Olympian Beckie Scott, Spirit North aims to help Indigenous youth across Canada grow with the power of cross-country skiing. Spirit North promotes health, fosters resilience and develops life skills that lead to real, lasting change. ATB was proud to support Spirit North's activities in Alberta in the last year.

Pride

Acceptance everywhere.

We live by these words within our walls and in the communities we serve, because we believe in the power of love and diversity. Acceptance everywhere is our goal—and the spirit of a movement we're proud to support.

In 2018, ATB supported Pride organizations in Calgary, Edmonton and Lethbridge, along with provincial programs like Reading With Royalty and Camp fYrefly, which support LGBTQ2+ youth.

We also celebrated Pride in branches across Alberta, splashed Pride colours across ATB Place in downtown Edmonton, and charmed thousands of Calgarians with our second year of free Fiasco Gelato at the Pride crosswalk on Stephen Avenue. We were also the first financial institution in Canada to offer a Pride Mastercard.

Pink Shirt Day

We took a stand against bullying in 2019—and this time, we brought our friends. We invited invited the “employees” of Junior ATB to join us in wearing pink shirts on February 27 as a way to take a stand against bullying around the world.

They also helped us put together a little video about **what Pink Shirt Day means to them.**

Nina Haggerty Centre for the Arts

Since 2003, the Nina Haggerty Centre for the Arts has brought truly original art to the world. The Centre is a collective made up entirely of artists with developmental disabilities. Now almost 200 members strong, work from Nina artists has been shown around the world.

This year, we supported the Here’s Nina event, an annual fundraiser and awards show for the Centre, where Curtis Stange presented ATB’s Emerging Artist Award to sculptor and painter Jared Quinney.

Sponsorships

We sponsor several large music and art festivals every year including the Calgary Folk Music Festival, Calgary International Film Festival, Edmonton International Fringe Festival and Edmonton’s Interstellar Rodeo.

We rounded out the summer festival season with the Lethbridge Dragonboat Festival and Grande Prairie Street Performers Festival, both of which are long-time partners.

In the winter, we busted out our party hats (OK, toques) to celebrate the 2019 Canada Winter Games, which brought 20,000 spectators and 3,600 athletes to Red Deer.

Former Team Canada goalie Carla MacLeod, centre, coached the Team Alberta women’s hockey at the 2019 Canada Winter Games, which ATB supported.

We support hockey at the NHL, university and minor levels and sponsor teams in the Western Hockey League as well as the Alberta Junior Hockey League. Our partnership with Hockey Alberta supports 12,000 players across the province and provides an assist to their Every Kid, Every Community program, which benefits kids and communities in need.

Albertans also love curling and golf—and so do we. We support Team Koe, one of Canada’s best curling squads. The ATB Financial Classic (1 of 12 PGA Tour Canada events) and Syncrude Oil Country Championship raise an average $75,000 each year for their respective charities.

One of our oldest sponsorships remains Spruce Meadows, showcasing some of the best horses and athletes from around the world.

Community scorecard

Metrics	FY2018	FY2019	FY2020 target	Action plan
Donations	$3.1 million	$3 million	$3 million	Review our giving focus areas to ensure our donations have the greatest impact for Albertans.
Sponsorships	$6.6 million	$7.5 million[1]	$6 million	Connect community, customers, and partners by creating delightful—and relevant—experiences that reflect the ATB brand of putting people first and that continue to align our objectives and measurement to our business goals.
ATB fundraising	$1.3 million	$1.3 million	Match or exceed FY2019 results	Our Teddy for a Toonie campaign will include Grande Prairie hospital this year and will focus on enhancing mental health for children and youth. Our United Way fundraising efforts will continue to focus on reducing poverty across Alberta.
Junior ATB	96 schools	96 schools	100 schools participating	Increase the number of Junior ATB programs, including increasing the number in Indigenous communities.
Employee giving program (Helping Hands)	$92,610 in grants, 21,000-plus volunteer hours	$111,220 in grants, 27,000-plus volunteer hours	$100,000 in grants, 25,000 volunteer hours	Evaluate the program and consider an online platform for its administration.
ATB Cares	$4.5 million in donations, $305,000 matched by ATB, $4.8 million total donated to charities	$4.7 million in donations, $243,000 matched by ATB, $4.9 million total donated to charities	$5 million donated to charities (including match from ATB)	Continue to upgrade the ATB Cares website.

[1] This year we were able to access some marketing funds to reach specific audience segments through targeted partnerships.

Relationships are why.

Everyone at ATB believes in the power of listening, but Steve takes it to a whole new level. His exquisite listening skills let him hear the heartbeats of customers and of the team he leads.

View Steve's story at **annualreport.atb.com**

Environment

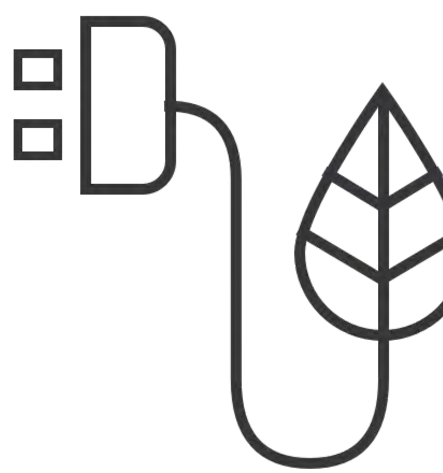
A healthy planet for future generations is why.

Financial services might not attract as much attention for its environmental impact as other industries do. That doesn't mean we don't have work to do. Each year, ATB searches for new ways to emit less carbon, use less paper and send less junk to the dump. We invest in a healthy environment because we know Alberta needs one.

We're not perfect in this regard—not by a long shot. But we are moving, with determination, in the right direction

Carbon footprint

Roughly three-quarters of our carbon footprint originates in our branches and office space. Since most of our emissions come from our offices, that's where we focus most of our emissions reduction efforts.



This year the number of branches that have been retrofitted for energy efficiency passed 100. These upgrades to cooling and lighting systems have played a big role in the 19% reduction in direct energy emissions we've achieved since our 2014 carbon inventory study. They have also reduced electricity consumption by more than three million kilowatt-hours.

We used the savings from our power bill to buy AltaGas renewable energy certificates that are equivalent to 18,000 megawatt-hours of electricity. That means that all of ATB's purchased power is green.

Next year we're going to study the viability of installing wind and solar power generators on our buildings to reduce our carbon footprint further.

Around the office

Paper reduction
Our digital signature project has continued to cut down the amount of paper we use. This project alone has saved almost 84,000 pounds of wood, lowered our carbon emissions by 189,000 pounds and stopped us from sending 12,000 pounds of waste to the landfill.

Planting seeds
We also got involved in a few smaller-scale projects this year. Since small things have a way of making waves in time, we think they bear mentioning here:

- The office buildings and branches where we control the lighting all participated in Earth Hour in March, turning their lights off in a symbolic gesture aimed at inspiring environmental action.
- We planted a community garden at our Calgary Campus location with sunflowers, strawberries, herbs and some other bee-friendly plants.

Solar panel financing
ATB continued its solar panel financing program that helps all of our customers, from businesses to farms to individuals, install solar panels on their property. The program runs through 49 participating vendors across the province. Last year it helped 6,500 solar panels (worth nearly $2 million) find good homes.

Calgary Campus waste management
Our Calgary Campus has been gnawing away steadily at the amount of waste it produces, thanks in large part to “Chewie”—a thermal vacuum reactor that converts organic waste into biofuel. Chewie is 12 feet long and eats everything the 1,100 local team members feed him: food waste, paper cups, coffee grounds, wooden stir sticks, tea bags and more.

Last year, Chewie chowed down on 65 metric tons of waste. The biofuel produced 80,000 kilowatt-hours of energy.

A bank on wheels
We’re all about people-powered transportation.

Last year we launched a rideshare program to make it simple for our teams to coordinate car trips. Riding together saves on gas and builds community, after all. We hit a few bumps in the road with the launch of this program and didn’t see the uptake we dreamed of, but we remain convinced that it’s a good idea and plan to revisit the conversation in the coming year.

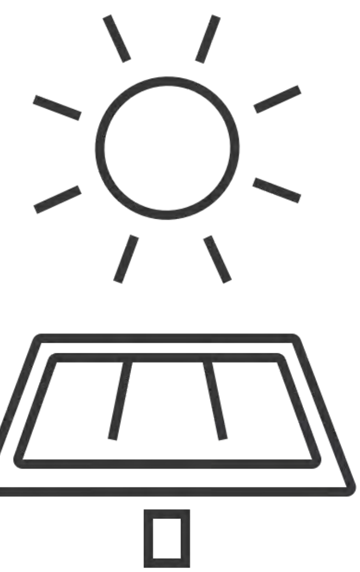
We also continued to operate our cruiser bike program, which provides free bicycles-for-borrow to ATB team members at ATB Place in Edmonton and at our Calgary Campus.

A new approach to the final frontier
ATB reimagined space this year—office space, that is, which we find pretty exciting.

In the last five years, the way we work has changed. We collaborate more, across greater distances, faster than ever before. The way we allocated our office space and planned for the future was out of step with that.

So this year we updated it. Our Workplace 3.0 plan will bring new vibrancy to ATB’s spaces while cutting down on the actual square footage we occupy. We estimate we’ll need 92,000 square feet less next year, another 16,000 square feet less the year after that and a further 50,000 square feet less over the next three years.

Workplace 3.0 will help us work smarter, harder and happier. It will also cut down on our carbon emissions and other environmental impacts by yet-to-be-quantified amounts.



Putting the ‘unity’ in community
We believe that we’re better together at ATB, which is why we love partnering up to help the environment.

Our relationship with Ducks Unlimited began back in 2014. We created the ATB Financial Legacy Fund and paired it with a yearly donation to cover the interest on the loan. Together, the funding is helping Ducks Unlimited to purchase and restore thousands of acres of wetlands and earn revenue to purchase new lands for conservation.

Last year, the combined size of wetlands restored reached 8,605 acres over 27 different projects. Those wetlands will store almost 138,000 metric tons of carbon over 33 years, along with a host of other environmental benefits. The partnership is projected to fund 60 projects over its 10-year lifespan.

Another partnership we entered is with Goodwill Industries of Alberta in 2017. Together, we divert items from landfills and provide meaningful employment opportunities to Albertans living with disabilities. Last year Goodwill boosted its landfill diversion rate from 78.5% to 84% and won a “best in class” award from the Recycling Council of Alberta. Next year they will launch a furniture refurbishment program that will divert more furniture from the landfill and create job opportunities for Albertans with disabilities.

Environment scorecard

Metric	2017 carbon inventory study	2018 carbon inventory study	FY2020 target	Action plan
Total carbon footprint	37,463 tCO_2e	36,194 tCO_2e	Continue with average 5% per year reduction improvements.	Implement carbon tracking recommendations from carbon inventory study.
Direct energy consumption by primary source (natural gas only)	6,244 tCO_2e	6,190 tCO_2e	Achieve average 5% per year reduction improvements.	Continue investment in branch energy retrofit program, and implement remote utility monitoring and control for increased energy savings.
Indirect energy consumption by primary source (electricity only)	20,714 tCO_2e	19,765 tCO_2e	Continue with average 5% per year reduction improvements.	Continue investment in branch energy retrofit program, and implement remote utility monitoring and control for increased energy savings.
Other indirect emissions sources:	10,506 tCO_2e	10,253 tCO_2e	Decrease overall travel volumes and paper usage.	Improve and optimize distance communication using technologies and applications available in business productivity suites.
Business travel (air)	482 tCO_2e	397 tCO_2e	Decrease air travel volumes in favour of digital or lower impact options such as bus, train or ride share.	Continue to encourage videoconferencing and other remote work strategies to reduce travel requirements for meetings.
Hotel	118 tCO_2e	147 tCO_2e		Continue to encourage videoconferencing and other remote work strategies to reduce travel requirements for meetings.
Business travel (other)	1,834 tCO_2e	1,060 tCO_2e		Business travel reporting has captured this underreported carbon-emission source. Data tracking will allow for team consideration of lower carbon transportation options.
Employee commuting[1]	7,480 tCO_2e	8,195 tCO_2e		Continue to support Workspace 2.0 (flex-work/work-from-home) strategies. Support bike-to-work initiatives by adding secure bike parking areas, lockers, and onsite showers.
Waste	465 tCO_2e	349 tCO_2e		Conduct formal waste audit of primary locations in Edmonton and Calgary over the next three years.
Paper usage	127 tCO_2e	104 tCO_2e	Decrease amount of paper used.	Continue to drive paperless solutions for staff and ATB statements and communications.
Meeting environmental standards in all new buildings and renovations	Achieved	Achieved	All new locations to follow environmental standards.	Evolve and enhance environmental standards with changing branch design.
Land conserved through Ducks Unlimited partnership to date and resultant carbon capture (running total over 43 years)	**FY2018:** 7,500 acres conserved; 120,000 tons of captured carbon	**FY2019:** 8,605 acres conserved; 138,000 tons of captured carbon		60 projects, 9,500 acres conserved over the 10 years of our partnership with Ducks Unlimited.

[1] While there appears to be a small bump in employee commuting, we believe this is actually a result of more rigorous and accurate reporting.

$tc0_2e$ = tonnes of carbon dioxide equivalent

"We're lining up what the right choices are to make sure we're set up to be successful—not just successful, but remarkable."

—Bob McGee, Chief Financial Officer

2018–19 Financial Highlights

FY 2019 HIGHLIGHTS

For the year ended March 31		**2019**		2018
Operating results ($ in thousands)				
Net interest income	**$**	**1,191,800**	$	1,122,380
Other income		**490,839**		460,535
Operating revenue		**1,682,639**		1,582,915
Provision for loan losses		**338,145**		105,006
Non-interest expenses		**1,164,170**		1,121,699
Net income before payment in lieu of tax		**180,324**		356,210
Payment in lieu of tax		**41,629**		81,651
Net income	**$**	**138,695**	$	274,559
Income before provision for loan losses[1]				
Operating revenue	**$**	**1,682,639**	$	1,582,915
Less: non-interest expenses		**(1,164,170)**		(1,121,699)
Income before provision for loan losses	**$**	**518,469**	$	461,216

Financial position ($ in thousands)				
Net loans	$	**47,005,724**	$	44,111,040
Total assets	$	**54,344,151**	$	51,893,091
Total risk-weighted assets	$	**37,441,480**	$	35,320,997
Total deposits	$	**35,921,949**	$	32,683,773
Equity	$	**3,644,117**	$	3,279,156
Key performance measures (%)				
Return on average assets		**0.26**		0.55
Return on average risk-weighted assets		**0.38**		0.81
Operating revenue growth		**6.3**		7.3
Other income to operating revenue		**29.2**		29.1
Operating expense growth		**3.8**		7.4
Efficiency ratio		**69.2**		70.9
Net interest margin		**2.28**		2.33
Loan losses to average loans		**0.73**		0.25
Net loan growth		**6.6**		8.1
Total asset growth		**4.7**		6.9
Total deposit growth		**9.9**		(3.7)
Growth in assets under administration		**8.8**		11.6
Tier 1 capital ratio[2]		**9.8**		9.8
Total capital ratio[2]		**15.0**		14.3
Other information				
ATB Wealth's assets under administration ($ in thousands)	$	**20,311,402**	$	18,668,716
Branches		**174**		175
Agencies		**143**		141
Total customers		**768,955**		753,269
Team members[3]		**5,665**		5,302

[1] A non-GAAP (generally accepted accounting principles) measure.

[2] Calculated in accordance with the Alberta Superintendent of Financial Institutions (ASFI) capital requirements guidelines.

[3] Number of team members includes casual and commissioned.

Financials at a glance

Net loans

($ in billions)

Deposits

($ in billions)

Income before provision for loan losses[1]

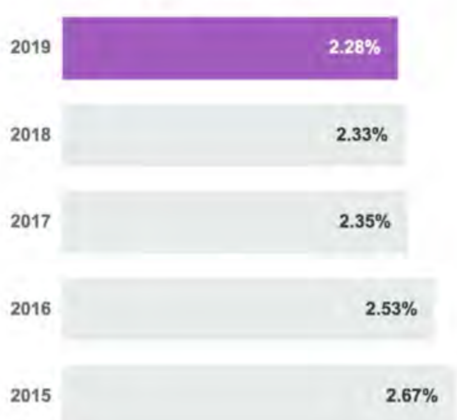
($ in millions)

[1] 2015-16 results exclude income earned on ABCP.

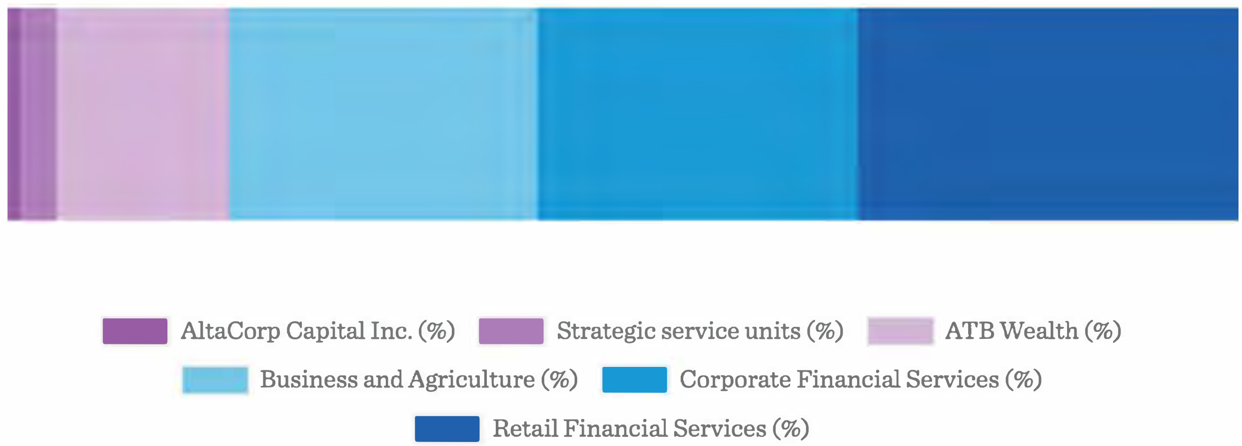
Net income

($ in millions)

Net interest margin



Revenue earned by area of expertise



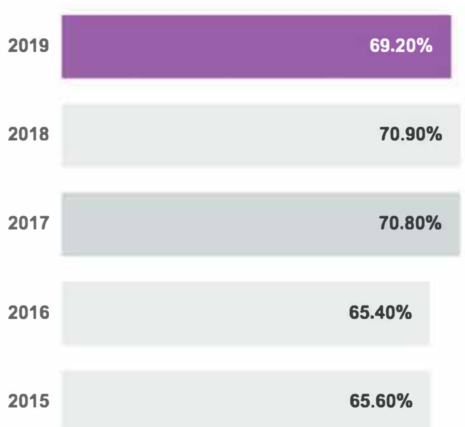
Operating revenue

($ in millions)

Assets under administration

($ in millions)

Efficiency ratio



Message from Chief Financial Officer Bob McGee

View Bob's story at **annualreport.atb.com**

One of the many things I love about ATB is that we want to be more than a bank. That kind of idealism has a way of rubbing off on you. Over my years here, I've come to see that ATB is about more than money—and that my work is about more than numbers. In this, which will be my last full year at ATB, I believe more strongly than ever that my job is really about helping other people to grow. We have the best and brightest people at ATB and in Alberta. Having said that, it is prudent for us to search the globe for a new CFO, so we will do that. I will continue to serve in this role—and I am committed to being ALL IN—until my replacement is found and on board.

For our team members, that means exposing them to opportunities to grow, have fun and make a real difference.

For our customers, that means seeing them as Albertans—not as calculated risks or credit scores. It means standing by them through thick and thin. It means being relentless and genuine in our quest to listen and to make banking work for them. It means knowing that if we're always there for them, they'll always be here for us.

> **"A lot of our performance this year goes back to our approach to the business. If we're always there for our customers, they'll always be there for us."**
>
> —Bob McGee, Chief Financial officer

For our shareholder, it means delivering record revenues in a year of adverse economic conditions.

ATB's financial performance reached several notable milestones this year, in fact. We reached our goal of $500 million in income before provisions, grew assets under administration to over $20 billion, and did $20 billion in new lending.

We also broke new ground with innovations that make real differences to our customers. They can now open a new retail account in 10 minutes or less, receive approval on a retail loan application within hours—instead of days or weeks—and grow their own net worth and Alberta's economy at the same time with the Choose Alberta GIC.

By any measure, it was a record year for the organization. That we delivered these results and new products in the midst of challenging economic conditions is a testament to the grit and creativity of our team members, the vision and wisdom of our board and our genuine obsession with listening to customers.

But we're not stopping here. The future is full of exciting challenges and new opportunities for ATB to help Alberta grow and to make Alberta a happier place. When I look at the new generation of leadership at ATB, I know I'll be leaving an organization whose best results—for its customers, shareholder and team members—are still to come.

For more on our financial strategy, see the MD&A.

Bob McGee
Chief Financial Officer

We can *transform banking*
Reimagine it MAKE BANKING
WORK FOR PEOPLE
Because we carry the *outrageous*
belief that banking can change
PEOPLE'S LIVES FOR THE BETTER
Make their time richer
their aspirations closer
THEIR HAPPINESS DEEPER
HOW WILL WE DO THIS? By doing things other banks wouldn't do
By being ever loyal to our customers *relentlessly inventive*
and steadfastly genuine in our pursuit
of Albertans' greater good
BY USING BANKING TO CREATE HAPPINESS
WHY HAPPINESS?
Because good things happen when happiness becomes your purpose
that's why ATB
will always
BE MORE
than a bank

Stakeholder Engagement

ATB's 2018–20 strategic plan is called ATB Listens, and that central promise not only guides our business but how we engage our stakeholders: our shareholder, our team members, our suppliers, our community partners, and, most crucially, our customers.

We continue to reorganize how we work so we're better able to serve Albertans. We do it in big ways like through a customer obsession leadership team (COLT) that strives every day to change what people hate about banking and create what people love.

We listen to our more than 5,500 team members, every day, and apply what we've learned to every engagement with all of our stakeholders. The chart below contains more detail on how we connect with each group and the metrics we use to help us track our progress.

Stakeholder	Engagement channels	Indicator
Our shareholder (the Province of Alberta)	● ATB's board chair provides regular reports to the President of the Alberta Treasury Board and Minister of Finance. ● ATB's CEO provides regular reports to the Deputy Minister of Alberta's Treasury Board and to the Minister of Finance. ● The Minister provides direction and feedback to the board and the CEO during the annual strategic planning process. ● ATB provides information to the Alberta Superintendent of Financial Institutions (ASFI) on an ongoing basis, consistent with the requirements of our mandate and roles document. ● Each quarter, the ASFI reviews our financial results and minutes of all major management committee and board committee meetings. ● ATB holds an annual public meeting open to all customers, team members, and interested community members.	● Return on risk-weighted assets
Our team members	● We survey team members twice a year to obtain feedback on their overall experience working at ATB and to obtain a measure of engagement. ● All team members have access to G+ communities where they can receive, post, and comment on relevant information for that community. ● ATB's intranet site promotes team member interaction and engagement. ● Our CEO, Curtis Stange, spends 15 minutes with all team members each week in a segment called "Fridays in 15." During this time, Curtis gives team members insight into what's on his mind and responds to questions. ● Any team member can directly contact our president and CEO as well as any member of our senior leadership team. ● Each area of expertise / strategic support unit has regular meetings and/or broadcasts where leaders share high-level updates and team members are encouraged to ask questions. ● "Dear John" is a Google app that allows Retail Financial Services team members to share their voice. It is open for any and all ideas about our products and services, how we can transform and elevate our customer experience, or let us know when something isn't working properly. The tool has received more than 7,150 submissions, including 850 this year alone. ● ATB is subject to the *Public Interest Disclosure (Whistleblower Protection) Act (PIDA).* Under the board-approved safe disclosure policy, team members may anonymously contact an external service provider to issue suggestions and complaints.	● Employee engagement scores

Our customers	● We measure customer loyalty through our customer advocacy index (CAI) in all areas of expertise—Retail Financial Services (RFS), Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and ATB Wealth. ● Service quality evaluation studies are completed with new customers joining ATB as well as disappointed customers leaving ATB. We use what we learn to improve our products, processes, and customer service. ● My Two Cents Panel is an ATB-owned-and-operated customer panel where in-house researchers run studies with our customers. Along with the ability to run our own independent study, we can include questions in a quarterly omnibus study to receive regular feedback on all aspects of our service. ● The Listening Post exists to hear the Voice of the Customer (VoC), which is a program focused on collecting customer feedback, mining that feedback for insights and then incorporating the insights into business decisions. ● We record every call to ATB Client Care and mine the conversations for insights. ● Branches typically deal with customer complaints, though customers can escalate their concerns through our customer complaint and resolution policy. As a Crown corporation, we fall under the jurisdiction of the Alberta Ombudsman, to whom customers may submit complaints if they remain unsatisfied with our response. ● We use social media to directly engage customers. ● We engage small and medium-sized business owners through our B&Ag area of expertise and our entrepreneur centres. ● Any customer can directly contact our president and CEO at curtis@atb.com. ● Our economists produce *The Owl,* a daily economic forecast. ● *ATB Investor Beat* is a quarterly report that provides insight into Albertans' saving and investing behaviours. ● ATB leaders and experts participate in business and community events across the province. ● Marketing campaigns invite Albertans to engage in conversations with ATB to support ATB's brand promise to listen. ● Every quarter we engage a representative sample of Albertans who do not use ATB in order to assess their willingness to bank with ATB and their perceptions of ATB as a company.	● CAI is based on willingness to recommend ATB (say) and the intention to continue to use ATB (stay), customers are classified as advocates, committed, indifferent, or detractors. The derived CAI Index is a weighted average of the categories. The CAI score ranges from -20 to 90. For more information, see ATB's strategic plan.
Suppliers	● As a Crown corporation, ATB is subject to the Canadian Free Trade Agreement and the New West Partnership Trade Agreement. ● The Vendor Resources website is an online portal for ATB vendors. ● Alberta Purchasing Connection is the Province of Alberta's website for managing public purchasing opportunities.	● Money spent on goods and services from suppliers
Our community partners	● ATB's corporate social responsibility team engages with our community partners on an ongoing basis. ● ATB's community initiatives team manages our corporate sponsorships across the province. ● We have an online application portal for donation and sponsorship requests on atb.com. ● We use corporategiving@atb.com to answer inquiries about applications for funding.	● Community scorecard

About this Report

Scope

This is ATB's first combined annual and corporate social responsibility (CSR) report. We have combined these reports because we believe that supporting Alberta's greater good is an intrinsic part of who we are. Within the CSR section of the report, we profile four key areas of social responsibility: economy, workplace, community, and environment. We follow international standards for CSR reporting and recognize that transparency is key to ATB's long-term sustainability.

ATB Financial (ATB) operates only in Alberta, and our subsidiaries (ATB Investment Management Inc., ATB Securities Inc., ATB Insurance Advisors Inc., and AltaCorp Capital Inc.) operate through their respective area of expertise.

We have no specific limitations on the scope or boundary of this report. It reflects ATB's overall performance as well as its significant economic, environmental, and social impacts on Alberta.

Reporting Period

All activities described in this report were undertaken within fiscal year 2019 (April 1, 2018–March 31, 2019), unless otherwise noted. This report and its content will be updated in May of each year.

CSR Reporting

To develop and present our content in a balanced, transparent, and reasonable way, we have used Global Reporting Initiative's (GRI's) guidance since our first CSR report nine years ago. We used the materiality principle to choose significant economic, workplace, community, and environmental topics relevant to our stakeholders. The stakeholder inclusiveness principle helped us to identify our stakeholders and their expectations. All information in this report is presented to show what makes ATB sustainable, profitable, and responsible stewards. It reflects our significant economic, community, workplace, and environmental activities. The completeness of the report will enable our stakeholders to accurately assess our performance over the reporting period.

CSR Scorecard Committee

Our CSR scorecard advisory committee led and guided the development of indicators, targets and measures within the CSR section of the report. This committee represents key areas of ATB such as finance, human resources, and environmental sustainability. The committee chose indicators to measure the results of our efforts within each of the four key CSR areas. Our resulting report showcases ATB's efforts in CSR for all ATB stakeholders, including our owner and regulator (the Province of Alberta), our team members and our customers.

To ensure accuracy, members from across the organization also reviewed the data. ATB's board-approved corporate social responsibility policy, our CSR values and commitment, combined with the understanding of fundamental operations at ATB, helped us to focus our efforts.

Our CSR scorecard committee members:

- Naomi Gould
- Sandra Huculak
- Suzana Kudelic
- Dale Lechelt
- Holly Regel

Aligning with Global Reporting Initiative (GRI)

Transparency and accountability are key elements of corporate citizenship. ATB continues to align our annual and CSR report with GRI's guidelines to ensure its completeness and balance.

We use GRI's G4 standard and self-declare core compliance. Our GRI content index can be found at the end of this report.

Materiality Overview

We first determined the material aspects included in this report as we compiled our first CSR report in 2011. To guide us, we listened to our key stakeholders, including our senior leaders and board, as well as team members from across the organization, customers, and community partners. Using this feedback, we concluded that our CSR reporting should focus on four key pillars: economy, workplace, community, and environment. We then cross-referenced these pillars with the Global Reporting Initiative index to determine which indicators were most relevant.

We're still asking questions of our key stakeholders and listening to what they tell us. As of this writing—particularly as Alberta's economy recovers and we continue to focus on our team members and where they work and live—the economy, workplace, community, and environment still feel enormously relevant to us. They are the pillars that will guide the bulk of our reporting in the coming pages.

For More Information

For questions about the CSR content of this report, please email the CSR team at: corporategiving@atb.com.

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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 year ended March 31, 2019. The MD&A is current as at May 30, 2019. All amounts are reported in millions of Canadian dollars, except where otherwise stated, and are derived from the consolidated financial statements prepared in accordance with International Financial Reporting Standards. For further details about the amounts reported, refer to the consolidated financial statements.

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

Caution Regarding Forward-Looking Statements

This annual report includes forward-looking statements. ATB may also from time to time make forward-looking statements in other written or verbal communications. These statements may involve, but are not limited to, comments relating to ATB's objectives or targets for the short and medium term, our planned strategies or actions to achieve those objectives, targeted and expected financial results, 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 targets, 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; and other developments, including the degree to which ATB anticipates and successfully manages the risks implied by such factors.

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

About ATB

History and Mandate

ATB was established by the Government of Alberta in 1938 to provide much-needed financial services to Albertans during the Great Depression. ATB became a provincial Crown corporation on October 8, 1997, under the authority of the *ATB Financial Act* and *Alberta Treasury Branches Regulation* (the *ATB Act* and *ATB Regulation*, respectively). In January 2002, we launched our new corporate identity, ATB Financial. This identity reaffirms the business we are in—providing a full range of financial services across Alberta—and reconfirms our commitment to the people of our province. In December 2017, we solidified our new identity when our legal name was changed to ATB Financial.

Legislative Mandate

ATB's legislative mandate, as established in the *ATB Act* and *ATB Regulation*, is to provide Albertans with access to financial services and enhance competition in the financial services marketplace in Alberta. The President of Treasury Board and Minister of Finance (the Minister) and ATB have entered into an agreement formalized in a mandate and roles document, which reflects a common understanding of each party's respective roles and responsibilities in fulfilling ATB's mandate.

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

ATB also operates within the legal framework established by provincial legislation generally applying to provincial Crown corporations, such as the *Financial Administration Act*, *Fiscal Planning and Transparency Act*, and *Alberta Public Agencies Governance Act (APAGA)*, as well as applicable legislation governing consumer protection and privacy. Under *APAGA*, ATB is recognized as a corporate enterprise, a government agency that provides or sells goods or services to the public in a commercial manner. As such, ATB remains independent from government and is frequently exempted from legislative and policy matters. ATB's legal framework also includes certain applicable federal legislation governing money laundering. ATB strives to hold itself to the standards of its peers and industry best practices. As such, ATB voluntarily adopts certain federal requirements and guidance that apply to its activities.

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

The Minister has also implemented the *Legislative Compliance Management* guideline, pursuant to which the board has adopted the regulatory compliance management policy. The key aim of this guideline and policy is to ensure that ATB follows a compliance framework. Our dedicated compliance department is responsible for identifying and monitoring regulatory risk across ATB and ensuring that the business units have implemented key day-to-day business controls that allow them to comply with applicable legislation.

The Minister has also approved a number of guidelines for ATB similar to those issued by the Office of the Superintendent of Financial Institutions (OSFI), which supervises federally regulated deposit-taking institutions. Regulatory oversight of these guidelines is the responsibility of the Alberta Superintendent of Financial Institutions (ASFI).

Under the guidance of the Minister, ASFI has provided a framework that encourages us to voluntarily comply with the international capital measurement framework promoted by the Bank of International Settlements, known widely as the Basel Capital framework, which included mandatory internal capital adequacy assessment (ICAAP).

Although we are still regulated and managed under the ASFI *Capital Requirements* guideline, we complete an annual ICAAP, which incorporates the OSFI guidelines under the standardized approach in determining capital requirements.

The primary objective of the ICAAP is to assess the adequacy of ATB's capital to support its risk profile and business strategy and to meet the expectations of its key stakeholders—in particular, its regulator, ASFI. The key elements of the ICAAP are:

- Identifying all material risks that ATB faced as at the date of the ICAAP
- Assessing the amount of capital required to support ATB’s risks, primarily credit, market, operational, and stress-event risks subject to our risk appetite
- Preparing capital planning to assess the amount of capital ATB may need to support its business plan
- Ensuring ATB complies with all regulatory requirements related to capital adequacy

Both senior management and the board review, challenge, and approve the ICAAP before its submission to ASFI.

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

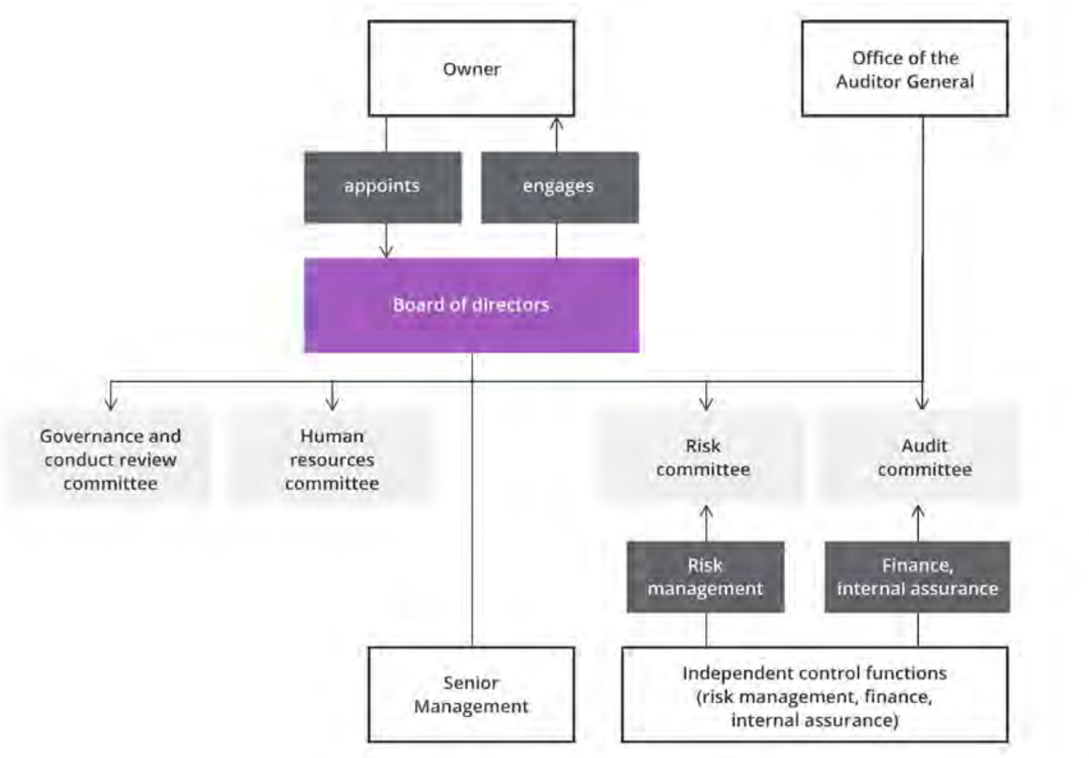
ATB and its subsidiaries pursue compliance with all applicable laws and regulations. Annually, ATB provides the Minister a formal report on compliance pursuant to the *ATB Regulation.*

Corporate Governance

ATB's board of directors is committed to excellence in corporate governance. ATB's corporate governance policies and procedures exceed those required of it by law, and are consistent with relevant public company securities and regulatory requirements and those set out in the corporate governance guidelines of the federal Office of the Superintendent of Financial Institutions. ATB's governance framework includes the board charter and terms of reference for the board of directors and for each of its committees. Additional governance information is contained in the following documents, which are all available on atb.com:

- *Mandate and roles document*
- *Directors' code of conduct and ethics*
- *Key policies related to corporate governance practices approved by the board*
- *Position description for chair of the board*
- *Committee chair position description*

Governance Structure



Board of Directors and Committees

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

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

Board and Committee Structure

Board of directors (chair: Joan Hertz) Terms of reference	**Audit committee** Terms of reference	• Oversees the integrity of ATB's financial reporting and internal control systems and its internal assurance and finance functions • Facilitates communication between the board and its internal and external auditors Members: Barry James (chair), Jim Drinkwater, Colette Miller, Robert Pearce, and Wendy Henkelman
	Human resources committee Terms of reference	• Oversees human resources policies, procedures, and compensation programs, including pension plans • Oversees talent management, and executive succession and compensation Members: Wendy Henkelman (chair), Colette Miller, Diane Pettie, Todd Pruden, Jim Carter, and Manjit Minhas
	Governance and conduct review committee Terms of reference	• Develops governance policies and procedures, including those related to team member conduct and ethics • Oversees board and committee evaluations • Recommends board candidates Members: Diane Pettie (chair), Todd Pruden, Manjit Minhas, Mary Ellen Neilson, and Patrick Lor
	Risk committee Terms of reference	• Oversees management of key business risks within risk appetite • Establishes key risk management policies • Oversees ATB's compliance with regulatory requirements Members: Jim Drinkwater (chair), Jim Carter, Barry James, Mary Ellen Neilson, Robert Pearce, and Patrick Lor

Chair of the Board

The chair of the board is an independent director. The chair allows the board to operate independently of management and gives the directors an independent leadership contact.

Joan Hertz was appointed chair effective January 1, 2019, by the Lieutenant-Governor in Council. The roles of chair and chief executive officer (CEO) are separate.

The chair is responsible for the management, development, and effective functioning of the board and also provides leadership for the board. Her role is to:

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

The chair's key responsibilities are set out in the chair position description and mandate and roles document. The board approves any amendments to the position description, and the governance and conduct review committee annually assesses the chair's effectiveness in fulfilling the requirements of her role.

Board Mandate

ATB is a Crown corporation with regulatory requirements similar to those of the chartered banks and credit unions. Pursuant to the *Alberta Public Agencies Governance Act* (*APAGA*), ATB and the Minister entered into a mandate and roles document that reflects a common understanding of the respective roles and responsibilities of each party in fulfilling ATB's mandate. As a fundamental principle, ATB shall foster competition for financial services throughout Alberta and promote access to financial services and strong financial services providers by operating a sound financial institution with the objective of earning a return that is fair in the context of its mandate and the broad strategic policies and level of risk agreed to by the Minister and ATB.

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

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

Strategic oversight and planning: The board is responsible for overseeing ATB's strategic planning processes and oversight functions. This includes approving the strategic plan and monitoring its implementation and effectiveness and approving ATB's enterprise-wide objectives; capital management policy; internal capital adequacy assessment process; and capital, financial, and liquidity plans, including specific requests for major capital expenditures.

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

Succession planning: The board approves succession planning processes for the board, CEO, and senior executives. The governance and conduct review committee reviews the board succession plan, and the human resources committee oversees CEO and executive succession planning through its review of succession plans and ATB's structure at the executive level.

Governance: The board establishes ATB's approach to corporate governance and is assisted by the governance and conduct review committee in reviewing leading governance practices; conducting evaluations of the performance of the board, committees, chair, and individual directors; and reviewing terms of reference of the board and its committees.

Integrity of internal controls: The board satisfies itself that a culture of integrity is maintained throughout the organization, and the audit committee oversees implementation of effective internal controls to ensure effective and reliable financial reporting processes.

Communications and disclosure: The board oversees communications with ATB's shareholder and other stakeholders. This includes the audit committee reviewing and/or approving key disclosure documents, such as the quarterly and annual financial statements and the annual report.

Corporate social responsibility: The board approves the corporate social responsibility (CSR) policy, which sets out ATB's values and commitment to social responsibility.

Pension governance: The human resources committee assists the board in ensuring that ATB has appropriate pension governance policies and procedures in place.

Position Descriptions

The board has approved a written position description for each of the board chair and committee chairs.

The governance and conduct review committee periodically reviews the position descriptions for the board chair and the committee chairs and recommends amendments to the board.

The roles and responsibilities of the CEO are set out in the mandate and roles document, as agreed between ATB and the Minister. The human resources committee, in consultation with the chair, also annually reviews the CEO's corporate goals and objectives, which include performance indicators and key milestones relevant to the CEO's compensation. The board approves such goals and objectives on the committee's recommendation.

Codes of Conduct and Ethics

The board endorses the principles expressed in the codes of conduct and ethics, which is reviewed annually by the ethics committee and at least once every three years by the governance and conduct review committee, and is approved by the board.

The board has adopted a written code of conduct and ethics for directors, in addition to the code of conduct and ethics for team members. The codes apply at all levels of the organization, from major decisions made by the board to day-to-day transactions in branches. The codes of conduct and ethics are both available at atb.com.

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

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

Compliance with the code is part of the terms and conditions of employment of every team member at ATB. The board, with the assistance of the governance and conduct review committee, oversees ATB team members' compliance with the team member code. The chair is ultimately responsible for monitoring compliance with the directors' code of conduct and ethics by members of the board. All directors and team members receive online code training and are required to review and attest to compliance with the relevant code when they join ATB and annually thereafter.

During the 2019 fiscal year, the board had no occasion to consider granting any waiver from the relevant code for the benefit of any director or executive officer of ATB. Further, during this fiscal year, the board had no occasion to determine that any conduct by a director or executive officer of ATB Financial was a material departure from the relevant code as defined in National Instrument 51-102.

Conflicts of Interest

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

Safe Disclosure and Whistleblower Protection

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

Independence

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

The board believes that, to be effective, it needs to operate independently of management. This means that all board and committee members are not part of management and do not have relationships with ATB that may, or may be seen to, interfere with the exercise of their independent judgment. The board adopted a director independence policy based on the requirements of the CSA guidelines for determining whether a director is "independent," and whether each member of the audit committee meets the applicable Canadian criteria for membership on that committee. The governance and conduct review committee reviews the director independence policy at least once every three years, makes annual determinations concerning the independence of each director, and reports to the board on the independence status of the directors.

Pursuant to the director independence policy, a director will be determined independent if the governance and conduct review committee has affirmatively determined that the director has no direct or indirect material relationship with ATB.

To determine this, such matters as the nature and importance of the director's connections to ATB and the people or organizations the director is related to (such as a spouse) are considered. Such information is collected through an annual due diligence process that includes the following sources:

- A comprehensive disclosure form completed by each director, through which they attest to their independence, any related party matters, and potential conflicts of interest
- Biographical information of directors
- Privately held meetings between the chair and each director with a full report of same to the board and
- Internal records and reports on relationships between directors, entities affiliated with directors, and ATB

The governance and conduct review committee then considers whether the director could reasonably be expected to be objective about management's recommendations and performance.

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

- At each regularly scheduled board meeting, including regularly scheduled meetings of board committees, the board and each committee meet in camera, without management. Time to do so is provided at each board and committee meeting, except for special meetings of the risk committee for credit adjudication, and for the special meetings of the special committee for CEO succession planning. During fiscal 2018–19, the board held four regular meetings and three special meetings, and the committees held 31 meetings.
- The board and each committee may engage their own independent advisors at the expense of ATB.

To ensure directors have sufficient time and energy to devote to their responsibilities and no conflicts or circumstances arise that could impact independent thinking, ATB monitors other boards on which its directors serve. An "interlock" occurs when two or more directors of ATB are also directors of some other company. Although ATB does not set a formal limit on the number of interlocking board and committee memberships, the governance and conduct review committee reviews these memberships as part of the annual director attestation process. In fiscal 2018–19, there were no interlocking directorships among ATB's board of directors.

Diversity and Inclusion

Diversity Policy

The board recognizes the benefits of promoting a corporate culture that supports diversity and inclusion in the composition and operation of its board and throughout ATB. The board has approved a diversity policy to promote an environment conducive to the recruitment of well-qualified director candidates with diverse backgrounds. To foster a corporate environment where diversity and inclusion are achievable and maintainable, the governance and conduct review committee determines the diversity profile best suited to meet the particular needs of ATB and documents this annually in a diversity profile and measures document. In addition, the committee identifies measures to track the board's progress in achieving its goals. The measures and targets identified in the diversity profile and measures document are regularly reviewed by and reported to the governance and conduct review committee. While the diversity profile is considered in the recruitment of qualified board candidates, director recruitment is based on merit and the expected contribution the selected candidate will bring to the board. From 2014–17, the board's target for female representation on the board was 25%, and that target was achieved in each of those years. In November 2017, the board revised its target to have 50% female representation and to ensure the board is open to people of any gender identity. That target remained unchanged for 2018–19. As of March 31, 2019, 6 of the 12 board members (50%), including the chair, are women.

Year	Diversity target	Gender representation
2014	25% female	16.7% female
2015–16	25% female	41.7% female
2017–19	50% female	50% female

Diversity in Executive Officer Positions

In 2015, ATB set an enterprise goal to strengthen the diversity of team members by considering factors such as gender balance, diversity in leadership roles, and inclusion of Indigenous and disabled team members. The strategy started with identifying and reporting on the diversity of ATB's team member population. The continuation of the strategy is around inclusion of the work environment that ATB offers.

ATB regularly monitors and reviews the number of women in executive and senior leadership positions through our talent management and succession planning processes. The executive team and human resources committee of the board review the results of this process, which includes year-over-year changes and a discussion of how many women currently hold executive officer positions as well as the gender balance of our succession pipeline. The board also reviews ATB's executive succession plans.

While the best candidate for the role will ultimately be chosen, when seeking potential team members for executive positions ATB will review a diverse slate of candidates. Specific diversity targets for executive offices are not set due to the size of the group and the need to ensure a variety of criteria are met.

The following chart shows the number and percentage of men and women in executive officer[1] and executive[1] roles at ATB as of March 31, 2019. The executive officers also include officers of Investor Services subsidiaries and AltaCorp Capital Inc.

Gender	Number of executive officers	Percentage of executive officers	Number of executives	Percentage of executives
Men	10	56%	38	64%
Women	8	44%	21	36%
Total	18	100%	59	100%

1 The phrase "executive officer" is used in the regulations to disclose gender diversity in order to create a comparison across companies; whereas "executive" is ATB's preferred term.

ATB has chosen to not set targets for the representation of women at the executive levels. ATB will continue to focus on hiring the right person for the role based on merit, while diversity and the objective of having more women at senior levels in the company are considered integral to succession planning. Having been successful at raising the bar at the board level, ATB will continue to work towards increasing the diversity of all team members, including executive officers and executives.

Effectiveness and Evaluations

The board and each of its committees annually complete an evaluation of their effectiveness, and directors regularly participate in a peer review process. These evaluations allow ATB to identify gaps in skills and expertise, update its skills matrix, and provide targeted development opportunities to directors.

The board annually evaluates the effectiveness of the board and its chair, its committees and their chairs, its individual directors, and the CEO. Directors complete a questionnaire that assesses the effectiveness of the board and its committees. The results are reviewed by the members of each committee, who consider whether any changes to its structure or terms of reference are required. The board and each committee also reviews whether it has completed its responsibilities under its terms of reference and work plans and reports to the governance and conduct review committee. For fiscal year 2019, each of the board and its committees assessed that it had met its key accountabilities.

The board also conducts annual peer assessments of director performance. The evaluation of individual directors involves a self-evaluation and peer review. The chair is responsible for collecting, investigating, analyzing, and otherwise actioning and communicating relevant information to the directors, with the objective of performance improvement.

The board periodically engages a third party to conduct evaluations and assessments. A third-party evaluation and assessment, led by the governance and conduct review committee, was conducted in 2018.

Succession and Director Nomination/Appointment Process

The governance and conduct review committee, comprised entirely of independent directors, oversees director succession and nomination process. The recruitment process is an opportunity for the board to seek eligible qualified candidates who possess the skills and competencies identified in the director skills matrix determined through the annual evaluation and assessment.

The chair is responsible for, among other duties, working with an independent consultant who assists the governance and conduct review committee in nominating candidates for the board based on an inventory of the board's overall skill-set requirements and competencies. The recommendation is based on careful examination of the board's size, composition, and director tenure, and balances factors such as age and geographical, professional, and industry representation, taking into account ATB's diversity policy.

The governance and conduct review committee ensures that board selection complies with the *APAGA* and mandate and roles document; is publicly advertised; and considers general qualifications, legal requirements, business experience, independence, and the board's diversity profile and future needs.

With the assistance of the governance and conduct review committee, the board creates and monitors a board succession plan and skills matrix and provides an inventory of director competencies to the Minister. When a vacancy occurs, the board identifies the required competencies and provides these to an external search firm engaged to assist in recruitment. Applications are reviewed by the search firm and the governance and conduct review committee. A selection and interview panel consisting of the chair, the governance and conduct review committee chair, and a representative selected by the Minister screens and then interviews potential candidates with the required competencies and values. A short list of selected candidates is then reviewed and the search team conducts background checks. The selection and interview panel then provides its recommendations to the Minister, who recommends appointments to the Lieutenant-Governor in Council. The mandate and roles document sets forth the Minister's expectations with respect to director selection.

Director Tenure

The board reflects a balance between experience and the need for renewal and fresh perspectives. Director appointments are for a fixed term of up to three years, with, on recommendation of the chair, the possibility of extension for up to a maximum term totalling 10 years.

Board Size

There is no minimum or maximum required number of directors for the board. Annually, the governance and conduct review committee recommends the board size. In considering this, they balance the competing goals of keeping the board small enough for effective discussions and offering adequate representation to meet the demands of board and committee work in the context of ATB's business and operating environment.

Orientation and Professional Development

The governance and conduct review committee oversees the process to assist new directors with understanding the nature and operation of ATB's business, the role of the board and its committees, and the contribution that individual directors are expected to make.

To enhance board effectiveness, ATB wants new directors fully engaged as soon as possible. Directors meet with key individuals to learn about the board, its committees, and each director, and meetings with the chair and CEO enable new directors to learn about ATB's strategy and business.

The program includes comprehensive education sessions at which the CEO and other members of the executive management team present and answer questions on how ATB is managed, its key businesses, strategic direction, human resources, information technology, regulatory environment, directors' responsibilities, and the significant issues and key risks ATB faces. Committee chairs also meet with any new director appointed to serve on the committee.

All new directors receive a board member handbook, which includes:

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

The governance and conduct review committee oversees continuing education for directors. An online discussion board is regularly updated with educational opportunities for directors.

ATB's professional development guideline encourages directors to improve their skills and deepen their understanding of ATB, its environment, and its corporate governance practices. All directors are eligible for continuing training and education through attending various external seminars, reading materials, and participating in the Institute of Corporate Directors. Periodically, the board participates in tours of ATB branches and other facilities to gain an understanding of ATB's operations. ATB also conducts ongoing information sessions for directors by senior executives and industry participants, on significant or new aspects of the business.

In fiscal 2018–19, individual board members participated in the following training, conferences, or courses:

- Indigenous Culture Training
- Energy Disruptors Conference
- Council for Excellence in Canadian Crown Corporations
- The Data, Culture, and Innovation Driving Extraordinary Customer Journeys
- Institute of Corporate Directors events and courses:
  - Boardroom Financial Essentials
  - Oversight of Harassment
  - Oversight of Strategy
  - Leading Effective CEO Succession

In fiscal 2018–19, board and committee members participated in the following presentations that were organized by management:

May	Governance Trends and Best Practices ATB Agency network, Cashco, and Four Directions Financial
August	ATB Wealth: New Offer and Growth and Strategic Capital Corporate Development Office Strategy
September	Digital Strategy Execution Technology, Data, and Artificial Intelligence in Customer Experience
November	AltaCorp Capital Inc. System of Customer Obsession Intelligent Automation Mental Wellness Strategy Future of Work
January	Pension Risk Management and Governance
February	Brightside

Subsidiary Governance

The board plays a key role in overseeing the governance of ATB's wholly owned subsidiaries with the coordination overseen by the governance and conduct review committee. Directors on ATB's board and key executives are appointed to the subsidiaries' boards. The board and its committees receive regular reports on the subsidiaries' governance, risk, and compliance.

A Closer Look at Our Directors

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

Director Biographies

Joan Hertz

Q.C., ICD.D

Edmonton

Age range: 50–59

Director from 2008–18, board chair since 2019

ATB committees: Board of directors (chair), ex-officio member of all board committees

Employment status: Business owner

Career and Education Summary

Joan Hertz is chair of ATB Financial's board of directors. She previously served as a director at ATB Financial from 2008 to 2018, and as chair of the governance and conduct review committee. She currently serves as a board member and chair of the governance committee for Edmonton International Airports, and is vice chair of the board and chairs the Growth and Innovation Committee of Covenant Health. She also sits as a public member on the CPA Canada Board. She has served on Alberta''s Promise and was formerly with Kids Kottage Foundation and Edmonton Catholic Cemeteries board, as well as with numerous other Crown and community boards.

Current Directorships

- Edmonton International Airport
- Covenant Health

Past Directorships

- Judicial Council
- Edmonton Police Foundation
- Kids Kottage Foundation
- Edmonton Catholic Cemeteries
- Institute of Chartered Accountants of Alberta
- CPA Alberta Joint Venture
- Alberta Promise

Barry James

FCPA, FCA, ICD.D

Edmonton

Age range: 60–69

Director since: 2014

ATB committees: Audit (chair), risk

Employment status: Business owner

Career and Education Summary

Barry James chairs the board's audit committee and is a member of the board's risk committee. He also serves on the boards of public and private companies, foundations, and other organizations, chairs the Audit Committee of the Government of Alberta and is chief corporate development officer at Lloyd Sadd Insurance Services. Barry has a B.Comm with distinction, CA from the Canadian Institute of Chartered Accountants, Fellowship of the Institute of the Chartered Accountants of Alberta, and ICD.D from the Institute of Corporate Directors. Barry was a partner at PwC, including 10 years as managing partner of the Edmonton office.

Current Directorships

- Corus Entertainment Inc.
- AutoCanada Inc.
- University of Alberta Hospital Foundation
- Edmonton Galleria Foundation
- Norseman Group
- Kipnes Foundation
- Inuvialuit Investment Corp.

Past Directorships

- Stollery Children's Hospital Foundation
- Edmonton Convention Centre Authority
- Forest Industry Suppliers' Association of Alberta
- Edmonton Space and Science Foundation
- Support Network Foundation
- University of Alberta board of governors

Colette Miller

FCPA, FCA, ICD.D

Vegreville

Age range: 50–59

Director since: 2009

ATB committees: Human resources, audit

Employment status: Business owner

Career and Education Summary

Colette Miller is a senior partner with Wilde & Company / Olson Law. She specializes in owner-managed business, taxation, and estate and succession planning, and has extensive experience in the public sector as an auditor, consultant, and instructor. Colette has a B.Comm, her CA from the Canadian Institute of Chartered Accountants, her Fellowship from the Institute of Chartered Accountants of Alberta, and her ICD.D from the Institute of Corporate Directors.

Current Directorships

- AVAC Ltd.

Past Directorships

- Athabasca University
- Agencies, boards and commissions (energy) expert panel
- Institute of Chartered Accountants of Alberta

Diane Pettie

Q.C., ICD.D

Calgary

Age range: 60–69

Director since: 2014

ATB committees: Governance and conduct review (chair), human resources

Employment status: Corporate director

Career and Education Summary

Diane Pettie practised law for over 30 years and has significant executive and board experience in various industries. She has her Juris Doctorate from the University of Alberta, is a Fellow of the Institute of Chartered Secretaries, and has her ICD.D from the Institute of Corporate Directors.

Current Directorships

- Chartered Professional Accountants of Alberta
- Aldian Developments Ltd.
- Alberta Petroleum Marketing Commission

Past Directorships

- Society of Management Accountants of Alberta
- Accountants Unification Joint Venture Board
- Association of Women Lawyers
- Law Society of Alberta (audit committee)
- Calgary Region Arts Foundation

Jim Carter

O.C.

Spruce Grove

Age range: 60–69

Director since: 2010

ATB committees: Investor Services boards (chair); human resources, risk

Employment status: Corporate director

Career and Education Summary

Jim Carter is vice chair of ATB Financial's board of directors, and chairs the Investor Services board. He is an officer of the Order of Canada and spent 28 years of his career with Syncrude Canada Ltd., including 10 years as president and 18 years as chief operating officer. Jim has his bachelor of engineering degree from Nova Scotia Tech, is a Fellow of the Canadian Academy of Engineering, and graduated from the advanced management program at the Harvard Graduate School of Business Administration. He has received honorary doctorates from three Canadian Universities.

Current Directorships

- Finning International Inc.
- Irving Oil Limited
- Brand Energy and Industrial Services
- Careers the Next Generation (board chair)
- EllisDon Construction Ltd.

Past Directorships

- Edmonton Symphony Orchestra and Francis Winspear Centre for Music
- EPCOR Utilities Inc.
- Clark Builders Ltd.
- Alberta Economic Development Authority
- Alberta Research Council
- Mining industry advisory committee to the U of A School of Mining and Petroleum Engineering
- Climate Change and Emissions Management Corp

Jim Drinkwater

ICD.D

Edmonton

Age range: 70–79

Director since: 2010

ATB boards: Risk (chair), audit, Investor Services boards

Employment status: Corporate director

Career and Education Summary

Jim Drinkwater has gained extensive experience from his roles as assistant deputy provincial treasurer with the Alberta government, and in executive roles with Canadian Western Bank, Telus Corporation, and Oskar Mobil. He has also served as an investment committee member for several major organizations. Jim has his B.Sc. in math from the University of Alberta, an M.A. in economics from Carleton University, is a graduate of the Banff School of Advanced Management, and has his ICD.D from the Institute of Corporate Directors.

Current Directorships

- University of Alberta Endowment Fund

Past Directorships

- Board investment committee of Alberta Teachers' Retirement Fund
- Province of Alberta's advisory committee on alternative capital financing
- Alberta Municipal Financing Corporation

Manjit Minhas

ICD.D

Calgary

Age range: Under 40

Director since: 2017

ATB committees: Human resources, governance and conduct review

Employment status: Business owner

Career and Education Summary

Manjit Minhas is an entrepreneur and venture capitalist in the liquor industry and also appears as a television personality on the Canadian reality series Dragons' Den. Manjit's unique experience has given her a range of knowledge in brand development, marketing, sales management, and retail negotiation. Manjit has a variety of board experience, including as co-chair of United Way Campaign and previously as a director of West Island College and TransCanada Trail. Manjit has her B.Sc. from the University of Regina and her ICD.D from the Institute of Corporate Directors.

Current Directorships

- United Way

Past Directorships

- West Island College
- TransCanada Trail
- United Way Campaign (chair)

Mary Ellen Neilson

CPA, CMA, MBA, ICD.D

Calgary

Age range: 50–59

Director since: 2017

ATB committees: Risk, governance and conduct review

Employment status: Employed

Career and Education Summary

Mary Ellen Neilson is executive director at the Association for the Rehabilitation of the Brain Injured. She is an elected senator for the University of Calgary and a member of the board of governors, where she serves as vice chair of the investment committee. Mary Ellen has had a successful career in financial services, where she held various senior executive positions. She has experience serving on and chairing various boards, committees, and organizations. She has her B.Comm from the University of Calgary, her MBA from York University, her CMA from the Institute of Management Accountants, and her ICD.D from the Institute of Corporate Directors.

Current Directorships

- Association for the Rehabilitation of the Brain Injured
- University of Calgary Board of Governors (vice chair, investment committee)

Past Directorships

- Art Gallery of Alberta
- Board of Governors, Glenbow Museum
- Society of Management Accountants of Alberta
- YWCA of Calgary (chair, audit committee)
- University of Calgary Senator (vice chair, senate development committee)

Patrick Lor

BA, MBA

Calgary

Age range: 50–59

Director since: 2018

ATB committees: Risk, governance and conduct review

Employment status: Business owner

Career and Education Summary

Patrick is the managing partner at two Canadian venture funds, Panache Ventures and 500 Startups Canada, giving him extensive knowledge in early-stage technology ventures and risk management. As a previous co-founder of iStockphoto, DemoCamp Calgary, and Dissolve, he has significant entrepreneurial experience. He was head of North American operations for Fotolia, which was acquired by Adobe in 2015. Patrick also held senior marketing and product development roles at Adobe's Image Club Graphics division. As a previous angel investor and active limited partner, he advises and mentors several technology incubator programs and is a charter member of The A100 and The C100.

Current Directorships

- 500 Startups Canada
- SCANH (Supply Chain Advancement Network in Health)
- Panache Ventures
- Venture Capital Association of Alberta

Robert Pearce

BASc., MBA, ICD.D

Calgary

Age: 60–69

Director since: 2014

ATB committees: Risk, audit

Employment status: Corporate director

Career and Education Summary

Robert Pearce has gained experience through various advisory and C-suite roles in the energy business. He worked as president, CEO, and co-founder of North West Upgrading, as treasurer of PanCanadian Energy, and as COO of Harvest Operation Corp. Robert has his BASc. in geological engineering from the University of British Columbia, his MBA from the University of Calgary, and his ICD.D from the Institute of Corporate Directors.

Current Directorships

- Prospect Human Services
- Jupiter Resources

Past Directorships

- North West Upgrading
- Aliron Exploration

Todd Pruden

M.Ed, B.Ed

Edmonton

Age range: 40–49
Director since: 2015
ATB committees: Governance and conduct review, human resources
Employment status: Business owner

Career and Education Summary

Before starting two companies, Todd Pruden worked as a teacher in various schools and as a police officer with the Edmonton Police Service. A member of the First Nations community, Todd now owns Dreamline Canada Inc. and Athabasca Workforce Solutions Inc. and holds a number of board positions. He has his B.Ed and M.Ed in leadership and policy studies from the University of Alberta.

Current Directorships

- Northeastern Alberta Aboriginal Business Association
- Circle of Aboriginal Relations

Wendy Henkelman

CPA, CA

Canmore

Age range: 50–59
Director since: 2014
ATB committees: Audit, human resources (chair)
Employment status: Corporate director

Career and Education Summary

Having worked as a financial executive, holding positions in major oil and gas companies, Wendy Henkelman has gained extensive experience in all aspects of the finance industry. She worked as vice president of treasury and compliance and as an executive in charge of information technology with Penn West Exploration, and as an executive in charge of tax and royalties at Shell Canada. Wendy has her B.Comm with distinction from the University of Alberta, is a CPA and CA, completed the In-depth Income Tax program through the Chartered Professional Accountants of Canada, and completed an executive leadership program from Wharton School of Business at the University of Pennsylvania.

Current Directorships

- Postmedia Network Canada Corp. (audit committee chair)
- Cochrane and Area Humane Society

Past Directorships

- Shell Canada Pension Trust (chair)
- Albian Sands Pension Trust (chair)
- Canadian Petroleum Tax Society (president)

Key Areas of Competency

ATB’s directors’ skills matrix supports ATB’s board outcome: “Generating long-term shareholder value by effectively competing in the market with a level playing field.”

The board of directors defines director competency as the skills, knowledge, experience, education, and training that can be assessed and contributes to the effectiveness of the director and board as a whole. The board of directors acknowledges that experience is not necessarily synonymous with competency; competency is broader in focus. Annually, the board of directors reviews the following areas of competency and conducts an assessment of director competency and of the board as a whole relative to ATB’s strategic plans and the board’s goals. Through self- and peer-assessments and meetings with the board chair, director competency is validated. Gaps identified are addressed through professional development opportunities for directors and the board, and through board recruitment and reappointment.

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

Area of competency knowledge, skills, and experience)	Directors												
	Joan Hertz		Barry James	Colette Miller	Diane Pettie	Jim Carter	Jim Drinkwater	Manjit Minhas	Mary Ellen Neilson	Patrick Lor	Robert Pearce	Todd Pruden	Wendy Henkelman
Strategic thinking/planning at a board level 1	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial literacy 2	✓		✓	✓	✓	✓	✓	✓	✓		✓		✓
Governance 3	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Critical thinking / risk management 4	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human resources 5	✓		✓	✓	✓	✓	✓	✓			✓	✓	✓
Leadership/ teamwork acumen (a) 6	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership/teamwork acumen (b) 7	✓		✓			✓		✓		✓	✓		
Financial industry 8			✓			✓	✓		✓		✓		✓
Entrepreneurialism 9	✓			✓				✓		✓	✓	✓	
Information technology 10							✓			✓			✓
Community 11			✓	✓	✓	✓		✓	✓	✓		✓	
Legal acumen 12	✓		✓		✓						✓		✓

[1] Demonstrates a high level of strategic thinking ability and has prior experience as a board or committee member of a larger public entity, Crown corporation, or major organization with a governance board.

[2] Can read and understand ATB's financial statements including the breadth and level of complexity of accounting issues that can reasonably be expected to be raised within such financial statements.

[3] Understands governance processes, policies, and accountabilities by which organizations are directed and controlled, including understanding the roles and relationships between stakeholders, directors, and management.

[4] Applies critical thinking and creativity and understands and can identify and oversee key risks in wide-ranging areas (enterprise, reputational, human resources, legal and regulatory, credit, market, liquidity, operational, business and strategic risks). Generates novel or innovative solutions.

[5] Demonstrates proficiency in human resources issues (recruitment, succession planning, talent development, retention, change management, compensation programs, and pensions).

[6] Can inspire and motivate others through leadership and direction. Demonstrates an understanding of the importance of teamwork to the success of the board and organization.

[7] Has led as CEO or senior executive in a larger organizational setting.

[8] Understands the financial services industry, gained from experience at a Canadian bank, U.S. regional bank, or related financial services industry participant (insurer, wealth management) or was auditor of one.

[9] Has owned or led a small or medium-sized enterprise.

[10] Understands IT-related issues (project management, information or record management, cyber security).

[11] Understands community dynamics, such as fostering corporate social responsibility or communications.

[12] Demonstrates a strong understanding of legal issues, particularly corporate law, legal and regulatory compliance, finance/securities, insolvency, litigation, employment.

[13] The board considers its members to have necessary subject matter expertise for legal acumen, given its ability to engage ATB's Legal Services team and, or seek external assistance.

Director and Committee Meeting Attendance

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

Director name	Board[1] (5)[2] (Special board)[3] (3)	Audit (4)	Governance (4)	Human resources (4)	Risk (5) (Special risk)[3] (9)	Special committee (5)	Attendance percentage[4]
Brian Hesje (chair)[5]	4 of 4 3 of 3[3]	3 of 3	3 of 3	3 of 3	4 of 4 8 of 8[3]	5 of 5	100%
Joan Hertz (chair)[6]	3 of 3 2 of 2[3]	1 of 1	3 of 3	1 of 1	4 of 4 6 of 7[3]	5 of 5	100%
Barry James	5 of 5 3 of 3[3]	4 of 4	-	-	5 of 5 8 of 9[3]	4 of 5	93%
Colette Miller	5 of 5 2 of 3[3]	4 of 4	-	4 of 4	-	5 of 5	95%
Diane Pettie	5 of 5 3 of 3[3]	-	4 of 4	4 of 4	-	2 of 2	100%
Jim Carter	4 of 5 3 of 3[3]	-	-	3 of 4	4 of 5 8 of 9[3]	5 of 5	87%
Jim Drinkwater	5 of 5 3 of 3[3]	4 of 4	-	-	5 of 5 9 of 9[3]	5 of 5	100%
Manjit Minhas	5 of 5 2 of 3[3]	-	3 of 4	3 of 4	-	-	81%
Mary Ellen Neilson	5 of 5 2 of 3[3]	-	4 of 4	-	5 of 5 6 of 9[3]	-	88%
Patrick Lor[7]	4 of 4 2 of 2[3]	-	3 of 3	-	4 of 4 5 of 6[3]	-	95%
Robert Pearce	5 of 5 3 of 3[3]	4 of 4	-	-	5 of 5 8 of 9[3]	-	96%
Todd Pruden	4 of 5 3 of 3[3]	-	4 of 4	4 of 4	-	-	94%
Wendy Henkelman	5 of 5 3 of 3[3]	4 of 4	-	4 of 4	-	-	100%

[1] The board meetings took place on two consecutive days but are each counted as one meeting for the purpose of this report.
[2] The bracketed numbers refer to the number of meetings that were held during the year.
[3] Special in brackets means they were a special meeting of the board or committee that were held at some point during the year.
[4] The attendance percentage is based on the total of all board and committee meetings possible for each applicable director for the fiscal year. The board chair may attend all committee meetings, but this percentage is calculated using board meetings only.
[5] Brian Hesje's term expired on December 31, 2018.
[6] Joan Hertz's term as director expired on June 15, 2018. She was appointed board chair on January 1, 2019.
[7] Patrick Lor was appointed on July 9, 2018.

Director Compensation

Executive Council for the Province of Alberta determines and sets director compensation, including retainers and meeting fees, by order-in-council. The board's governance and conduct review committee periodically conducts research and makes recommendations to the Minister on director compensation. The board has approved the *Directors' Remuneration Policy and Expense Guideline*, which identifies key principles underlying the payment of remuneration and reimbursement of expenses. The document is available on atb.com.

The total compensation paid to non-management directors as at March 31, 2019, is as follows:

Director name	Annual retainer	Board chair retainer	Investor Services board and committee chair retainer	ATB meeting fees	Investor Services meeting fees	Total
Brian Hesje[1]	$ 11,250	$ 11,250	$ -	$ 26,400	$ 4,200	$ 53,100
Joan Hertz[2]	11,250	3,750	-	20,000	3,500	38,500
Barry James	15,000	-	2,000	27,600	-	44,600
Colette Miller	15,000	-	1,500	21,000	-	37,500
Diane Pettie	15,000	-	2,000	20,500	-	37,500
Jim Carter	15,000	-	2,000	24,300	6,300	47,600
Jim Drinkwater	15,000	-	2,000	27,200	6,300	50,500
Manjit Minhas	15,000	-	-	15,900	-	30,900
Mary Ellen Neilson	15,000	-	-	19,400	6,300	40,700
Patrick Lor[3]	11,250	-	-	19,900	-	31,150
Rob Pearce	15,000	-	-	22,100	-	37,100
Todd Pruden	15,000	-	-	13,200	-	28,200
Wendy Henkelman[4]	15,000	-	500	19,700	-	35,200
Total						**$512,550**

[1] Board Chair Brian Hesje attended all board and committee meetings until his term expired on December 31, 2018.
[2] Joan Hertz's term expired on June 15, 2018. She was appointed board chair on January 1, 2019.
[3] Patrick Lor was appointed to the board on July 9, 2018.
[4] Wendy Henkelman chaired the human resources committee for one quarter and received a $500 honorarium.

2018–19 Business Highlights

We are obsessed with delivering remarkable experiences for our customers. Every time. Being customer obsessed cannot be left to chance. We must set our intention and then focus on being relentlessly inventive in changing people's lives for the better. Making their time richer. Their aspirations closer. We are customer obsessed when we consistently listen. We must put customer interests at the centre of every decision we make to drive meaningful, long-term relationships with Albertans and Alberta businesses. We have to learn, unlearn, and adapt to meet our customers' changing needs and expectations. And be genuine and loyal. We will transform banking with new tools, technologies, and processes to improve every customer experience. For ATB, the top reason to invest in technology is to enable a better experience for our 750,000-plus customers. Whether by investing in tools and technology so team members are better able to serve our customers, or by investing in tools our customers use directly, we need to consistently and obsessively serve our customers better.

This year we supported customers by listening and adapting to their evolving needs. We focused efforts across the business on helping Albertans achieve happiness by being there for customers as their financial situations adjusted by leveraging our strong marketplace knowledge and team member expertise to offer solutions that truly fit our customers. To do this, we focused on adopting new digital tools and technologies or improvements developed by the Transformation team, including:

- Our new ATB FX platform (Murex), an online foreign-exchange trading platform that allows business customers to buy or sell currencies and send payments to over 20 currencies
- Time-saving tools such as Onboarding Express, that dramatically streamlined the experience for team members to open new accounts for customers in under 10 minutes
- Unleashed, which provides a full view of the customer, better equipping our team members to have meaningful conversations with customers
- Box, a cloud-based content management platform that allows us to securely and digitally store and share documents
- Further integration of Salesforce, a customer management platform, with ATB Wealth (Wealth)

Under the guidance of the customer obsession team, ATB continues to focus on the following areas of expertise: Retail Financial Services (RFS), Business and Agriculture (B&Ag), Corporate Financial Services (CFS), Wealth (formerly Investor Services and Alberta Private Client), and AltaCorp Capital Inc. (AltaCorp). The following highlights the key aspects of how our areas of expertise are managed and reported:

- RFS provides financial services to individuals and businesses through our branch, agency, client care, and ABM networks.
- B&Ag provides financial services to businesses and agricultural customers.
- CFS provides financial services to mid-sized and large corporate borrowers.
- Wealth provides investment advisory, insurance solutions, private banking, and institutional portfolio management solutions.
- AltaCorp provides capital market solutions to mid and large market-cap corporate issuers and institutional investors. It offers clients equity research, institutional sales, and trading services, as well as debt and equity capital-raising and financial advisory services.

Retail Financial Services (RFS)

Our team members in RFS are focused strategically on creating happiness in every interaction for all customers across Alberta. Our customer-driven focus was targeted through three key strategies in fiscal 2019—gathering core deposits for ATB, growing sales power to drive obsessive-service experiences, and making it easy for team members to delight customers.

Gather Core Deposits for ATB

Core deposits are a crucial part of ATB's core operations. More importantly, they define a customer's relationship and trust with their primary bank. Focusing on this key business allowed us to be prominently connected with Albertans while driving revenue growth that benefited ATB. This year, RFS grew our deposits faster than we have historically based on consistent and focused tactics. Total deposit growth finished the year at 205% of our annual plan—the strongest deposit growth ATB has experienced in more than five years—and positioned our retail business as a net-liquidity contributor to ATB. This success was a result of an obsessive-service culture, deepening relationships with customers, competitive pricing, and relevant marketing.

Grow Sales Power to Drive Obsessive-Service Experiences

To maximize productivity and market share opportunities, RFS built our people's capability and targeted them in a new data-driven direction, while also evolving our distribution channels, customer contact strategy, and acquisition campaigns. RFS delivered on this strategy by acquiring 61,724 new customers and deepening our relationship with existing customers by focusing on personal service and advocacy. A significant contributor to that success was driven by the new Deposit Yourself Here program, which celebrated new and existing customers and inspired fierce advocates of ATB.

Building on an already strong partnership and entrepreneurial spirit, in January ATB announced the alignment of our entrepreneur centres and Digital Business Banking team from Business and Agriculture with Retail Financial Services to create a line of business focused on customers. This new approach will help streamline interaction experiences and ensure our customers receive the very best ATB offers in a smart, simple, and helpful way. With this move, we're reimagining how to make small business and retail banking work seamlessly for customers with our new 360 business model, which brings industry expertise alongside our service offering to meet the diverse needs of customers.

We also continued to infuse ATB culture within the agency network to ensure agents and their employees have access to the tools and technology needed to delight our customers and make an impact with advisory services. As a result of the increased focus, we saw all-time-record-level growth in the agency network book.

Make It Easy for Team Members to Delight Customers

The journey of continuous improvement in efficiency, alongside technological advancements, will drive significant change for our business and our team members in the years to come. This year, RFS focused on building team member advocacy and quickly adapting to new tools and an agile methodology. This focus has paid off with high levels of adoption of tools like Onboarding Express that dramatically streamlined the experience for team members to open new accounts for customers in under 10 minutes. Additionally, we began incorporating intelligent automation tools that help simplify processes and accelerate the fulfillment of administrative requests across multiple systems.

Business and Agriculture (B&Ag)

B&Ag continued to build deeper relationships with our business customers by helping them achieve their dreams. To accomplish this, our fiscal 2019 strategies were aligned to three themes: stabilization, digitization, and growth. Our commitment to developing Alberta's businesses through financing, advisory, and ancillary services remains.

Stabilize

Stabilization efforts included team member learning and development, compliance, pricing, and heightening work on risk management. We also continued our focus on past-due annual reviews (credit expiries). B&Ag achieved a major milestone of the lowest level of expired credit on record (below 10% within minimal long-dated files). We consider this strong evidence of an enhanced risk culture we've been intent on building. New pricing education and governance have been priorities to ensure a consistent approach for team members and customers and to achieve strong financial results. We made dedicated investments via our manager-entrepreneurship residency and relationship management academy programs. These two development programs are targeted at building team member competency, proficiency, and readiness to face customers and confidently deliver value. Our work on risk management, with an early focus on credit administration, will continue into the new fiscal year to close remaining identified gaps and finalize this work.

Digitize

As ATB continues to implement and evolve digital tools at an enterprise level, B&Ag has successfully adopted technologies into our workforce. Notable examples include Unleashed, Box, and Tableau (introduced last year and adopted more widely this year) and, most recently, the new lending platform piloting auto-adjudicated SOHO Mastercards. Unleashed provides a full view of the customer, therefore better equipping our team members to have meaningful conversations with customers. Box, a cloud-based content management platform, allows us to securely and digitally store and share documents. It has helped us save on costs of print supplies and filing and save time and enhance collaboration with key partners through easy and convenient access.

While many tools are still under iterative development, B&Ag is committed to fully embracing new ways of working—in service to enhancing our customers' and team members' experiences—and to fully realizing the value created by these transformative investments.

Grow

B&Ag customer-facing teams have fully embraced our "right client, right risk, right rate" approach as we continue to focus on balanced growth. B&Ag customer connections have reached an all-time high, demonstrating our team's effort and dedication to surrounding customers with experts. Our customer obsession plans continue to be a critical tool, as we work to better listen, understand, and act to meet our customers' needs.

The dedicated deposit development team formed in fiscal 2019 has been extremely successful in gathering deposits. That performance is expected to trend upward by acquiring fully banked relationships with new municipalities and organizations that are integral in the communities we serve. By allocating resources specifically to assist customers with holding and moving money, we were able to shift our revenue mix toward a more sustainable balance of interest and non-interest income.

We have also seen success in our innovative strategic initiatives to grow our entrepreneur education and support with our crowdsource lending platforms for entrepreneurs; LendR and BoostR have been exceptionally popular. The women's entrepreneur strategy successfully supported the "Build Her Business" campaign, recording 22 successful participants, 19 of which reached their funding goal. The registry partner program achieved 1,522 referrals for 635 new customers (and 103 are still in progress).

Corporate Financial Services (CFS)

Economic challenges continued to create headwinds for our clients and, as a consequence, a difficult operating environment for CFS. Despite these difficulties, we supported our customers by finding workable solutions to maintain industry growth and deepen our relationships. CFS provides specialized expertise to customers across many industries such as real estate, energy, oilfield services, diversified industries, and technology.

Over the past year, CFS has remained focused on our strategic priorities and supporting the goals and dreams of numerous Alberta-based companies and entrepreneurs. With a full fiscal year as a majority shareholder in AltaCorp Capital Inc., CFS was able to add another layer to our fulsome offering and continue to provide customers with industry experts in disciplines such as loan syndications, financial markets, and advisory services.

Maintain Competitiveness through Customer Obsession

Our customers are at the centre of everything we do, and they bring to us their goals, dreams, and passions for their future. This year, to support our customers and their instincts, we enhanced quality and speed across various platforms to access data and insights. This enabled our team members to remain informed and equipped to offer the best possible solutions to our customers. Continuing to focus on transformative banking, CFS played a significant role in developing the life sciences and alternative energy industries, while maintaining steadfast support for Alberta's traditional core economic engines. Focusing on strategic opportunities, our specialized teams supported and brought ATB forward as a leader in these growing areas.

Flawlessly Execute on Our Core Business

To remain competitive, CFS focused on transforming its business and keeping a line of sight to the foundation from which we work. Success at our core enables CFS to deliver solutions to customers seamlessly. We continue to see great success and future opportunities with our treasury and payment solutions, a true "horizontal" channel offering a suite of cash management products, enhancing our already established position as an innovator in this space.

Our financial markets foreign-exchange platform (ATBFX) has provided an incredible opportunity for our clients this year. ATBFX puts the power of online, live foreign-exchange (FX) conversion in the hands of our clients, making it easy to execute smart moves in real time, supported by a full-service FX desk. We also launched phase two of our ATBFX platform, supporting our financial markets FX business and allowing faster and more complex trading while increasing our ability to monitor trades and focus on client needs.

Elevate Team Members and Nurture Culture

To be our best for our customers, we need to focus on being our best inside ATB. CFS was at the forefront of numerous initiatives, in part by supporting learning and practices on mental health and wellness. CFS also invested in over 1,500 hours of training for our team members, ensuring that our skills stay relevant to an environment that is constantly advancing rapidly. CFS continued to advance the culture of customer obsession in a challenged environment, resulting in its best customer advocacy index and team engagement scores in its history.

ATB Wealth

ATB Wealth is committed to transforming wealth management for the greater good of Albertans and to make investing work for people. Over the past 18 years, our priorities have been, and remain, guiding Albertans with comprehensive advice and solutions in the wealth industry, building trusted relationships, and staying committed to our investment philosophy that has shaped our award-winning Compass portfolios. As part of our journey to transform and deliver happiness to Albertans in ways other banks don't, a decision was made in October 2017 to integrate Investor Services (ATBIS) and Alberta Private Client (APC) to form ATB Wealth. Together, we proudly serve more than 80,000 Alberta investors, have industry-leading customer advocacy and team member engagement, and hold over $20 billion in assets under administration.

Since our inception, ATB Wealth has promised to listen to Albertans to make investing simple and transparent. Traditional competitors are continuing to evolve their offering, technology has opened the door to new competitors, and clients no longer accept things just because that's how they've always been done. Greater complexity demands more in-depth and holistic financial advice than ever before, which is why we took the time to create a differentiated wealth offering and experience that is truly Albertan. By integrating our wealth offering, we are able to surround clients with the right experts for tax, estate, and succession planning; guide wealth transfer conversations with retiring business owners and Albertans receiving inheritances; and help clients navigate the emotional side of wealth management.

Invest In, Build, and Scale Sales Power to Grow the Business

With an accelerated growth plan, we will continue to evolve, expand, and strengthen our advisory team across all segments, to capitalize on Alberta's wealth opportunities.

Transform Support to Advisors and Private Bankers

To deliver on our promise and create happiness for Albertans, we will surround our advisor teams with an ecosystem of experts who are committed to supporting the client experience through the delivery of a new client relationship management system (Salesforce), improved dashboards and pipeline management, efficient back-office support, access to marketing and communications resources, clear direction, and strong leadership.

Elevate Our Newly Aligned ATB Wealth Offering and Brand

Our new ATB Wealth brand provides an opportunity to create greater awareness of our offering in Alberta. Together with the marketing and communications teams, we will expand our reach in the province with the goal of helping more Albertans achieve their saving and investment dreams.

Advance Our Ability to Consistently Deliver a Personalized Client Experience

To bring our declaration and brand promise to life, we will equip advisors with the tools, resources, and confidence needed to wow Albertans every time. We will provide practice management, mastery coaching, event design, and learning to ensure our ATB Wealth team is best-in-class.

AltaCorp Capital Inc. (AltaCorp)

As the only integrated Alberta-based firm to deliver full capital-market solutions, our team drives value for ATB by raising capital for entrepreneurs, creating Alberta-based financial solutions, and serving ATB customers' capital market needs. Over the past year, we have remained steadfast in delivering on our two key priorities: growing and enhancing revenue generation, and deepening the client relationship.

Grow and Enhance Revenue Generation

Early in fiscal 2019, we reset our industry sector accountabilities, deeply embedding ourselves in the industries that drive the economy today and those that will fuel tomorrow—namely, energy, life sciences, and diversified industries.

We also enhanced our team's bench strength, creating a full complement of staff in investment banking, equity research, and sales and trading, thus expanding our geographic and market coverage to broaden access to capital for our clients. Our integrated strategic "playbook" aligned our teams' collaborative efforts, allowing for further optimization as we worked in the best interests of our corporate and institutional clients.

Investment banking: Through the fiscal year, we saw more broadly distributed revenue generation from the energy, life sciences, and diversified industries sectors. Notwithstanding that, fiscal 2019 has been one of the worst markets for raising capital for exploration and production (E&P) companies in Canada. While the E&P industry has adjusted to operating within cash flows, significant pent-up demand for capital exists for large projects, consolidation, and growth opportunities, which we are well positioned for when the energy market returns. With the legalization of recreational cannabis in Canada in October 2018, life sciences dominated our top transactions last year. Merger and acquisition and initial public offering activity in the sector is expected to continue in fiscal 2020. Revenue generation from diversified industries remained steady throughout the year with a targeted focus on "growth and innovation" opportunities.

Equity research: With the addition of specialized experts to our team, our research analysts have nearly doubled the number of companies we cover. We have also published an unprecedented number of industry-leading thematic insights—specific to the global energy industry, Canada's domestic cannabis market, and cannabinoid-derived pharmaceuticals—positioning AltaCorp as a team of thought leaders among key stakeholders.

Sales and trading: Volatile global market conditions amid a myriad of geopolitical developments stifled risk appetite throughout the 2018 calendar year, significantly impacting our institutional accounts. The consolidation of specialized, active institutional-investors by financial institutions continued in fiscal 2019, adding further concentration of capital in the marketplace. In response to a changing capital market environment, we broadened our institutional accounts and distribution capabilities geographically and deepened our U.S.-based institutional-investor relationships, increasing our focus on U.S. investors for Canadian issuers.

Deepen the Client Relationship

By working hand in hand with ATB—in particular, CFS and Wealth—we are now able to meet our clients' full business cycle needs, including treasury, finance, and advisory, from start-up to successful exit. Access to comprehensive financial-service solutions has given our clients increased touch points with our team of experts, and this has been changing the conversation.

We also held valuable forums throughout the year for our corporate and institutional investors, demonstrating the growing extent of our reach into the North American capital markets. Notably, we held the Montney and Duvernay Conference, which brought more than 120 corporate and institutional clients together to discuss the ecosystem necessary to develop this world-class resource in Canada. Our seventh-annual Institutional Investor Conference brought a record number of attendees (23% more than last year) together to explore strategies, trends, and opportunities in the sectors of energy, life sciences, and diversified industries.

As we look to the year ahead, AltaCorp will continue to leverage its industry-leading equity research and advisory practices, proven execution experience, and cross-border platforms and trading capabilities to further deepen the trusted relationships we have with our clients.

Our Strategic Direction

We are an 80-year-old institution. Yet we are youthful, even jubilant, in our pursuit of transforming banking because we truly believe we are changing people's lives for the better. Albertans deserve it. And we can only achieve that by reimagining everything we do.

Over fiscal year 2020, we will focus, ruthlessly, on building a stronger culture of execution, and on executing against four enterprise strategies:

- Invest heavily in transforming ATB's workforce, workplace, and work needed to deliver a remarkable customer experience.
- Deliver ATB's system of customer obsession.
- Strengthen ATB's core (foundation) to stay focused on brilliant execution both *in* and *on* the business.
- Diversify revenue and bolster our balance sheet to secure ATB's future.

We will force ourselves to face uncertainty, become much more aware of what's happening in the banking industry of today and tomorrow, and ultimately permit ourselves to be courageous and bold in the actions we take for ATB's future.

And we will up our game when it comes to the day-to-day execution of our strategy by raising the standard to make timely decisions and ensure our leaders and team members have the information they need to understand the impacts of their day-to-day choices.

ATB's strategy is rooted in the 94 words of our Story and the 11 ATBs, our guiding principles that we encourage all of our team members to live by. Enabling this purpose is a business model based on differentiation—investing in transformative technologies to demonstrate our obsession with delivering a remarkable customer experience—with people at the heart of who we are. While strategic development is ongoing at ATB, this plan is focused on our third year of a three-year plan committed to the theme of change.

The Story is our foundation. It binds us to our purpose—creating happiness to become more than a bank.

The ATBs guide our behaviours and remind us how to treat each other and our customers every day, consistently.

At ATB, we do things other banks wouldn't do, through two points of difference: customer obsession and transformation.

Our purpose at ATB is to transform banking, be more than a bank, and create happiness—and we can only achieve that by listening to our team members and customers and by reimagining everything we do.

Economic Outlook

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

Alberta's Economy at a Glance

As of May 2019, ATB Financial is forecasting real GDP growth for Alberta of 0.7% in 2019 and 1.6% in 2020. The pace of growth in the province is lower than in 2018 due to oil production limits, falling capital investment in the oil patch, and the spillover effects of both on other sectors. Our current forecast has West Texas Intermediate prices averaging around US$60 per barrel and Western Canadian Select averaging US$46 per barrel in 2019.

Alberta's Economic Challenges

Investment in the oil and gas sector will continue to be curtailed until the lack of pipeline capacity is addressed. The delayed completion of the Line 3 pipeline until 2020 is an additional setback. Price improvements for Canadian natural gas are unlikely. AECO-C natural gas prices are expected to average US$1.28/MMBtu in 2019.

After averaging 6.6% in 2018, the average provincial unemployment rate is forecast to be 6.9% in 2019. Employment remains a concern as uncertainty in the energy patch trickles down to other sectors.

International exports remain clouded by uncertainty, including recent bans on canola exports to China. Rocky trade relations between the U.S. and China, the possibility of a no-deal Brexit, and other global uncertainties will likely slow global growth this year and put downward pressure on Alberta's economy in 2019.

Implications for ATB

While not all Albertans will be struggling, the relatively high unemployment rate, lingering effects of the recession of 2015–16, low levels of capital investment in the oil patch, and slow growth overall will place stress on many ATB customers. Some oil service businesses will continue to struggle even as production edges up in 2019.

Alberta's canola farmers are facing a tough year if the Chinese ban is not lifted. China bought 51% of Alberta's canola last year. There is concern that other products may also be considered for the ban.

ATB's construction-sector clients are facing building permits that have been trending lower in both Calgary and Edmonton, with growth not expected in 2019. Announcements such as the latest $4.5-billion dehydrogenation plant and polypropylene upgrading facility are positive, but a surplus of commercial and residential properties will likely slow growth in the construction sector.

For those buying and selling homes, interest rate increases and stricter mortgage rules introduced in 2018 will continue to dampen activity among first-time buyers. Even though the net inflow of interprovincial migrants looks to be positive in 2019, it will be slow compared to the pre-recession period. The above factors, coupled with the low GDP growth, will keep a lid on average house prices and maintain the "buyers' market" that prevailed last year.

In 2018, retail sales grew 1.7%, but this upward trend is expected to soften in 2019. Retailers may find this year particularly difficult as Alberta experiences job market uncertainty, soft consumer confidence, and continued expansion of online retail activity.

Alberta's economy, by the numbers, is as follows:

	Current year	Previous year	Change
Unemployment rate (%, annual average)	6.6	7.8	-15.4%
Housing starts (#, annual total)	26,085	29,457	-11.4%
Building permits ($ in billions, annual total)	13.6	14.2	-4.2%
Manufacturing sales ($ in billions, annual total)	76.4	70.9	7.8%
New motor vehicle sales (# of units)	236,798	248,813	-4.8%
Consumer Price Index (annual % change)	2.4	1.6	n/a
Retail trade ($ in billions, annual total)	81.7	80.3	1.7%
Wholesale trade ($ in billions, annual total)	82.1	78.0	5.3%

For ATB’s daily economic update, subscribe to ***The Owl***.

Review of 2018–19 Consolidated Operating Results and 2019–20 Future Outlook

Detailed analysis can be found in the Review of Consolidated Financial Position as at March 31, 2019.

2018–19 Performance and 2019–20 Objectives

Performance Measures

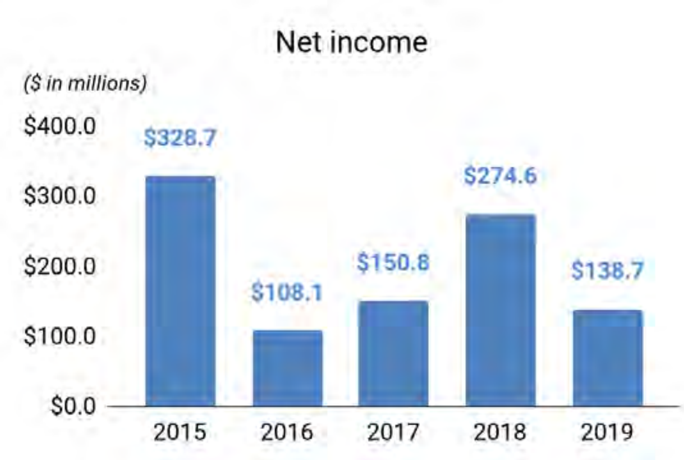
(%)	2018–19 target	**2018–19 results**	2019–20 target
Return on average assets	0.50–0.70	**0.26**	0.40–0.50
Return on average risk-weighted assets	0.70–0.90	**0.38**	0.45–0.55
Operating revenue growth	6.0–8.0	**6.3**	4.0–6.0
Efficiency ratio	69.0–71.0	**69.2**	70.0–72.0
Performing loan growth	4.0–6.0	**6.1**	3.0–5.0
Deposit growth	3.0–5.0	**4.7**	2.0–4.0
Growth in assets under administration	13.0–15.0	**8.8**	11.0–13.0

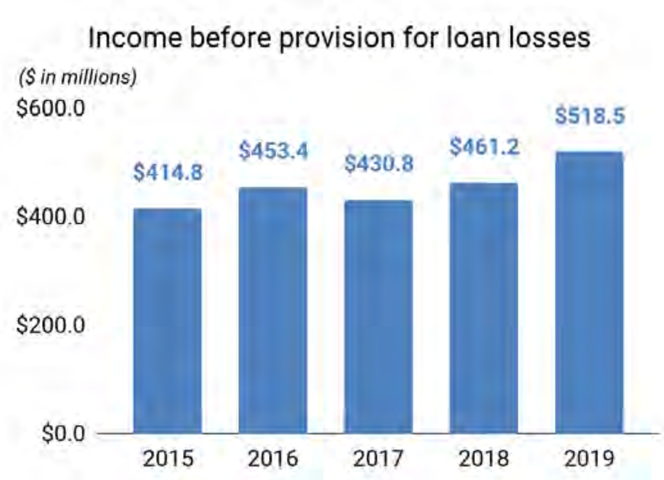
Net Income

Net income decreased by $135.9 million (49.5%) from the prior fiscal year. While operating revenue was the highest we've ever achieved, it was overshadowed by a significant increase in loan loss provisions for our business customers as a result of a weaker economy. ATB's net contribution to the Government of Alberta, comprised of net income, payment in lieu of taxes, and deposit guarantee fee for fiscal 2018–19 was $241.0 million, a decrease of $164.0 million (40.5%) from last year's $405.0 million.

ATB's income before provision for loan losses, a non-GAAP (generally accepted accounting principles) measure, increased from the prior year and is defined as follows:

($ in thousands)	**2019**	2019 vs 2018 increase (decrease)		2018
Operating revenue	**$ 1,682,639**	$ 99,724	6.3%	$ 1,582,915
Less: non-interest expense	**(1,164,170)**	42,471	3.8%	(1,121,699)
Income before provision for loan losses	**$ 518,469**	$ 57,253	12.4%	$ 461,216





Fiscal 2019–20 Outlook for Net Income

Overall, we expect net income for fiscal 2019–20 to be between $155 million and $265 million. Loan and deposit growth is expected to decrease as a result of a strategic focus across the organization to optimize the balance sheet. Operating revenue will show moderate growth, with a continued focus on non-interest sources of income. Non-interest expenses are expected to grow in fiscal 2019–20 as we invest in team members, tools, and technology to support our growing operating revenue. Provision for loan losses are expected to be slightly lower than in fiscal 2018–19.

Return on Average Assets

The return on average assets for fiscal 2018–19 decreased from last year and is driven by a decrease in net income and an increase in our average assets.

($ in thousands)	**2019**	2019 vs 2018 increase (decrease)		2018
Net income	**$ 138,695**	$ (135,864)	(49.5)%	$ 274,559
Average total assets	**$ 53,709,595**	$ 4,057,036	8.2%	$ 49,652,559
Return on average assets	**0.26%**	(0.29)%		0.55%

Fiscal 2019–20 Outlook for Return on Average Assets

We are targeting a return on average assets in the range of 0.40% and 0.50% for fiscal 2019–20. This target is based on anticipated net income of between $155 million and $265 million and total assets over $59 billion.

Operating Revenue

Total operating revenue consists of net interest income and other income. Both increased this year as a result of our growing loan portfolio, prime rate changes, and increases in assets under administration managed and administered by ATB Wealth.

($ in thousands)	**2019**	2019 vs 2018 increase (decrease)		2018
Net interest income	**$ 1,191,800**	$ 69,420	6.2%	$ 1,122,380
Other income	**490,839**	30,304	6.6%	460,535
Operating revenue	**$ 1,682,639**	$ 99,724	6.3%	$ 1,582,915

Fiscal 2019–20 Outlook for Operating Revenue

We expect operating revenue to increase by 4.0% to 6.0% in fiscal 2019–20. We will grow by serving the needs of Albertans while diversifying revenue sources, bolstering our balance sheet, and enhancing solutions provided by our advisory business segments—we'll create value through expertise. This means sharpening our focus on creating a customer-obsessed culture, strengthening our core, and delivering remarkable customer experiences each and every time.

Net Interest Income

Net interest income represents the difference between the interest earned on assets, such as loans and securities, and interest paid on liabilities, such as deposits, wholesale, and collateralized borrowings. Net interest income increased by $69.4 million (6.2%) from last year, with $90.4 million of the increase coming from balance sheet growth, offset by a $21.0 million decrease due to pricing changes. Although the two prime rate increases positively impacted net interest income, the competitive environment meant we paid more for deposits to support loan growth that more than offset the rate increase benefit.

Changes in Net Interest Income

	2019 vs 2018				2018 vs 2017			
	Increase (decrease) due to changes in				Increase (decrease) due to changes in			
($ in thousands)	**volume**	**rate**	**other**	**Net change**	volume	rate	other	Net change
Assets								
Interest-bearing deposits with financial institutions, and securities	**$ 4,831**	**$ 48,382**	**$ -**	**$ 53,213**	$ 3,182	$19,216	$ -	$ 22,398
Asset-backed commercial paper	**-**	**-**	**-**	**-**	-	-	(11,209)	(11,209)
Loans	**146,431**	**101,942**	**-**	**248,373**	70,338	24,558	-	94,896
Change in interest income	**$ 151,262**	**$ 150,324**	**$ -**	**$ 301,586**	$ 73,520	$ 43,774	$ (11,209)	$ 106,085
Liabilities								
Deposits	**$ 14,268**	**$ 144,205**	**$ -**	**$ 158,473**	$ (17,813)	$ 45,931	$ -	$ 28,118
Wholesale borrowings	**21,806**	**8,415**	**-**	**30,221**	(5,921)	14,010	-	8,089
Collateralized borrowings	**22,379**	**17,041**	**-**	**39,420**	26,554	4,788	-	31,342
Securities sold under repurchase agreements	**2,370**	**1,986**	**-**	**4,356**	853	833	-	1,686
Subordinated debentures	**75**	**(379)**	**-**	**(304)**	(491)	(724)	-	(1,215)
Change in interest expense	**$ 60,898**	**$ 171,268**	**$ -**	**$ 232,166**	$ 3,182	$ 64,838	$ -	$ 68,020
Change in net interest income	**$ 90,364**	**$ (20,944)**	**$ -**	**$ 69,420**	$ 70,338	$ (21,064)	$ (11,209)	$ 38,065

Net Interest Margin Earned

The net interest margin is the ratio of net interest income to average total interest-earning assets for the year. It is an important measure for ATB, as it measures how profitable our banking business is. The ratio decreased compared to last year as we gathered more expensive deposits to support our growing loan portfolio. The current competitive environment drove the higher deposit costs that benefited our customers but compressed our net interest margin.

($ in thousands)	Average balances 2019	2018	Interest income 2019	2018	Average rate (%) 2019	2018
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 6,318,639**	$ 5,832,427	**$ 111,168**	$ 57,954	**1.8**	1.0
Loans	**$ 46,066,265**	42,398,996	**$ 1,909,276**	1,660,903	**4.1**	3.9
Total interest-earning assets	**52,384,904**	48,231,423	**2,020,444**	1,718,857	**3.9**	3.6
Non-interest-earning assets	**1,325,097**	1,421,144	**-**	-	**-**	-
Total assets	**$ 53,710,001**	$ 49,652,567	**$ 2,020,444**	$ 1,718,857	**3.8**	3.5
Liabilities and equity						
Deposits	**$ 34,928,113**	$ 33,623,706	**$ 526,263**	$ 367,790	**1.5**	1.1
Wholesale borrowings	**4,638,193**	3,567,156	**102,847**	72,626	**2.2**	2.0
Collateralized borrowings	**8,677,162**	7,515,662	**184,228**	144,808	**2.1**	1.9
Non-interest-bearing liabilities	**1,358,507**	1,279,561	**-**	-	**-**	-
Securities sold under repurchase agreements	**420,952**	180,667	**6,138**	1,782	**1.5**	1.0
Subordinated debentures	**337,580**	334,958	**9,167**	9,471	**2.7**	2.8
Equity	**3,349,494**	3,150,849	**-**	-	**-**	-
Total liabilities and equity	**$ 53,710,001**	$ 49,652,559	**$ 828,643**	$ 596,477	**1.5**	1.2
Net interest margin					**2.28**	2.33

Other Income

Other income consists of all operating revenue not classified as net interest income.

($ in thousands)	2019	2019 vs 2018 increase (decrease)		2018
Wealth management	**$ 204,479**	$ 18,085	9.7%	$ 186,394
Service charges	**76,359**	5,618	7.9%	70,741
Card fees	**66,495**	7,416	12.6%	59,079
Credit fees	**45,086**	(1,778)	(3.8)%	46,864
Insurance	**24,022**	1,310	5.8%	22,712
Capital markets revenue	**20,256**	4,337	27.2%	15,919
Foreign exchange	**5,684**	(14,935)	(72.4)%	20,619
Net gains on derivatives	**35,559**	10,672	42.9%	24,887
Net gains on securities	**7,990**	633	8.6%	7,357
Sundry	**4,909**	(1,054)	(17.7)%	5,963
Total other income	**$ 490,839**	$ 30,304	6.6%	$ 460,535

Other income increased primarily due to ATB Wealth, capital markets revenue, card fees, and service charges.

ATB Wealth revenue had strong growth as a result of assets under administration increasing by $1.6 billion (8.8%), mostly from our award-winning Compass Portfolio series.

Card fees increased from last year as a result of higher volumes and interchange revenue. In addition, we earned more from foreign-exchange service charges, over-limit, and annual card fees.

Capital markets revenue increased from last year due to AltaCorp being a wholly controlled subsidiary for the full year compared to only being a wholly controlled subsidiary in the fourth quarter last year.

The foreign-exchange and derivative income earned this year was the result of strong performance by our Financial Markets Group (FMG) and unrealized gains from our interest rate risk management portfolio. It was, however, more than offset by a weaker Canadian dollar.

Similar to last year, we recognized an increase in the fair value for two investments made by ATB Capital for $3.6 million, primarily due to additional equity raised.

The ratio of other income to operating revenue was 29.2%, which is consistent with the prior year. This ratio is significantly lower than other major Canadian banks, as ATB does not generate revenue from trading, investment banking, or major brokerage activities.

Provision for Loan Losses

Provision for Loan Losses

($ in thousands)	**2019**
Stage 3 provision[1]	**$ 194,730**
Stage 2 provision[1]	**26,962**
Stage 1 provision[1]	**2,907**
Net write-offs	**113,546**
Total provision for loan losses	**$ 338,145**
Provision for loan losses to average gross loans	**0.71%**

[1] Refer to the critical accounting policies and estimates section for further details.

($ in thousands)	2018
Individual provision before recoveries	$ 148,111
Recoveries	(16,227)
Individual provision	131,884
Collective (recovery) provision	(26,878)
Total provision for loan losses	$ 105,005
Provision for loan losses to average gross loans	0.25%

ATB's provision for loan losses, comprising net write-offs, recoveries, and required changes to the allowance for Stage 1, 2, and 3 loans, increased substantially from last year. The increase is not only a reflection of Alberta's economy and the continued struggles our customers face post-recession, but also of the new methodology introduced by International Financial Reporting Standards (IFRS) 9, which replaces the guidance in International Accounting Standards (IAS 39). Our small- to medium-sized business customers felt the largest impact, driving this year's Stage 3 provision. Combined with a weakened economic outlook for Alberta, almost all portfolios experienced an increase in their probability of default (PD) and loss given default (LGD) attributed to this year's Stage 1 and 2 provisions.

Despite the trying times our customers face, management remains confident in the overall quality of the portfolio, supported by our strong credit- and loss-limitation practices and supporting our customers where we can. (Refer to the Risk Management section of this report for further details.) As at March 31, 2019, gross impaired loans of $974.9 million make up 2.0% (2018: 1.4%) of the total loan portfolio.

Non-Interest Expenses

Non-interest expenses consist of all expenses incurred by ATB except for interest expenses and the provision for loan losses.

($ in thousands)	**2019**	2019 vs 2018 increase (decrease)		2018
Salaries and employee benefits	**$ 600,574**	$ 16,754	2.9%	$ 583,820
Data processing	**118,166**	13,407	12.8%	104,759
Premises and occupancy, including depreciation	**88,525**	(2,957)	(3.2)%	91,482
Professional and consulting costs	**65,651**	(6,976)	(9.6)%	72,627
Deposit guarantee fee	**47,674**	6,080	14.6%	41,594
Equipment and software and other intangibles, including depreciation and amortization	**102,990**	6,808	7.1%	96,182
General and administrative	**72,668**	1,963	2.8%	70,705
ATB agencies	**13,178**	1,086	9.0%	12,092
Other	**54,744**	6,306	13.0%	48,438
Total non-interest expenses	**$ 1,164,170**	$ 42,471	3.8%	$ 1,121,699
Efficiency ratio	**69.2%**	1.7%		70.9%

As we continue to invest in technology and team members and reimagine more efficient ways to operate and serve our customers, salaries, data processing, and software costs continue to increase, offset partially by lower professional and consulting costs.

Salaries and employee benefits are up mainly due to a higher number of team members (6.9%) to support our transition to in-house solutions. As a result, we have relied less on external experts, decreasing our professional and consulting costs.

This year our software costs have increased as we have upgraded and improved multiple software systems and technology applications in our relentless drive to deliver a remarkable experience for our customers. This does, however, result in higher data-processing and maintenance costs.

Efficiency Ratio

Despite non-interest expenses growing, we were able to improve our efficiency ratio, measured as total non-interest expenses divided by total operating revenue, to 69.2%, as our investments in technology and team members—to provide a better customer experience—have translated into higher operating revenue.

Fiscal 2019–2020 Outlook for Efficiency Ratio

We have set the target efficiency ratio for fiscal 2019–20 at between 70.0% and 72.0%. The efficiency ratio will worsen slightly as a result of launching Brightside; however, this impact will decrease over time as

Review of Operating Results by Areas of Expertise

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

The manner in which ATB determines the revenues, expenses, assets, and liabilities attributable to the various areas of expertise is outlined below.

The net interest income, other income, and non-interest expenses reported for each area may also include certain interline charges. The net effects of the internal funds transfer pricing and allocation charges, if any, are offset by amounts reported for strategic service units.

Year-Over-Year Segmented Results

($ in thousands)	Retail Financial Services	Business and Agriculture	Corporate Financial Services	ATB Wealth[1]	AltaCorp Capital Inc.	Strategic service units	Total
For the year end March 31, 2019							
Net interest income	**$ 442,268**	**$ 335,756**	**$ 338,066**	**$ 16,179**	**$ 511**	**$ 59,020**	**$ 1,191,800**
Other income (loss)	**92,421**	**82,949**	**85,902**	**212,156**	**22,277**	**(4,866)**	**490,839**
Total operating revenue	**534,689**	**418,705**	**423,968**	**228,335**	**22,788**	**54,154**	**1,682,639**
Provision for loan losses	**46,818**	**148,307**	**138,675**	**4,345**	**-**	**-**	**338,145**
Non-interest expenses[2]	**502,937**	**270,597**	**137,161**	**206,810**	**22,230**	**24,435**	**1,164,170**
Payment in lieu of tax	**-**	**-**	**-**	**12,724**	**17**	**28,888**	**41,629**
Net (loss) income	**$ (15,066)**	**$ (199)**	**$ 148,132**	**$ 4,456**	**$ 541**	**$ 831**	**$ 138,695**
Increase (decrease) from 2018							
Net interest (loss) income	$ (13,533)	$ 21,707	$ 8,601	$ 15,477	$ 573	$ 36,595	$ 69,420
Other income (loss)	5,399	4,489	11,373	17,842	6,386	(15,185)	30,304
Total operating (loss) revenue	(8,134)	26,196	19,974	33,319	6,959	21,410	99,724
Provision for loan losses	22,607	121,214	84,973	4,345	-	-	233,139
Non-interest expenses	(3,352)	45,888	26,548	63,179	10,166	(99,958)	42,471
Payment in lieu of tax	-	-	-	905	(571)	(40,356)	(40,022)
Net (loss) income	$ (27,389)	$ (140,906)	$ (91,547)	$ (35,110)	$ (2,636)	$ 161,724	$ (135,864)
For the year end March 31, 2018							
Net interest income (loss)	$ 455,801	$ 314,049	$ 329,465	$ 702	$ (62)	$ 22,425	$ 1,122,380
Other income	87,022	78,460	74,529	194,314	15,891	10,319	460,535
Total operating revenue	542,823	392,509	403,994	195,016	15,829	32,744	1,582,915
Provision for loan losses	24,211	27,093	53,702	-	-	-	105,006
Non-interest expenses[2]	506,289	224,709	110,613	143,631	12,064	124,393	1,121,699
Payment in lieu of tax	-	-	-	11,819	588	69,244	81,651
Net income (loss)	$ 12,323	$ 140,707	$ 239,679	$ 39,566	$ 3,177	$ (160,893)	$ 274,559

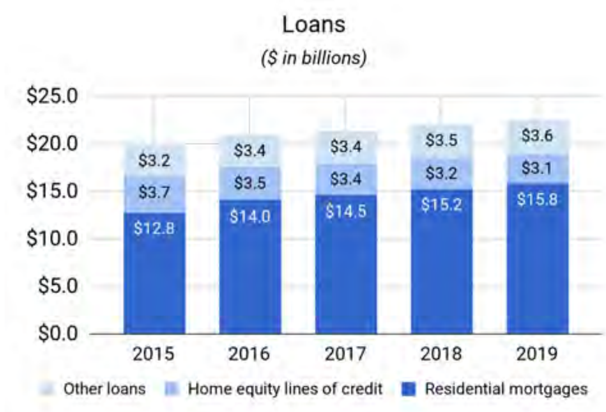
[1] Effective September 2018, ATB Wealth includes ATB Investor Services and Alberta Private Client (APC). Results for the prior year were not restated to include APC. Previously APC was reported under RFS.

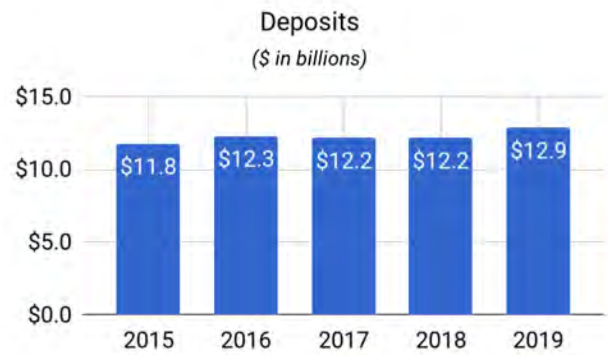
[2] Certain costs are allocated from the strategic service units (SSUs) to the areas of expertise. The allocation method is revised annually and creates fluctuations in ATB's segmented results.

Retail Financial Services (RFS)

Financial Performance

($ in thousands)	**2019**	2018
Net interest income	**$ 442,268**	$ 455,801
Other income	**92,421**	87,022
Operating revenue	**534,689**	542,823
Provision for loan losses	**46,818**	24,211
Non-interest expenses	**502,937**	506,289
Net (loss) income	**$ (15,066)**	$ 12,323
Total assets	**$ 23,344,544**	$ 22,027,241
Total liabilities	**$ 12,845,125**	$ 12,170,992





Despite growing other income and managing our non-interest expenses, net income decreased by $27.4 million, mainly due to higher provisions for loan losses.

Operating revenue decreased from prior year, driven by lower residential mortgage interest income and higher deposit costs, as we face an increasingly compressed net interest margin market. The growth in other income, primarily card fees, partially offset this decrease.

This year's provision for loan losses reflects the weakened economic outlook and higher probability of default (PD) and loss given default (LGD) rates, a stark contrast to last year's improving portfolio and economy. RFS did, however, write off fewer loans this year.

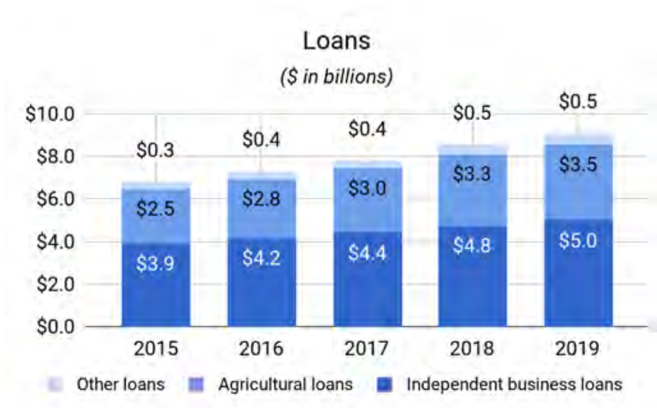
Non-interest expenses decreased from prior year as a result of lower incentive pay partly offset by higher corporate allocations.

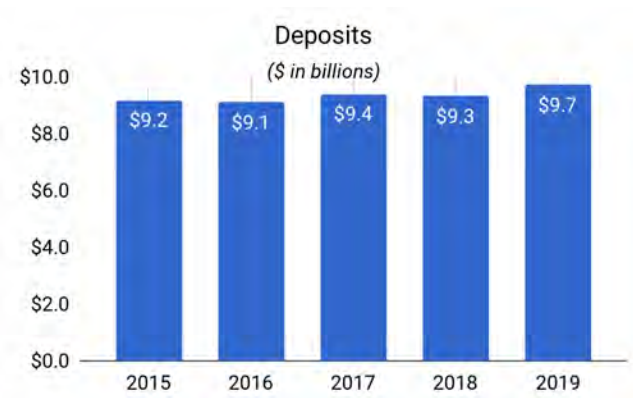
Although RFS ended the year in a loss position, the strong growth momentum is expected to continue off the back of this year's impressive loan and deposit growth (2% and 6%, respectively). Taking the time to deepen customer relationships and focusing on branding with the Deposit Yourself Here campaign will enable team members to be prominently connected with Albertans.

Business and Agriculture (B&Ag

Financial Performance

($ in thousands)	**2019**	2018
Net interest income	**$ 335,756**	$ 314,049
Other income	**82,949**	78,460
Operating revenue	**418,705**	392,509
Provision for loan losses	**148,307**	27,093
Non-interest expenses	**270,597**	224,709
Net (loss) income	**$ (199)**	$ 140,707
Total assets	**$ 7,774,939**	$ 7,453,391
Total liabilities	**$ 9,133,732**	$ 9,041,412





Similar to RFS, net income in B&Ag was impacted by elevated provision for loan losses as small business customers struggled from adverse economic conditions after only briefly recovering from the last recession.

Throughout the year, a culture of customer obsession has allowed us to grow the small business customer base and introduce new products and services to existing customers. This has translated into higher operating revenue this year, due to growth in both loans and deposits, service charges, and card fees.

The provision for loan losses this year reflects the trying times small business customers are facing as our economic growth continues to lag. Similar to RFS, Stage 1 and 2 provisions were higher.

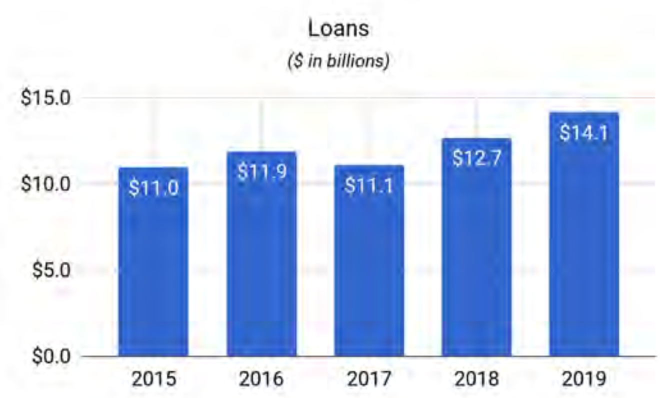
Non-interest expenses increased from last year due to higher corporate allocations.

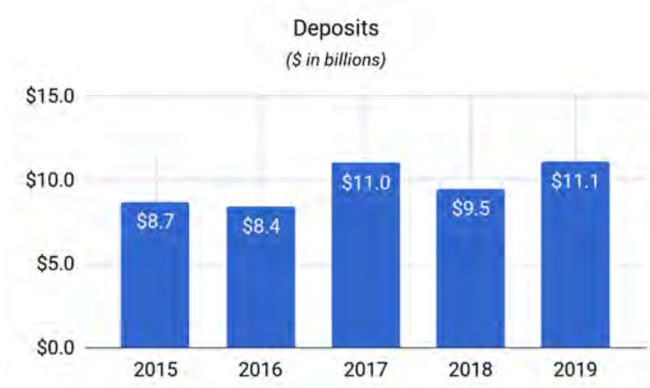
Loans and deposits grew significantly from prior year (6% and 4%, respectively) as B&Ag continue to find ways to be there for Albertans and help them to achieve their goals.

Corporate Financial Services (CFS)

Financial Performance

($ in thousands)	**2019**	2018
Net interest income	**$ 338,066**	$ 329,465
Other income	**85,902**	74,529
Operating revenue	**423,968**	403,994
Provision for loan losses	**138,675**	53,702
Non-interest expenses	**137,161**	110,613
Net income	**$ 148,132**	$ 239,679
Total assets	**$ 14,036,096**	$ 11,963,893
Total liabilities	**$ 10,741,203**	$ 9,210,721





As within other areas of expertise, net income in CFS was impacted by the increased provision for loan losses as Alberta continues to face economic difficulties.

Operating revenue increased due to strong loan growth. CFS did, however, pay more on deposits that offset some of this positive momentum. Focusing on growing non-interest sources of income paid off as the financial markets group saw higher income on foreign-exchange and commodity derivatives.

Just like RFS and B&Ag, CFS also felt the impact from Alberta's economic challenges as provision for loan losses increased significantly from last year. In addition to the portfolios' credit quality deteriorating, a number of high-dollar customers' loans became impaired this year.

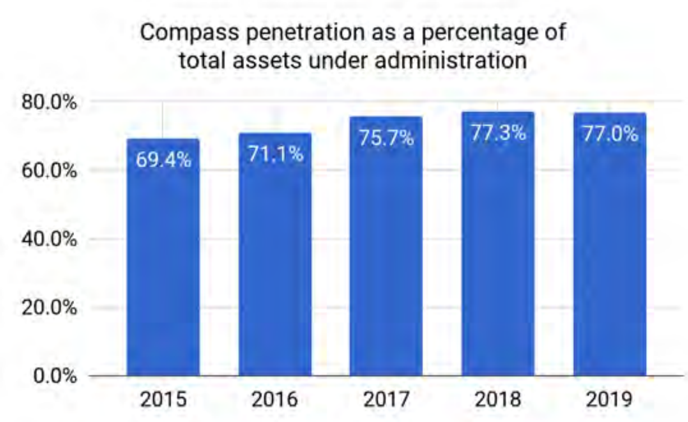
As the business continues to grow and customer obsession remains part of the culture, non-interest expenses have grown this year with most of the growth in salaries as the team member base expanded. Corporate allocations are also higher.

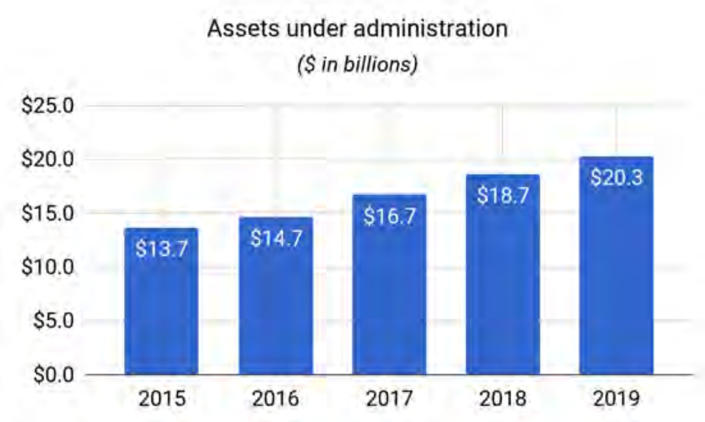
Loan balances increased 14.5%, with most of the growth coming from the energy and commercial portfolios. Deposit balances increased 17%, mainly driven by amortizing deposits and notice demand accounts.

ATB Wealth
Financial Performance

($ in thousands)	2019	2018(1)
Net interest income	**$ 16,179**	$ 702
Other income	**212,156**	194,314
Operating revenue	**228,335**	195,016
Provision for loan losses	**4,345**	-
Non-interest expenses	**206,810**	143,631
Net income before payment in lieu of tax	**17,180**	51,385
Payment in lieu of tax	**12,724**	11,819
Net income	**$ 4,456**	$ 39,566
Total assets	**$ 994,842**	$ 140,817
Total liabilities	**$ 1,015,807**	$ 102,970
Total assets under administration	**$ 20,311,402**	$ 18,668,716

[1] Effective September 2018, ATB Wealth includes ATB Investor Services and Alberta Private Client (APC). Results for the year ended March 31, 2018, were not restated to include APC. Previously, APC and the related provision for loan losses were reported under RFS.





Net income decreased year over year, led by higher non-interest expenses.

Both net interest income and other income grew, with the inclusion of Alberta Private Client (APC) driving the net interest income growth, while fund management, advisory fees, and growth in assets under administration (AUA) led the growth in other income.

AUA grew $1.6 billion (8.8%) over the prior year, driven mainly by growth in the Compass Portfolios, which reached 77% of total AUA. The stalling economic recovery in Alberta created a challenging environment for asset-gathering, combined with extreme market volatility in the last half of the year.

Non-interest expenses (NIE) increased $63.2 million (44.0%), with most of the increase due to higher corporate allocations and the inclusion of APC results. The remaining increase in NIE is as a result of higher variable costs associated with AUA growth and higher employee costs related to ATB Wealth's investment in its' workforce and customer obsession.

AltaCorp Capital
Financial Performance

($ in thousands)	**2019**	2018[1]
Net interest income (loss)	**$ 511**	$ (62)
Other income	**22,277**	15,891
Operating revenue	**22,788**	15,829
Non-interest expenses	**22,230**	12,064
Net income before income taxes	**558**	3,765
Income taxes	**17**	588
Net income	**$ 541**	$ 3,177
Total assets	**$ 42,334**	$ 28,537
Total liabilities	**$ 34,182**	$ 21,131

[1] Results for the year ended March 31, 2018, relate to income earned by AltaCorp after ATB acquired 100% of the voting shares on January 2, 2018.

Although revenue generated from mergers and acquisitions and IPOs was higher, fewer advisory deals were closed. Non-interest expenses were also higher, mainly due to increased salaries and benefits expenses.

Quarterly Operating Results and Trend Analysis

Review of 2018–19 Fourth-Quarter Operating Results

Summarized Consolidated Statement of Income

For the three months ended	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
($ in thousands)	**Mar 31/19**	**Dec 31/18**	**Sep 30/18**	**Jun 30/18**	Mar 31/18	Dec 31/17	Sep 30/17	Jun 30/17
Interest income	**$ 521,670**	**$ 524,199**	**$ 501,359**	**$ 473,215**	$ 450,358	$ 439,692	$ 426,008	$ 402,799
Interest expense	**224,564**	**225,305**	**202,340**	**176,434**	162,861	153,059	142,466	138,091
Net interest income	**297,106**	**298,894**	**299,019**	**296,781**	287,497	286,633	283,542	264,708
Other income	**124,060**	**128,308**	**123,228**	**115,243**	124,877	120,210	108,800	106,648
Operating revenue	**421,166**	**427,202**	**422,247**	**412,024**	412,374	406,843	392,342	371,356
Provision for loan losses	**165,508**	**69,273**	**53,042**	**50,322**	21,697	14,586	47,228	21,495
Non-interest expenses	**307,392**	**290,658**	**278,913**	**287,207**	319,984	270,236	263,618	267,861
Net (loss) income before payment in lieu of tax	**(51,734)**	**67,271**	**90,292**	**74,495**	70,693	122,021	81,496	82,000
Payment in lieu of tax	**(11,880)**	**15,498**	**20,812**	**17,199**	15,982	28,065	18,744	18,860
Net (loss) income	**$ (39,854)**	**$ 51,773**	**$ 69,480**	**$ 57,296**	$ 54,711	$ 93,956	$ 62,752	$ 63,140
Net (loss) income attributable to non-controlling interests	**$ (219)**	**$ (46)**	**$ 72**	**$ (54)**	$ 1,372	$ -	$ -	$ -

Net Income

A significantly higher provision for loan losses drove our fourth-quarter results. While expenses increased from last quarter, they are lower than last year due to the cost containment efforts within our areas of expertise.

Operating Revenue

This quarter's operating revenue is an $8.7-million (2.1%) increase from the same quarter last year and is entirely driven by higher increased net interest income due to our growing loan portfolio.

Operating revenue in the fourth quarter is a $6.0-million (1.4%) decrease compared to last quarter, driven by a one-time insurance settlement received last quarter. In addition, our liquidity risk management balances decreased, lowering the interest income earned.

Provision for Loan Losses

This quarter's provision increased substantially from last quarter and year, driven by our Stage 3 provision for our small- to medium-sized business customers as they continue to feel the after-shock from the most recent recession.

Non-Interest Expenses and Efficiency Ratio

Non-interest expenses decreased $12.6 million (3.9%) over the same quarter last year, mainly due to savings on professional and consulting fees and salaries and employee benefit costs. At this time last year, we had a large transformation initiative underway that increased our consulting costs, along with a few one-time payments and sales commissions paid to team members.

Quarter-over-quarter, non-interest expenses increased $16.7 million (5.8%). This was a result of our contributions back to Alberta's communities and higher media and advertising expenses as we strategically focused on securing deposits with our Deposit Yourself Here campaign. In addition, we had higher expenses associated with the fair value of our achievement notes.

ATB's efficiency ratio increased (worsened) from 68.0% in the third quarter of fiscal 2018–19 to 73.0% this quarter, as operating revenue remained consistent but non-interest expenses grew by 5.8%. This is, however, lower (an improvement) than the 77.6% at the same time last year, as we grew interest income and lowered our non-interest expenses.

Trend Analysis

We recorded our highest-ever quarterly operating revenue, net interest income, and net income before provisions. We not only continue to grow loans, but our focused strategy to increase deposits resulted in 9.9% year-over-year growth and allowed us to rely less on alternative and costly funding sources, evidenced by a 22.3% decrease in wholesale borrowings.

Our income from non-interest sources grew, led by wealth management revenue, unrealized gains on our liquidity risk management portfolio, and card fee revenue. Other income contributed to 29.2% of our total operating revenue, up slightly from last year's 29.1% result. As we face an environment where net interest margins are being compressed, other income will become increasingly important.

Provision for loan losses were at elevated levels for most of the year, as Albertans continue to suffer economic setbacks after only briefly recovering from the economic recession a few years ago.

Non-interest expenses have increased, but not at the same rate as our operating revenue. Our investments in multiple new and upgraded software systems and applications, as well as an investment in our team members, will enable us to deliver remarkable experiences for our customers as we move into the next fiscal year.

Review of 2018–19 Consolidated Financial Position and 2019–20 Future Outlook

Total Assets

Our total assets at March 31, 2019, were $54.3 billion, a $2.5-billion (4.7%) increase over last year, driven by our growing business loan portfolio.

Cash and Liquid Securities

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

($ in thousands)	**2019**	2019 vs 2018 increase (decrease)		2018
Cash	**$ 200,002**	$ (85,525)	(30.0)%	$ 285,527
Interest-bearing deposits with financial institutions	**1,097,307**	(13,541)	(1.2)%	1,110,848
Liquid securities	**4,380,653**	(406,633)	(8.5)%	4,787,286
Cash and liquid securities	**$ 5,677,962**	$ (505,699)	(8.2)%	$ 6,183,661
As a percentage of total assets	**10.4%**	(1.5)%		11.9%

Cash varies due to changes in customer product preferences and the timing of certain interbank activities, such as foreign-currency clearing, cheque clearing, and other transit items. We focused more on interest-bearing deposits to support our liquidity position rather than investing in liquid securities. (Refer to Risk Management for further details.)

To support our participation in Canadian clearing and payment systems, we are required to pledge collateral to the Bank of Canada and other clearing networks. We use a variety of collateral sources, including, from time to time, liquid assets such as cash or treasury bills. (Refer to notes 7 and 23 to the statements for further details.)

Loans

($ in thousands)	**2019**
Gross loans	**$ 47,670,637**
Less: stage 3 allowance	**(475,019)**
Loans, net of stage 3 allowances	**47,195,618**
Less: stage 1 and 2 allowances	**(189,894)**
Net loans	**$ 47,005,724**

($ in thousands)	2018
Gross loans	$ 44,620,064
Less: individual allowances	(307,314)
Loans, net of individual allowances	44,312,750
Less: collective allowances	(201,710)
Net loans	$ 44,111,040

Net loans increased over the same time last year as a result of our business and residential mortgage loan portfolios growing $2.4 billion (11.2%) and $0.7 billion (4.4%), respectively. We continue to grow in the energy, real estate, agriculture, and independent business sectors, but we've also attracted new customers from emerging sectors such as life sciences as we work on diversifying our portfolio.

Our allowance for loan losses was 30.6% higher this year as we recorded a higher stage 3 allowance for our small business and corporate customers. Our loan portfolio and the related allowances for loan losses are discussed in greater detail in theRisk Managementsection.

ATB's performing loan growth of 6.1% in fiscal 2018–19 slightly eclipsed our targeted growth range of 4.0% to 6.0%.

Fiscal 2019–20 Outlook for Performing Loan Growth

We are targeting our performing loan balance to grow 3.0% to 5.0% in fiscal 2019–20, based primarily on continued business loan and residential mortgage growth.

Remaining Assets

($ in thousands)	2019	2019 vs 2018 increase (decrease)		2018
Derivative financial instruments	**$ 642,070**	$ 65,358	11.3%	$ 576,712
Property and equipment	**285,634**	(47,458)	(14.2)%	333,092
Software and other intangibles	**302,865**	10,069	3.4%	292,796
Prepaid expenses and other receivables	**206,478**	12,034	6.2%	194,444
Accrued interest receivable	**64,817**	4,205	6.9%	60,612
Other	**158,601**	40,807	34.6%	117,794
Total remaining assets	**$ 1,660,465**	$ 85,015	5.4%	$ 1,575,450

ATB's remaining assets are composed primarily of derivative financial instruments, property and equipment, software and other intangibles, and other assets. (Refer to notes 11, 12, 13, and 14 to the statements for further details.)

The increase in our derivative assets mainly relates to an increase in the fair value of our interest rate ($78 million) and foreign-exchange risk management products ($29 million) designated for hedge accounting due to the significant decrease in long-term swap rates. The increase in interest rate risk and foreign-exchange management assets is partially offset by a decrease in our derivative liabilities.

The change in property and equipment and software is due to a shift in strategies, both in the workplace and to more cloud-based technology. This has resulted in less office space, and more software. The increase in other assets mainly relates to an amount owed to ATB for a foreign exchange management product we sold prior to March 31, for which we have not received funds.

Fiscal 2019–20 Outlook for Capital Expenditures

Our major capital expenditure for 2019–20 will be a $101-million investment focusing on customer experience, digital development, data, artificial intelligence, and technology enablement. Along with these priorities, we need to invest in maintaining our technology infrastructure to strengthen ATB's core. As part of our transformation, we are adopting leading-edge technologies to design extraordinary customer experiences and are building the strategic capabilities ATB needs in order to compete in the future. We expect to invest $10 million in sustaining retail, corporate, and agency presence across the province in order to support agency relocations; complete legacy projects, and enhance security for all corporate, branch, and agency locations. We continue to reimagine how we use our corporate space and reduce our carbon footprint at all locations.

Total Liabilities

Total liabilities ended the year at $50.7 billion, an increase of $2.1 billion (4.3%). The increase is driven by fixed-date deposits, partially offset by a decrease in total alternative funding sources as we focus on gathering deposits and rely less on external sources of funding.

Deposits

As at March 31, 2019 *($ in thousands)*	**Payable on demand**	**Payable on a fixed date**	**Total**	**Percentage of total**
Redeemable fixed-date deposits	**$ -**	**$ 2,047,475**	**$ 2,047,475**	**5.7%**
Non-redeemable fixed-date deposits	**-**	**9,176,459**	**9,176,459**	**25.5%**
Savings accounts	**10,004,043**	**-**	**10,004,043**	**27.9%**
Transaction accounts	**7,574,046**	**-**	**7,574,046**	**21.1%**
Notice accounts	**7,119,926**	**-**	**7,119,926**	**19.8%**
Total deposits	**24,698,015**	**11,223,934**	**35,921,949**	**100.0%**
Percentage of total	**68.8%**	**31.2%**	**100.0%**	

As at March 31, 2018 *($ in thousands)*	**Payable on demand**	**Payable on a fixed date**	**Total**	**Percentage of total**
Redeemable fixed-date deposits	$ 24,129	$ 2,344,723	$ 2,368,852	7.2%
Non-redeemable fixed-date deposits	-	6,724,048	6,724,048	20.6%
Savings accounts	9,525,181	-	9,525,181	29.2%
Transaction accounts	7,751,748	-	7,751,748	23.7%
Notice accounts	6,313,944	-	6,313,944	19.3%
Total deposits	23,615,002	9,068,771	32,683,773	100.0%
Percentage of total	72.3%	27.7%	100.0%	

ATB's principal sources of funding are customer deposits, which consist of fixed-date deposits, savings, transaction, and notice accounts. Despite a highly competitive market, we achieved almost double-digit deposit growth, which on average are a lower-cost funding source for us.

We greatly surpassed our fiscal 2018–19 target of 3.0% to 5.0% and will continue to focus on providing the best customer experience and gathering lower-cost sources of funding.

Fiscal 2019–20 Outlook for Deposit Growth

We are targeting deposit growth of 2.0% to 4.0% in fiscal 2019–20. Through a strategic focus across the organization, we expect growth in this area to concentrate on our lower-cost sources of funding. This will be achieved through an obsessive-service culture, competitive pricing, and marketing. Core deposits in RFS are our bread and butter and essential for ATB. As they define a customer's relationship with their primary bank, they are extremely valued by ATB.

Remaining Liabilities

($ in thousands)	**2019**	2019 vs 2018 increase (decrease)		2018
Collateralized borrowings	**$ 8,965,829**	$ 557,376	6.6%	$ 8,408,453
Wholesale borrowings	**3,619,066**	(1,037,403)	(22.3)%	4,656,469
Securities sold under repurchase agreements	**-**	(790,827)	(100.0)%	790,827
Derivative financial instruments	**507,146**	(166,016)	(24.7)%	673,162
Accounts payable and accrued liabilities	**880,516**	248,126	39.2%	632,390
Subordinated debentures	**339,140**	7,941	2.4%	331,199
Accrued interest payable	**165,125**	54,838	49.7%	110,287
Payment in lieu of tax and income taxes payable	**41,618**	(39,818)	(48.9)%	81,436
Due to clients, brokers, and dealers	**65,728**	(8,635)	(11.6)%	74,363
Accrued pension-benefit liability	**77,161**	14,116	22.4%	63,045
Achievement notes	**63,080**	3,928	6.6%	59,152
Deposit guarantee fee payable	**53,676**	4,297	8.7%	49,379
Total remaining liabilities	**$ 14,778,085**	$ (1,152,077)	(7.2)%	$ 15,930,162

ATB’s remaining liabilities are made up primarily of collateralized and wholesale borrowings, securities sold under repurchase agreements, derivative financial instruments, accounts payable and accrued liabilities, and subordinated debentures. (Refer to notes 11, 16, 17, 18, and 20 to the statements for further details.)

Wholesale borrowings are used as a source of funds to supplement customer deposits in supporting our lending activities. These consist primarily of bearer-deposit and mid-term notes issued on ATB’s behalf by the Government of Alberta. The balance outstanding can swing significantly over each year due to fluctuations in our customer deposit balances. Our strong deposit growth resulted in us not needing to rely on this funding source, driving the decrease from last year. The agreement with the Government of Alberta currently limits the total volume of such borrowings to $7.0 billion.

Collateralized borrowings, also used to supplement customer deposits, represent ATB’s participation in the Canada Mortgage Bonds (CMB) program, securitization of credit card receivables, and other mortgage loan securitization. This liability increased due to the ability to securitize more of our mortgage portfolio, which also grew from last year.

Due to our strong deposit growth, we did not need to borrow any securities under repurchase agreements.

The decrease in our derivative financial instruments is a result of an $89-million decrease in the fair value of commodity forward contracts provided to corporate customers and a $95-million decrease in the fair value of our interest rate risk management products designated for hedge accounting.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss decreased by $165.0 million (92.6%) from last year mainly as a result of continued volatility from the effective portion recorded to other comprehensive income for our interest rate management products designated for hedge accounting. This volatility is tied to the significant decrease in average swap rates this year. This is slightly offset by our pension plan due to actual returns being lower than expected and a higher pension obligation.

Regulatory Capital

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, the Alberta Superintendent of Financial Institutions, 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 Requirements* guideline. ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the Government of Alberta'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 set out in the following table, our regulatory capital consists of retained earnings and eligible portions of subordinated debentures, wholesale borrowings, collective allowance for loan losses, and notional capital (which reduces quarterly by 25% of net income). Following the December 2015 amendment to the *Capital Requirements* guideline, wholesale borrowings became eligible as Tier 2 capital. Effective April 1, 2017, software and other intangibles were deducted from total capital.

($ in thousands)	2019	2019 vs 2018 increase (decrease)		2018
Tier 1 capital				
Retained earnings	**$ 3,652,955**	$ 199,111	5.8%	$ 3,453,844
Tier 2 capital				
Eligible portions of:				
subordinated debentures	**124,727**	13,534	12.2%	111,193
wholesale borrowings	**1,853,760**	433,760	30.5%	1,420,000
collective allowance for loan losses	**189,894**	(11,816)	(5.9)%	201,710
notional capital	**99,199**	(49,778)	(33.4)%	148,977
Total Tier 2 capital	**2,267,580**	385,700	20.5%	1,881,880
Deductions from capital				
Software and other intangibles	**302,865**	10,069	100.0%	292,796
Total capital	**$ 5,617,670**	$ 574,742	11.4%	$ 5,042,928
Total risk-weighted assets	**$ 37,441,480**	$ 2,120,483	6.0%	$ 35,320,997
Risk-weighted capital ratios				
Tier 1 capital ratio	**9.8%**	(0.0)%		9.8%
Total capital ratio	**15.0%**	0.7%		14.3%
Assets-to-capital multiple	**9.7**	(0.6)	(6.1)%	10.3

Our Tier 1 capital ratio was 9.8%, and our total regulatory capital ratio was 15.0% of risk-weighted assets.

Fiscal 2019–20 Outlook for Regulatory Capital

Over fiscal 2019–20, we expect our capital levels to continue to exceed both our regulatory and economic capital requirements for prudent and responsible management of our business as a financial institution.

Risk-Weighted Assets

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

($ in thousands)	Risk-weighted percentage	2019 On- or off-balance-sheet value	2019 Risk-weighted value	2019 vs 2018 Risk-weighted value increase (decrease)		2018 On- or off-balance-sheet value	2018 Risk-weighted value
Balance sheet amounts							
Cash resources	0–20	**$ 1,297,309**	**$ 220,375**	$ (2,838)	(1.3)%	$ 1,396,375	$ 223,213
Securities	0–100	**4,380,653**	**85,981**	62,079	259.7%	4,810,226	23,902
Residential mortgages	0–100	**16,438,739**	**3,495,743**	277,632	8.6%	15,734,569	3,218,111
Other loans	0–100	**30,566,985**	**28,764,192**	2,140,776	8.0%	28,376,472	26,623,416
Other assets	20–100	**1,660,465**	**1,341,501**	73,667	5.8%	1,575,450	1,267,834
Total balance sheet amounts		**$ 54,344,151**	**$ 33,907,792**	$ 2,551,316	8.1%	$ 51,893,091	$ 31,356,476
Off-balance-sheet amounts							
Guarantees and letters of credit[1]	0–100	**$ 19,879,832**	**$ 3,193,405**	$ (434,187)	(12.0)%	$ 20,148,902	$ 3,627,592
Derivative financial instruments	0–50	**18,738,476**	**340,283**	3,354	1.0%	16,640,243	336,929
Total off-balance-sheet amounts		**$ 38,618,308**	**$ 3,533,688**	$ (430,833)	(10.9)%	$ 36,789,145	$ 3,964,521
Total risk-weighted assets		**$ 92,962,459**	**$ 37,441,480**	$ 2,120,483	6.0%	$ 88,682,236	$ 35,320,997

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

Return on Average Risk-Weighted Assets

ATB achieved a 0.38% return on risk-weighted assets, a 0.43% decrease from last year, as our risk-weighted assets, driven by commercial loan growth, grew faster than our net income which was impacted this year from a higher provision for loan losses.

Fiscal 2019–20 Outlook for Return on Average Risk-Weighted Assets

We are targeting a return on average risk-weighted assets in fiscal 2019–20 between 0.45% and 0.55%.

Off-Balance-Sheet Arrangements

As a financial institution, ATB participates in a variety of financial transactions that, under International Financial Reporting Standards, are either not recorded on the Consolidated Statement of Financial Position or are recorded at amounts different from the full notional or contract amount. These transactions include:

Assets Under Administration

Assets under administration consist of client investments managed and administered by ATB's subsidiary entities, operating under the umbrella of ATB Wealth. Client accounts under administration increased from $18.7 billion to $20.3 billion during the year. (Refer to ATB Wealth in this MD&A.)

Derivative Financial Instruments

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

All derivative financial instruments, including embedded derivatives and those qualifying for hedge accounting, are measured at fair value on the Consolidated Statement of Financial Position. Although transactions in derivative financial instruments are expressed as notional values, the fair value—not the notional amount—is recorded on the Consolidated Statement of Financial Position. Notional amounts serve as points of reference only for calculating payments and do not truly reflect the credit risk associated with the financial instrument. (Refer to note 11 to the statements for further details.)

Credit Instruments

In the normal course of lending activities, ATB enters into various commitments to provide customers with sources of credit. These typically include credit commitments for loans and related credit facilities, including revolving facilities, lines of credit, overdrafts, and authorized credit card limits. To the extent that a customer's authorized limit on a facility exceeds the outstanding balance drawn as at March 31, 2019, we consider the undrawn portion to represent a credit commitment.

For demand facilities, we still consider the undrawn portion to represent a commitment to our customer; however, the terms of the commitment are such that ATB could adjust the credit exposure if circumstances warranted doing so. Accordingly, from a risk management perspective, these demand facilities are considered to represent a lesser exposure than facilities with extended commitment terms. (Refer to note 23 to the statements for further details.)

Contractual Obligations

During its normal daily operations, ATB enters into various contractual obligations to make future payments for certain purchase transactions and operating leases. (Refer to note 23 to the statements for details.) We are also obligated to make future interest payments on our collateralized borrowings, subordinated debentures, and wholesale borrowings. (Refer to notes 16, 18, and 22 to the statements for further details.)

Guarantees

In the normal course of operations, ATB enters into guarantee arrangements that satisfy the definition of guarantees established by the International Financial Reporting Standard (IFRS) 9 *Financial Instruments*. The principal types of guarantees are standby letters of credit and performance guarantees. (Refer to note 23 to the statements for further details.)

Securitization

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

Critical Accounting Policies and Estimates

Significant Accounting Policies

ATB's significant accounting policies are outlined in note ~~2~~ to the consolidated financial statements. These policies are essential to understanding and interpreting the financial results presented in this MD&A and in the statements. (Refer to the notes in the consolidated financial statements for significant accounting policies.)

Critical Accounting Estimates

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

Allowance for Loan Losses (Policy Applicable after April 1, 2018)

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

For financial assets measured at fair value through other comprehensive income (FVOCI), the calculated expected credit loss (ECL) does not reduce the carrying amount in the Consolidated Statement of Financial Position, which remains at fair value. Instead, the allowance is recognized in other comprehensive income (OCI) as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit and loss when the asset is derecognized.

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

Stage 1: When the asset is recognized, an allowance is recorded based on the 12-month ECL, which represents a portion of the lifetime ECL that is possible within 12 months of the reporting date. Stage 1 also includes assets previously classified as Stage 2 if the credit risk has improved.

Stage 2: When an asset has shown a significant increase in credit risk since origination, an allowance is recognized for the lifetime ECL. Stage 2 also includes assets previously classified as Stage 3 if the credit risk has improved.

Stage 3: Assets are considered credit-impaired, with an allowance recognized for the lifetime ECL.

Both the lifetime and 12-month ECLs are calculated either on an individual or collective basis. If the credit quality improves in subsequent periods and results in a significant increase in credit risk no longer existing, the ECL is measured at the 12-month ECL. (Refer to ~~Risk Management~~ in this MD&A and note ~~11~~ in the statements for further details.)

Allowance for Loan Losses (Policy Applicable before April 1, 2018)

The allowance for loan losses adjusts the net carrying value of loan assets to reflect evidence of impairment from one or more "loss" events that occurred after the initial recognition of the asset and impacted the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The allowance for loan losses consists of individually assessed allowances for impaired loans and collectively assessed allowances for loan losses.

In assessing allowances for loan losses, management must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These include economic factors, developments affecting companies in particular industries, and specific issues with respect to individual borrowers, such as financial difficulty, breach of contract, and probability of bankruptcy.

Changes in circumstances may cause future assessments of credit risk to be materially different from current assessments and may require an increase or decrease in the allowance for loan losses.

Depreciation of Property, Equipment, and Amortization of Software

The expense recognized for the depreciation of property and equipment and amortization of software depends on the estimated useful life and salvage value of such assets. Management has derived estimates for these values based on past experience and its judgment regarding future expectations. If actual experience differs from management's estimates, depreciation and amortization expense could increase or decrease in future years. (Refer to notes 12 and 13 in the statements for further details.)

Assumptions Underlying the Accounting for Employee Future Benefits

ATB engages actuarial consultants in valuing pension-benefit obligations for our defined benefit pension plans and Public Service Pension Plan based on assumptions determined by management. The most significant of these assumptions includes the rate of future compensation increases, discount rates for pension obligations, and the inflation rate. If actual experience differs from the assumptions made by management, our pension-benefit expense could increase or decrease in future years. (Refer to note 20 in the statements for further details.)

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. For those instruments with an available market price, fair value is established by reference to the last traded price before the balance sheet date. Many of ATB's financial instruments lack such an available trading market, and the associated fair values represent management's best estimates of the current value of the instruments, taking into account changes in market rates or credit risk that have occurred since their origination. The most significant fair-value estimate this year relates to ATB's derivative financial instruments. (Refer to note 11 in the statements for further details.)

Income Taxes and Deferred Taxes

The income tax expense and deferred tax assets and liabilities for future tax benefits are management's best estimate of income taxes expected to be paid. As a result of acquiring AltaCorp Capital Inc., we are currently subject to income taxes in both Canada and the United States. Significant judgments and estimates are required when determining the consolidated income tax expense.

The current income tax is the expected tax payable or recoverable on taxable income using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise from temporary differences between carrying amounts of assets and liabilities in the financial statements and the tax basis and are estimated based on assessing non-capital loss carryforwards, deferred leasehold inducements, start-up costs, donations, property and equipment, and share issuance costs. Any changes in our assessment of these factors or the tax rates may impact the deferred tax assets and liabilities. (Refer to note 21 in the statements for further details.)

Future Changes in Accounting Policies

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

Risk Management

The discussion of risk management policies and procedures relating to credit, market, and liquidity risks are required by IFRS 7 *Financial Instruments: Disclosures*, which permits these specific disclosures to be included in the MD&A. They therefore form an integral part of the audited financial statements for the year ended March 31, 2019.

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

We define risk as the potential for loss or undesirable outcomes in earnings, liquidity, capital, and/or reputation. ATB continues to have a strong commitment to managing risk with the objective of protecting and managing owner value. We manage risks by ensuring that our business strategies provide an appropriate return for the risks we take, while staying within our board-approved risk appetite. This risk appetite statement addresses our major risk categories, which include credit, market, liquidity, operational, cyber-security, regulatory compliance, strategic, business execution, and reputational risk.

As we support our areas of expertise in facilitating Albertan economic growth, our primary objectives include:

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

Top and Emerging Risks That May Affect ATB and Future Results

As part of ATB's enterprise risk management program, management regularly reviews and assesses its operating environment and identifies top and emerging risks. These risks, if they materialize, may significantly impact the achievement of our objectives. Many of these risks are beyond ATB's control, their effects may be difficult to predict, and they could cause our financial results to differ significantly from our plans and objectives.

Unless managed properly, a top risk is an existing significant risk that could affect the achievement of our strategic objectives. An emerging risk is a risk that has not fully materialized but is being monitored for its potential impact on our ability to achieve our objectives.

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

Energy Price Risk

ATB's exposure to this risk is derived from Alberta's economic reliance on energy and our mandate to operate predominantly in Alberta. Price volatility remains in Western Texas Intermediate and Canadian Select benchmarks forecasted to remain lower than historical averages due to continued, albeit slower, production growth and transportation bottlenecks. Persistently low natural gas prices have also negatively impacted the energy sector.

Alberta's energy industry has only recently begun to stabilize following the persistently low oil prices of the past few years. Rising oil production in global markets may lead to another oversupply situation, resulting in downward pressure on prices. Management continues to take an active role in evaluating and monitoring risks associated with depressed energy prices, including review of underwriting criteria, credit administration, portfolio management practices, and conservation of sufficient capital.

Innovation Risk

As the financial services industry continues to transform digitally, agile and innovative firms are entering the industry, offering their customers compelling and seamless products and services. Innovation risk is the risk of ineffective business strategies that fail to adapt to changing customer needs or fail to deliver new ways of meeting those needs.

ATB is mitigating this risk by continuing to implement its multi-year transformation strategy, which is focused on driving an innovative mindset in how we work, while continuing our investment in new technologies, processes, tools, and services. The Transformation team's key strategic goal of transforming how we serve our customers remains a top priority, and ATB continues its strong commitment to managing this risk strategically in order to not only protect but also increase value.

Cyber-Security Risk

As we increasingly rely on digital and Internet-based technologies, cyber-security risk has become a top risk to financial institutions. Unauthorized access to systems for the purpose of stealing data and funds, accessing sensitive information, or causing operational disruption are becoming more prevalent. The increasing sophistication and continual evolution of the technologies and methods of attack exacerbate this risk. The consequences of such events to ATB could be very significant in terms of loss of customer information, remediation costs, legal and reputational damage, and loss of revenue and customer confidence.

ATB dedicates significant resources to designing, implementing, and assessing our cyber-security program across our three lines of defence. In addition, we assess individual initiatives for their impact on ATB's cyber-risk profile. ATB will continue to invest in advancing our cyber-security strategies through acquiring relevant resources, maintaining and enhancing our cyber-security risk management program, conducting regular independent reviews of the program, and maintaining a robust incident response plan. In addition to internal controls and management oversight, ATB further mitigates our cyber exposure through the selection and use of world-class vendors who are subjected to a multi-step screening and oversight process that spans procurement, onboarding, monitoring, and offboarding activities. Certain aspects of cyber-security risk are also mitigated via our corporate insurance program.

Approach to Risk Management

ATB seeks to create and protect enterprise value by enabling risk-informed decision-making and by balancing risk and return in our business processes. This is achieved by managing key risks throughout the business cycle—starting with strategic risk and encompassing risks related to credit, market, liquidity, operations, cyber security, regulatory compliance, business execution, and reputation—and by managing all risks identified as "top" and "emerging" that may impact the achievement of ATB's strategic and business goals. Our ability to effectively manage risk is supported by:

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

Risk Culture

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

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

- The ATBs and our code of conduct
- Our enterprise risk appetite statement
- Policies and procedures and
- Performance management and compensation practices

ATB develops and fosters a risk-aware culture through the following activities:

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

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

Governance

Ultimate responsibility for risk management lies with ATB's board of directors, according to the three-tier risk governance framework. The following graphic illustrates the distribution of responsibilities for risk governance and strategic direction, risk oversight and control, and risk management and reporting. It provides an overview of duties among those who take on risk, those who control risk, and those who provide assurance along the three lines of defence.

<table>
<tr><td rowspan="2">Risk governance and strategic direction</td><td colspan="2">Board of directors</td></tr>
<tr><td>Risk committee</td><td>Audit committee</td></tr>
</table>

<table>
<tr><td rowspan="2">Risk oversight and control</td><td colspan="6">Chief executive officer and executive leadership team</td></tr>
<tr><td>Asset liability committee</td><td>Executive risk management committee</td><td>Operational risk committee</td><td>Credit committee</td><td>Compliance committee</td><td>Ethics committee</td></tr>
</table>

<table>
<tr><td rowspan="2">Risk management and reporting</td><td colspan="3">Three lines of defence</td></tr>
<tr><td>First line:
Business operations
● Areas of expertise
● Strategic service units (Finance, People and Culture, Transformation)
● Treasury</td><td>Second line:
Risk management
● Credit risk
● Market risk
● Enterprise risk management
● Stress testing
● Operational risk and business continuity
● Legal
● Compliance
● Internal controls over financial reporting</td><td>Third line:
Assurance
● Internal assurance
● External auditors</td></tr>
</table>

Risk Governance and Strategic Direction

Authority for risk management flows from the board to the CEO and from the CEO to the heads of the areas of expertise and strategic service units. While retaining overall responsibility for risk, the board delegates risk oversight to the board's risk and audit committees.

Board and Management Committees

Board and management committees have the following risk governance responsibilities:

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

Management committees	Responsibility	Chaired by
Executive risk management	Sets overall direction and makes key decisions relating to enterprise risk management (ERM) activities across ATB and guides the design, execution, and assessment of results from ATB's ERM program.	Chief risk officer
Asset liability	Oversees the direction and management of market risk and liquidity risk, as well as ATB's funding and capital positions.	Chief financial officer
Ethics	Monitors the tone on ethics at ATB and ensures ATB's practices meet or exceed ethical standards. Reviews the code of conduct and ethics and the anonymous safe disclosure program. Reviews allegations of wrongdoing and reports to the board of directors.	Chief executive officer
Compliance	Oversees ATB's compliance with applicable legal and regulatory requirements and its internal compliance management program.	Chief risk officer
Credit	Adjudicates credit within prescribed limits and establishes operating guidelines, business rules, and internal policies to support the management of credit risk throughout ATB.	Senior vice president, credit
Operational risk	Oversees and gives direction on operational risks from an enterprise-wide perspective.	Chief risk officer

Risk Oversight and Control

Chaired by the CEO, the Strategic Leadership Team (SLT) comprises senior executives spanning all areas of expertise and major strategic service units. Together they develop ATB's strategic direction, oversee the development of appropriate risk management frameworks, and establish policies and procedures designed to maintain risk within our risk appetite. SLT delegates risk oversight to the following committees: asset liability, executive risk management, credit, operational risk, compliance, cyber risk, and ethics.

Three Lines of Defence

Risk is managed through ATB's three lines of defence:

1) Business operations includes the areas of expertise and all strategic service units that face risks directly. These groups are accountable for taking and managing risk within their respective areas of responsibility, in line with approved limits, policies, and authorities.
2) The risk management group establishes policies, practices, limits, and authorities throughout ATB. It monitors and reports on risk management activities, as appropriate, to both senior management and the board's risk committee.
3) Assurance monitors the activities of management and provides independent assurance to the board of directors about the effectiveness of and adherence to risk management policies, procedures, and internal controls.

Risk Appetite Statement

ATB has a well-defined risk appetite statement, which establishes our overall enterprise risk appetite as conservative and balanced. We will:

- Ensure that we fully understand and effectively manage the risks in all of our business activities
- Build strong company value and not "bet the bank" on any new product, service, or strategy
- Hold ourselves to the highest ethical standard
- Consider reputational risk, and impact to our brand, in all our current and future activities and
- Wisely take risk recognizing that there is a customer at the end of all of our transactions

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

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

The level of risk appetite within ATB may change over time; therefore, the risk appetite statement is regularly revisited and formally reviewed at least annually. We report our exposures against our risk appetite to the board's risk committee quarterly.

The risk appetite framework lays out the processes for clearly defining responsibilities for management, oversight, and assurance over risk appetite among ATB's three lines of defence.

Risk Management Program

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

Enterprise Risk Management (ERM) Framework

ATB seeks to create and protect enterprise value by enabling risk-informed decision-making and by balancing risk and return in our business processes. This is achieved by managing enterprise-wide key risks throughout the business cycle and by managing all forms of risk identified as top and emerging risks that may impact the achievement of ATB's strategic and business goals.

The goals of this framework are to:

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

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

Stress Testing

Stress testing is indispensable to risk management. Through stress testing, ATB defines and analyzes severe but plausible scenarios that could have important consequences for the company. Senior management reviews results from enterprise-wide stress tests, uses test results to assess the appropriateness of capital levels and, where the impact of a stress test exceeds ATB's risk appetite, develops mitigating actions and alternative strategies.

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.

The areas of expertise—which own credit risk and are accountable for credit decisions in adherence with approved policies, frameworks, and operating procedures, including delegated lending authority—form the first line of defence in ATB's three-lines-of-defence model. Credit, part of the risk management group, forms the second line of defence. It is responsible for providing policies, frameworks, and operating procedures to independently evaluate and support recommended credit decisions provided by the areas of expertise and to continually monitor the overall credit risk level inherent in ATB's credit portfolio. Monitoring of credit risk within the portfolio is performed independently from the credit decision process; it entails assessing ATB's credit risk level against defined credit risk thresholds, risk tolerances, risk appetite, and industry peer-group performance. The third line of defence is ATB's internal assurance department, which independently evaluates and reports on all stages and aspects of the credit granting and monitoring process.

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

The amounts shown in the table below best represent ATB's exposure to credit risk, with the increase driven by loan growth (refer to note 5 for further details):

($ in thousands)	**2019**	2018
Financial assets[1]	**$ 53,310,653**	$ 50,685,126
Other commitments and off-balance-sheet items	**19,309,154**	20,148,902
Total credit risk	**$ 72,619,807**	$ 70,834,028

[1] Includes derivatives stated net of collateral held and master netting agreements.

Credit Risk Appetite

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

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

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

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

2019 Industry Concentration Risk

ATB is inherently exposed to significant concentrations of credit risk, as its customers all participate in the Alberta economy, which has shown strong growth and occasional sharp declines. As noted above, ATB manages credit risk through diversification of its credit portfolio by limiting concentrations to single borrowers, industries, and geographic regions of Alberta. The following table presents a breakdown of the three largest single-industry segments and single-largest borrowers:

($ in thousands)		**2019 Percentage of total gross loans**		2018 Percentage of total gross loans
Commercial real estate	**$6,087,599**	**12.8%**	$6,040,454	13.5%
Mining and oil and gas extraction	**3,426,250**	**7.2%**	3,390,103	7.6%
Agriculture, forestry, fishing, and hunting	**3,737,297**	**7.8%**	2,917,669	6.5%
Largest borrower	**$156,954**	**0.33%**	$100,000	0.22%

Real Estate Secured Lending

Residential mortgages and home equity lines of credit (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:

($ in thousands)		**2019**		2018	
Residential mortgages	Insured	**$ 7,442,028**	**45.3%**	$ 7,209,387	45.8%
	Uninsured	**8,996,711**	**54.7%**	8,541,043	54.2%
Total residential mortgages		**16,438,739**	**100.0%**	15,750,430	100.0%
Home equity lines of credit	Uninsured	**$ 3,234,005**	**100.0%**	3,383,789	100.0%
Total home equity lines of credit		**3,234,005**	**100.0%**	3,383,789	100.0%
Total	**Insured**	**$ 7,442,028**	**37.8%**	$ 7,209,387	37.7%
	Uninsured	**$ 12,230,716**	**62.2%**	$ 11,924,832	62.3%

The following table shows the percentages of our residential mortgage portfolio that fall within various amortization period ranges:

	2019	2018
< 25 years	**83.1%**	79.7%
25–30 years	**16.6%**	18.8%
30–35 years	**0.3%**	1.5%
Total	**100.0%**	100.0%

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

	2019	2018
Residential mortgages	**0.69**	0.69
Home equity lines of credit	**0.56**	0.57

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

Credit Risk Management Strategy

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

ATB's credit risk management strategy recognizes that ATB operates in a volatile economy and must manage and moderate the potential variability of credit losses over a full economic cycle. Current economic conditions have increased the degree of risk management analysis and monitoring with key operational actions supporting our strategy, outlined as follows:

- Using validated credit score models for adjudication and behavioural monitoring purposes
- Having accurate estimation processes and models for establishing credit loss allowances
- Back-testing and validating actual values to established forecasts to improve the accuracy of future results
- Implementing early-warning systems to provide management with advance notification of changing risk dimensions in credit portfolio profiles and external lending environments
- Monitoring key portfolio risk indicators to actively maintain risk within the approved risk appetite levels or established management tolerances
- Using stress-testing techniques to identify and understand the potential impact of credit-quality migration or loss-rate movements as a result of extreme economic events
- Continuously monitoring to ensure ongoing compliance with ATB's risk policies, practices, appetite criteria, and desired tolerances and
- Ensuring accountability for managing credit risk throughout ATB according to our three-lines-of-defence model (i.e., areas of expertise operations, credit risk management, and internal assurance)

Counterparty Credit Risk

Customer counterparties are scrutinized through our regular credit risk management processes, and financial institution counterparties are limited, by policy, to those having a minimum long-term public credit rating of A-low/A3/A- or better. We also use credit mitigation techniques such as netting and requiring the counterparty to collateralize obligations above agreed thresholds to limit potential exposure.

Derivative exposure for ATB's corporate clients is measured using cash flow at risk for commodities and foreign-exchange derivatives and potential future exposure for interest rate derivatives. Both of these measures are calculated and monitored daily. We are generally not exposed to credit risk for the full face-value (notional amount) of derivative contracts, only to the current replacement cost if the counterparty defaults.

Market Risk

ATB may incur losses due to adverse changes in interest rates, foreign-exchange rates, and equity or commodity market prices. Financial institutions such as ATB are exposed to market risk in day-to-day operations such as investing, lending, and deposit-taking.

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.

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

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

Asset and liability management encompasses the following:

- Developing interest rate risk management policies and limits
- Developing methods to measure and report interest rate risk
- Managing interest rate risk versus approved limits and
- Monitoring and reporting interest rate risk exposure to the asset liability committee monthly and to the board's risk committee quarterly

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

- Interest rate gap measurement, which compares the notional difference or gap in interest rate repricings between assets and liabilities, grouped according to their repricing date
- Sensitivity of net interest income to sudden increases or decreases in market interest rates, as measured over a 12-month horizon

(Refer to note 24 to the statements for details.)

The board reviews risk limits annually for interest rate gap and sensitivity of net interest income.

Foreign-Exchange Risk

Foreign-exchange risk is the potential 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 forward contracts. ATB is within its limit as at March 31, 2019.

Commodity Price Risk

Commodity price risk arises when ATB offers deposit or derivative products where the value of the derivative instrument or rate of return on the deposit is linked to changes in the price of the underlying commodity. We use commodity-linked derivatives to fully hedge our associated commodity risk exposure on these products. ATB does not accept any net direct commodity price risk. (Refer to the following Use of Derivatives section and to note 11 in the statements for further details.)

Use of Derivatives

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

All derivative transactions are reviewed and managed within board-approved policies. ATB employs appropriate segregation of duties to ensure that the market risk and counterparty exposure for the client and corporate derivative portfolios are managed and monitored daily within approved limits. Further, the market risk group monitors derivative positions daily, and the asset liability committee reviews them monthly.

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

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

The market risk group within risk management provides control oversight and reports to ATB's asset liability committee and the board's risk committee on ATB's market risk exposures against board-approved limits. The enterprise risk management framework gives the board's risk committee a view of the market risk profile compared to the approved market risk appetite.

Liquidity Risk

This is the risk that ATB may not meet all of its financial commitments in a timely manner at reasonable prices. ATB manages this 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 reporting our current and forecasted liquidity position.

ATB's liquidity risk management policy is a key component of the overall risk management strategy, which is managed by Treasury under supervision of the asset liability committee, in accordance with the framework of approved policies and limits that are reviewed regularly.

The liquidity risk management policy and framework is designed to comply with global liquidity standards announced by the Bank for International Settlements in December 2010, known as the Basel III framework. We measure liquidity through a series of short- and intermediate-term metrics including the liquidity coverage ratio (LCR) and net cumulative cash flow metrics defined in the Office of the Superintendent of Financial Institutions (OSFI) Liquidity Adequacy Requirements.

On March 31, 2019, the LCR was 144% (2018: 129%), well above board-approved minimum limits.

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. Our activities can include:

- Using a variety of funding sources for liquidity, such as our retail deposit base
- Encouraging growth in deposits from individuals, which provides a stable source of funding over the long term
- Participating in Canadian financial markets through the Government of Alberta's consolidated borrowing program, which issues short- and medium-term notes
- Maintaining holdings of highly liquid assets in proportion to anticipated demand
- Establishing access to other sources of liquidity that can be obtained on short notice if additional funds are required and
- Maintaining a securitization program to raise funds using our residential mortgages and credit card receivables as collateral

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

	2019		2018	
($ in thousands)	**Long-term funding**	**Percentage of total**	Long-term funding	Percentage of total
Wholesale borrowings	**$ 3,619,066**	**28.0%**	$ 4,656,469	34.8%
Collateralized borrowings	**8,965,829**	**69.4%**	8,408,453	62.8%
Subordinated debentures	**339,140**	**2.6%**	331,199	2.4%
Total long-term funding	**$ 12,924,035**	**100.0%**	$ 13,396,121	100.0%

Contractual Maturities

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

($ in thousands)	**Term**						
On-balance-sheet financial instruments	**Within 1 year**	**1–2 years**	**2–3 years**	**3–4 years**	**4–5 years**	**Over 5 years**	**Total**
As at March 31, 2019							
Deposits	**$ 31,461,691**	**$ 2,067,575**	**$ 1,190,871**	**$ 1,008,820**	**$ 192,521**	**$ 471**	**$ 35,921,949**
Wholesale borrowings	**1,571,745**	**199,827**	**-**	**-**	**266,647**	**1,580,848**	**3,619,067**
Collateralized borrowings	**1,874,604**	**1,109,166**	**1,145,953**	**1,164,111**	**1,498,015**	**2,173,980**	**8,965,829**
Subordinated debentures	**82,564**	**98,177**	**32,298**	**45,038**	**81,063**	**-**	**339,140**
As at March 31, 2018							
Deposits	$ 29,876,258	$ 1,661,634	$ 568,215	$ 174,641	$ 328,670	$ 74,355	$ 32,683,773
Wholesale borrowings	2,966,856	199,786	199,680	-	-	1,290,147	4,656,469
Collateralized borrowings	1,325,556	1,186,448	1,107,730	1,145,106	1,164,568	2,479,045	8,408,453
Subordinated debentures	73,122	82,564	98,177	32,298	45,038	-	331,199

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

($ in thousands)	Term						
Off-balance-sheet financial instruments	**Within 1 year**	**1–2 years**	**2–3 years**	**3–4 years**	**4–5 years**	**Over 5 years**	**Total**
As at March 31, 2019							
Guarantees and letters of credit[1]	$ 570,678	$ -	$ -	$ -	$ -	$ -	$ 570,678
Commitments to extend credit[2]	18,738,476	-	-	-	-	-	18,738,476
Purchase obligations	78,207	39,479	23,507	15,349	13,324	59,679	229,545
As at March 31, 2018							
Guarantees and letters of credit[1]	$ 564,130	$ -	$ -	$ -	$ -	$ -	$ 564,130
Commitments to extend credit[2]	19,584,772	-	-	-	-	-	19,584,772
Purchase obligations	58,733	33,650	21,883	15,749	13,558	70,599	214,172

[1] ATB is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. Additionally, ATB has recourse against the customer for such commitments.

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

Operational Risk

ATB is exposed to potential losses arising from a variety of operational risks, including process failure; theft and fraud; errors or misrepresentation in our products; employment practices; workplace safety; regulatory noncompliance; business disruption; information security breaches; and exposure related to outsourcing, model use, and damage to physical assets.

Operational risk is inherent in all of our business activities, including the processes and controls used to manage credit risk, market risk, and all other risks we face. It has the potential to cause monetary losses and reputational harm or result in legal action or regulatory sanctions. While operational risk can never be fully eliminated, it can be managed to reduce exposure to financial loss, reputational harm, or regulatory sanctions.

The three-lines-of-defence model establishes appropriate accountability for operational risk management.

Operational Risk Management (ORM) Policy and Framework

The ORM policy and framework define the processes we use to identify, measure, manage, mitigate, monitor, and report key operational risk exposures. A primary objective of the ORM policy and framework is to ensure that our operational risk profile aligns with our risk appetite. Embedding an effective and strong operational risk management program also requires awareness and understanding of operational risk through effective challenge, training, and communication.

Risk and Control Assessment (RCA)

RCA is used by our areas of expertise and strategic service units to identify the key risks associated with their businesses and the controls required to mitigate risk to a level consistent with our risk appetite. On an aggregate basis, RCA results also provide an enterprise-level view of operational risks relative to risk appetite, to ensure all key risks are adequately managed and mitigated.

New Initiative Risk Assessment Process (NIRAP)

NIRAP is used to evaluate new (or significant changes to existing) products, services, or strategies that could alter the risk profile of ATB. Consistent deployment of this structured process improves risk awareness throughout ATB and allows initiative sponsors to identify where further mitigation is necessary for alignment with ATB's risk appetite.

Loss Data Collection and Analysis

Internal loss data serves as an important means of assessing our operational risk exposure and identifying opportunities for future risk prevention measures. Significant trends or incidents are regularly reported to ensure preventative and corrective action is taken where appropriate.

Business Continuity Management (BCM)

BCM includes business continuity planning and emergency management. ATB's BCM program is designed to ensure ATB can maintain business resiliency and service to its customers and minimize financial and operational impacts in the event of business disruption, thereby minimizing adverse effects on our customers and other stakeholders.

Insurance

ATB's corporate insurance program allows certain operational risk exposures to be transferred to an insurer. We look to industry benchmarks as well as legal, regulatory, and contractual requirements when deciding on types of coverage and limits. Coverage is placed at limits considered appropriate for our size, structure, type of operations, and risk profile. We review our program annually to ensure it remains well suited to ATB and compliant with regulations and requirements.

Reporting

Regular analysis and reporting of our enterprise operational risk profile compared against the approved operational risk appetite is a key component of ORM. Timely and relevant reporting on changes in the operational risk profile, analysis of losses and incidents, and an overview of the top operational risks that ATB faces enhance risk transparency and facilitate the proactive management of material and emerging operational risk exposures.

Cyber-Security Risk

Cyber security is a top risk for ATB due to its expanding threat landscape and fast-paced evolution. Cyber-security risk can be defined as the potential for loss or harm related to technical infrastructure or the use of technology within an organization. As a financial services provider, ATB is at risk of being targeted for unauthorized access to our customers' data and funds.

ATB heavily invests in defences to protect the assets of the organization and those of its customers against rapidly evolving cyber threats. The security posture of ATB is pivoted on highly skilled people, advanced tools and technologies, and sound processes that involve multiple lines of defence. ATB has controls in place to prevent, detect, and respond to cyber threats and regularly conducts assessments of its control environment against best practices. To bolster ATB's resiliency in the face of cyber attacks, ATB extends its defence capabilities through partnerships with well established cyber-security vendors and provides mandatory cyber-security awareness training to all of our employees.

Regulatory Compliance Risk

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

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

ATB is exposed to regulatory compliance risks in almost everything we do and has designed controls and practices to proactively promote risk-based management of regulatory compliance risk through an enterprise-wide risk-based model.

The areas of expertise and strategic service units are responsible for managing regulatory compliance risks in our daily operations, primarily by implementing policies, processes, procedures, and controls and ensuring appropriate staffing in business operations.

<table>
<tr><td colspan="3">Board of directors</td></tr>
<tr><td rowspan="2">Code of conduct and ethics
Sets the “tone at the top” for upholding the law, rules, and regulations</td><td colspan="2">Compliance and legal services</td></tr>
<tr><td>Compliance
Identifies, assesses, and manages legal and regulatory requirements, using a risk-based approach</td><td rowspan="2">Areas of expertise and strategic service units
Manages legal and regulatory compliance risks within risk appetite</td></tr>
<tr><td>Chair of the board
Monitors compliance with the code of conduct and ethics by members of the board</td><td>Legal services
Provides legal strategies and advice on the performance of legal obligations and manages litigation that involves or impacts ATB or its subsidiaries</td></tr>
</table>

The compliance group has established a regulatory compliance management framework to identify, assess, and manage legal and regulatory requirements using a risk-based approach, and to ensure our regulatory risk profile is contained within our risk appetite.

Legal services provides enterprise-wide legal strategies and advice on interpreting legal obligations and applicable legislation. Legal services also manages litigation that involves or impacts ATB or its subsidiaries.

ATB’s code of conduct and ethics outlines the principles and standards that guide the conduct of every ATB director and team member. It sets the “tone at the top” for ATB. The board chair is ultimately responsible for monitoring board members’ compliance with their code of conduct and ethics. Multiple board committees, including risk and audit, oversee ATB team members’ compliance.

Strategic Risk

Strategic risk is the risk of current or prospective adverse impacts to ATB’s earnings, capital, reputation, or standing arising from ineffective strategic decisions or lack of responsiveness to industry, economic, or technological changes. ATB aims to reduce strategic risk through deployment of a dynamic strategic planning process that considers our evolving environment and enterprise capabilities. On an ongoing basis, ATB assesses performance and considers top threats to our strategies and threats to the execution of the plan.

Innovation Risk

Innovation risk is a subset of strategic risk, and reflects the risk of ineffective business strategies/models associated with failing to adapt to changing customer needs or having others deliver new ways of meeting those needs.

ATB manages this risk through driving an innovative mindset in how we work; identifying and assessing disruptive scenarios that can impact ATB today and in the future; and by elevating our investment in processes, tools, and channels to address disruptive risks.

Business Execution Risk

Business execution risk is the risk of current or prospective adverse impacts to ATB's earnings, capital, or reputation arising from poorly constructed business plans or from the inadequate implementation of decisions. Business execution risk has the potential to materialize through an inability to convert key strategies to tactical initiatives and support such initiatives with key talent.

ATB mitigates business execution risk through process enhancements such as reimagining how we collaborate, adopting a continuous improvement approach to foundational processes, and closely monitoring the realization of our strategic tactics in our business results. Additionally, key talent risk is managed through our focus on leading people and culture programs, building on ATB's commitment to putting people first, and creating an undeniable reputation in the talent marketplace as being *the* place to work.

Reputational Risk

Reputational risk is the risk that negative stakeholder impressions about ATB's business practices, actions, or inaction, whether true or not, cause deterioration in ATB's value, brand, liquidity, customer base, or relationship with its owner.

ATB takes reputational risk seriously and strives to build and maintain a solid reputation with stakeholders. We recognize reputational risk as a foundational risk that is impacted by all other risks to which we are exposed. As a result, effectively managing all other risks within ATB is critical to our management of reputational risk.

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

Executive Compensation Discussion and Analysis

Compensation Philosophy and Principles

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

ATB's competitive total compensation programs are designed to align with business and talent strategies to attract, retain, and motivate leaders and talent needed in a highly competitive marketplace. Our compensation policies and programs are based on the following four key principles:

1. Total compensation approach aligns with strategic goals, desired culture, and ALL-IN engagement of the enterprise for both short-term results and long-term success.
2. Compensation plans align with shareholder expectations by being relevant to Albertans and creating ongoing financial value, business sustainability, and customer obsession.
3. Compensation practices and performance-setting should follow good corporate governance.
4. Compensation plans are fully transparent and support a pay-for-performance culture within acceptable risk practices and tolerances. Specifically,

    - Performance requirements are supported by a set of relevant metrics reflecting results and strategic goals and measuring internally set targets and/or applicable externally relative benchmarks
    - Compensation awards (grant and payout) and the performance management process collectively differentiate performance and recognize participants' line of sight
    - Performance and awards collectively consider all aspects of risks in the current state and future state
    - The level of performance expectations aligns with the articulated risk profile and risk appetite
    - A discretionary element to pay-for-performance may be exercised based on a qualitative assessment of results in the context of market conditions and
    - The compensation regime is transparent; for select executive members, compensation is disclosed in the annual report

We continue to review the breadth and depth of information we provide about compensation. This year, we are further aligning our disclosure to competitors, including other Canadian financial institutions. We believe this format will provide a fulsome review of our compensation plans and the appropriate level of information regarding the compensation packages of our president and chief executive officer (CEO), chief financial officer (CFO), and the next three most highly compensated executives at ATB.

Compensation Governance and Alignment to Corporate Strategy

Board of directors
Reviews the human resources committee's performance evaluation of the CEO against previously approved objectives and approves all variable pay elements of the CEO's compensation. (The CEO's base salary is set by the Lieutenant Governor in Council of Alberta.) Reviews the compensation awards and performance information for other senior executive officers in light of ATB's results. Reviews and ensures appropriate pension governance policies and procedures are in place related to its obligations as a plan sponsor and administrator in accordance with applicable legislation and regulations.
Human resources (HR) committee
Recommends to the board of directors to approve all changes in compensation and benefits for the CEO and to evaluate the CEO's performance against pre-established objectives. Also reviews the compensation, benefits, and performance assessment of executives who report directly to the president and CEO, are named executive officers, and are designated officers. Approves total rewards strategies, compensation philosophy and principles, management's report on compensation disclosure, executive severance guidelines, pension plan governance, funding, and administration. Recommends to the board of directors to approve new or material changes to enterprise-wide compensation and benefit plans.
Management[1]
Provides recommendations on strategies, plans, and programs for consideration by the HR committee, including compensation programs; executive severance guidelines; and pension plan governance, funding, and administration. The CEO approves executive compensation, benefits, and performance assessments for the top executives in the organization and presents this information to the human resources committee for review. Management utilizes a compensation executive steering committee to formulate recommendations for the HR committee on matters pertaining to compensation philosophy and principles, management's report on compensation disclosure, and new or material changes to enterprise-wide incentive compensation and benefit plans. The compensation executive steering committee approves non-material compensation framework and design changes based on alignment to strategic business direction, expert advice, and/or third-party market data, and oversees the ongoing administrative requirements associated with total rewards.
[1] The compensation executive steering committee meets quarterly and includes the president and CEO, CFO, chief risk officer, and chief people officer. The chair of the HR committee of ATB's board of directors may observe with the intent to serve as a mentor for the committee.

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

Alignment with Shareholder Expectations

ATB's compensation is designed for the competitive financial services market in which we operate, to attract and retain talent while demonstrating alignment with the Government of Alberta's core compensation principles. These core principles require that compensation reflects a commitment to public service, diversity, and inclusion; is fair and consistent; is transparent to board members, employees, and the public; and is fiscally prudent. Under Alberta's *Reform of Agencies, Boards and Commissions Act*, ATB's executive compensation is reviewed annually by the Government of Alberta, with approval required by the President of the Treasury Board and Minister of Finance.

Alignment with Risk Appetite

Risk awareness and mitigation are integrated into business planning, objective-setting, and governance, all of which influence the executive compensation program. The CFO and chief risk officer ensure the level of performance expectations align with our articulated risk profile and appetite. When setting goals, performance targets, and compensation trajectory, ATB considers evolving risks such as market conditions, demographic shifts, and regulatory standards. The board of directors approves all corporate performance targets. The setting of relevant performance objectives supports a clear line of sight, as applicable, to teams, areas of expertise, and organizational goals, without promoting excessive risk-taking. We aim to ensure compensation aligns with the short-term interests and long-term sustainability of our organization and shareholder interests. The risk committee of the board and the board of directors receive quarterly updates on key risks relative to risk appetite levels, risk management policies, compliance with regulatory requirements, and ATB's financial performance across the organization. These updates support the governance process for managing risk within the board-approved appetite for goal-setting, performance evaluation, and business plan review.

External Compensation Advice

ATB's management and the HR committee engages with an independent advisor to provide external insight related to executive compensation best practices and market trends. The advisor offers specialized expertise relative to compensation philosophy, governance, design, and policy and performance measurement and assessment.

Since 2017, the HR committee has retained Hugessen Consulting to provide independent compensation advice. Hugessen Consulting is an executive compensation advisor working with a wide range of public and private company boards across all sizes and industries. Hugessen Consulting's review and recommendations in 2019 included:

- Advising on 2018 executive compensation disclosure
- Advising on executive compensation framework and structure
- Advising on named executive officer (NEO) compensation
- Conducting CEO pension analysis and proposing alternatives
- Reviewing materials prepared by management in advance of the HR committee meetings to highlight concerns and gaps to management and the HR committee chair
- Providing management with market expertise on compensation risk assessment and clawback policies

Compensation Comparator Group and Market Positioning

Executive compensation is benchmarked regularly against other organizations in the financial services industry. The board-approved executive compensation comparator group reflects ATB's business portfolio with an emphasis on private-industry financial services companies with a national or dominant regional presence. These organizations are competitors from both a business and talent perspective. Executive compensation is assessed against this peer group of Canadian banks, credit unions, investment management and services firms, and financial Crown corporations.

Executive Compensation Comparator Group

Banks (Tiers 1 and 2)
BMO Financial Group
CIBC
RBC
Scotiabank
TD Bank Financial Group
National Bank of Canada
HSBC Bank Canada
Canadian Western Bank
Laurentian Bank

Fund organizations
Investors Group
Mackenzie Financial

Financial Crown corporations
Business Development Bank of Canada (BDC)
Farm Credit Canada

Credit Unions
Fédération des Caisses Desjardins du Québec
Servus
Coast Capital

ATB's compensation philosophy is to position total compensation for each executive at the median (50th percentile) of our compensation comparator group. ATB relies on the widely accepted Hay Group Guide Chart-Profile Method to account for the varying size and complexity of the peer organizations when comparing their compensation to ATB's. This methodology is used by leading financial institutions in Canada, including Tier 1 banks. The methodology measures role size, based on the understanding of the role and the context in which it operates, including know-how, problem-solving, and accountability. The results of the methodology can be used to adjust compensation market data, so the data more appropriately reflects the size and scope of ATB's roles.

Elements of Executive Total Direct Compensation

ATB's executive base salary is structured to target pay at the middle of the market. Our total direct compensation, which includes base pay and short- and long-term incentives, targets to pay a mid-market rate that is commensurate with target levels of performance. The actual compensation received by an executive may be above or below mid-market, as it is a reflection of their relative performance.

Executive Total Direct Compensation

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

Base Salary

Our base salary is designed to ensure that individual pay reflects the value and accountabilities of the position. The positions are placed into pay grades based on the relative value determined through Korn Ferry Hay Group's job evaluation methodology. The compensable factors are knowledge, problem-solving, and accountability. The market reference point for each pay grade is set at a competitive rate, based on the median from within our comparator peer group, using trustworthy market data from Korn Ferry Hay Group. The base salary of each named executive officer is determined by position, their sustained performance, strategic value and complexity of role, internal equity and market competitiveness for the role. The CEO base salary is set by the Lieutenant Governor in Council of Alberta. The base salaries of other named executive officers are set by the CEO and reviewed with the human resources committee of the board.

Key Incentive Performance Metrics

Income before provision for loan losses	- Measures overall enterprise income before provision for loan losses, short-term incentives and short-term incentives over goal - Aligns with strategic goal of achieving extraordinary results
Provision for loan losses	- Estimates potential loan losses and is a significant component of profitability - Is a separate metric due to volatility - i.e., no windfalls or overly punitive incentives result from performance on provision for loan losses versus target
Customer advocacy index score	- Measures customer loyalty - Aligns with ATB's strategies to be loved and respected by Albertans and to be number one in every market we are in
Employee engagement	- Measures team member's emotional and intellectual commitment to ATB through a confidential survey - Aligned with ATB's strategy to be the place to work
Long-term risk adjusted return on capital (RAROC)	- Measures net income divided by risk-adjusted capital, where net income takes a long-term view of loan losses across the economic cycle rather than using the fiscal provision for loan losses - Takes a longer-term view of the value that ATB is producing so as to not overly reward or punish management for short-term economic volatilities

Short-Term Incentive (STI)

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

- Create executive alignment with the achievement of annual business plans and
- Focus executive performance on achieving objectives at the enterprise level and, where applicable, at area of expertise, strategic service unit, and business unit levels

STI is paid when a specific threshold has been achieved and can increase to a maximum of 160% of the target percentage. Achievement of the objectives is calculated using the weighting for each objective. In exceptional circumstances, the resulting achievement may be adjusted upwards or downwards by up to 25%, resulting in an overall plan maximum payout of 200%.

The payment of STI across ATB also reflects affordability. If the incentive payment would cause the income before provision for loan losses to be less than the provision for loan losses, then the incentives would be reduced in order to avoid a loss position.

The target award for each team member reflects a percentage of salary and the actual value received represents relative performance achievement. Each position has a scorecard with weightings, targets, and thresholds that are set annually based on the approved business plan. The performance of income before provision for loan losses against the target measures management's ability to create sustainable revenue growth and manage overall expenses. Since this metric closely reflects the results of ATB's strategic and tactical efforts, it is more heavily weighted at 80%. The provision for loan losses is weighted at 20% since this metric is more impacted by economic variables that can be highly volatile.

Maximum STI payout (200% of target)

Base salary ($) X STI target (% of salary) X [STI scorecard: Achievement of key performance metrics (0% to 160%) +/- Exceptional circumstances (25%)] = STI payout

Long-Term Incentive (LTI)

LTI rewards the successful execution of strategic performance and risk objectives over the longer-term that create value and sustainability for the organization. LTI grant targets are expressed as a percentage of base salary. LTI strategic objectives are set annually by the leader of the executive. In the case of the CEO, the board of directors sets the strategic objectives. LTI grants, awarded annually, range from 0% to 150% of the grant target based on the executive's success in achieving the strategic objectives. The resulting grant can also be adjusted upwards or downwards by a discretionary component of no more than 20%, for any extraordinary or unforeseen situations. This creates an overall maximum of 180% of the target. These determinations to adjust a grant above or below target are made by the HRC for the CEO and approved by the CEO for all other executives. A senior executive who is awarded an LTI grant greater than 100% of target has the option to keep the value in the plan or receive payment of the above-target portion of the grant within 100 days of the fiscal year-end for which it is granted. If the above-target portion remains in the plan, the grant appreciation formula and other conditions and requirements are applied.

LTI grants vest over three years and appreciate or depreciate annually based on actual long-term risk-adjusted return on capital (RAROC) performance measured against a long-term RAROC target and an appropriate hurdle rate, which is set by the board of directors, in advance of each grant. When the fiscal year-end long-term RAROC meets or exceeds the target, previously awarded grants will appreciate by an amount equal to the actual long-term RAROC attainment less the hurdle rate to a maximum of 20% appreciation per year. Grants can depreciate by up to 30% each year, when the fiscal year-end long-term RAROC is 50% or less of the target. When a grant matures, the current value, including appreciation or depreciation over the three-year grant term, is paid out.

The LTI plan includes forfeiture and clawback provisions to adjust for previously awarded grants in the case of termination of employment for cause and/or appreciation or depreciation due to an accounting restatement.

Maximum LTI grant (180% of target)

Base salary ($) X LTI target (% of salary) X [LTI scorecard: Achievement of individual strategic goals (0% to 150%) +/- Adjustment for extraordinary or unforseen situations (20%)] = LTI grant

Fiscal Year 2018–19 Target Total Direct Compensation Mix

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

The following graph represents the targeted combinations by the top levels within our executive compensation structure. A significant portion of this compensation is "at risk" in order to motivate and reward executives for creating value for the shareholder.

[1] Executive compensation structure is represented; individual compensation arrangement may exist for (an) incumbent(s).

Beyond Cash for Executives – The Total Rewards Perspective

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

Flexible Pension Plan

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

For any team member, where annual pension contributions exceed allowable maximums under the *Income Tax Act,* excess amounts are allocated to the Notional Supplemental Plan (NSP), a non-registered plan that provides notional DC benefits that cannot be provided within the FPP due to income tax restrictions.

Benefits

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

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

Wellness

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

Annual mental health campaigns include the Canadian Mental Health Association's (CMHA) Not Myself Today campaign and National Depression Screening Day. To support overall well-being, rejuvenation rooms are available, either dedicated or as a pop-up space, in every ATB facility to accommodate diverse needs for private moments (e.g., prayer, meditation, etc.).

ATB has fostered strong partnerships with the Canadian Mental Health Association (to support a workplace peer-support network), with the Mental Health Commission of Canada (to deliver consistent training to leaders and team members on the mental health continuum) and with the Prostate Cancer Centre (to deliver mobile prostate cancer screening clinics, Man Vans, which will include a "stress-check" mental health mobile screening test to team members and customers in our rural branch network).

We have also been leaders in creating dementia-friendly communities as training hubs and models of how to support Albertans, at a local level, with dementia.

Leadership Development

The development of ATB leaders is directly linked to succession capability and organizational success through business results. Leadership at ATB is defined by the Leader ALL-IN framework, which outlines the why, what, and how of leadership at ATB. We consider leaders through the lens of this framework, using it to guide how we recruit, assess, develop, and progressively advance leaders to executive levels of responsibility in the organization. This process enables us to develop leaders and provides internal sources of ready successors.

Succession is focused on the future leadership needs of ATB and includes a review of executives and other leaders with the potential to be executives. Success relies on anticipating and planning for change, knowing ATB leaders across the organization exceptionally well, and developing those selected for greater responsibilities. We actively develop leaders, including our executives, through a number of internal and external avenues. We engage all leaders in Club Catalyst, an internal leadership community that promotes connections across the full organization and engages leaders in unique experiences that advance their understanding and appreciation of ATB and their own leadership capabilities.

Our premier top-tier internal program currently in place for executive development is the ATB Pinnacle Leadership Program, a bespoke once-in-a-lifetime executive learning experience designed to expand growth mindset, adaptability, innovative and exponential thinking while creating a culture of collaboration and learning. We continuously seek leading-edge partners such as Singularity University and other avenues to significantly advance leadership development. On a selective basis we invest in key executives' growth with independent developmental assessments and provide coaching through external and internal rosters of professional coaches. We further invest in selected leaders through external professional programs and graduate-level education.

Banking Products and Services

As a financial institution, we expect team members to use ATB products by offering preferred interest rates and fees for everyday banking, mortgages, loans, credit cards, foreign exchange, and lines of credit. ATB has a team of experts that specialize in team member banking needs, offering focused and personalized service to help reach financial goals. As proud consumers of ATB's banking products, team members refer friends, family, and other potential customers, having firsthand knowledge that ATB provides great experiences and is reimagining banking. Advocacy is a key component to driving business success.

2019 Performance and Executive Compensation

Key Incentive Performance Metric Results

Metric	Threshold	Target	Maximum	Performance[1]	Attainment above target of metric
Income before provision for loan losses ($ in millions)	503	559	626	578	Above target
Provision for loan losses ($ in millions)	165	137	104	338	Below target
Customer advocacy index score	57	60	66	59	Below target
Employee engagement	84%	89%	92%	91%	Above target
Long-term risk-adjusted return on capital (RAROC)		14.3%	28.0%	15.5%	Above target

[1] The 2019 income before provisions represents income before provision for loan losses, STIP, and STIP over goal.

The first four performance metrics above have a material weighting in determining incentive awards for the CEO and other executive officers. ATB's achievement of the following financial and operational performance metrics represents most of the executive STI pay awards:

- The highest operating revenue we've ever achieved, although it was overshadowed by a significant increase in the provision for loan losses for our business customers as a result of a weaker economy
- Customer loyalty and profitability by focusing on customer obsession, listening to our customers, and reimagining banking
- Sustained record-high levels of team member engagement because we put our people first and provided improved technology, tools, and processes; clear strategic direction; and strong executive leadership.

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

Profiles, Performance, and Compensation Awarded to Named Executive Officers

Curtis Stange – President and CEO

As president and CEO, Curtis is responsible for ATB's team member engagement and customer satisfaction, as well as the organization's strategic direction and financial management. For more than three decades, Curtis has dedicated himself to making banking work for people. Joining ATB in 2009, Curtis launched a new line of business focused on entrepreneurs and shepherded ATB's complex and massive conversion of its core banking system to SAP, a global first. Curtis was ATB's first chief customer officer, heading up all customer-facing services while also leading the development of new models for banking. In 2018, Curtis became president and CEO. Alongside more than 5,500 team members strong, he obsessively serves nearly 770,000 customers in 247 Alberta communities.

Fiscal-year performance highlights

- Executed a seamless and successful executive transition by spending months working alongside outgoing president and CEO, Dave Mowat, and invested in a pan-Alberta Listening Tour, visiting 80 locations and thousands of team members, customers, and community partners
- Introduced a new organizational structure and strategic leadership team, a creative, inclusive team of executives chosen based on their expertise and expansive diversity of thought, to act as key leaders for ATB going forward
- Spearheaded a new approach to strategic planning by taking a long-term, wide-lens view of the next 10 years as part of strategic planning for FY2021
- Served as a strong advocate for mental health as an active member of the Canadian Mental Health Association and served as a member of the Edmonton International Airport and MasterCard Canada advisory boards and co-chair of the Children's Wish Foundation
- Achieved top performance in team member engagement, customer satisfaction, and financial results—reaching record levels, including the organization's highest-ever net income before provision for loan losses, assets under administration, and number of business customers

Total direct compensation

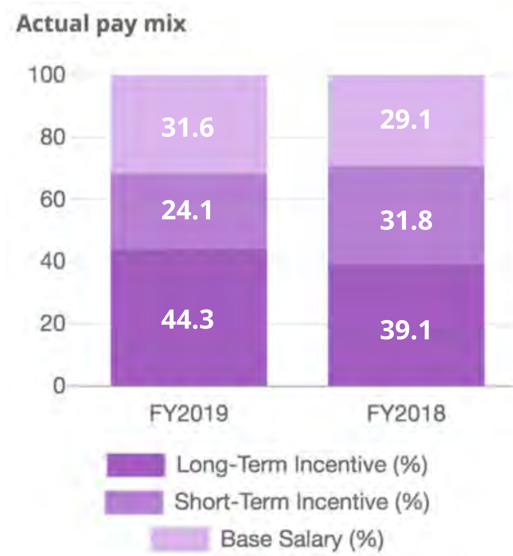
($ in thousands)	Long-term incentive	Short-term incentive	Base salary	Total direct compensation
FY2019	841	551	463	1,855
FY2018	473	510	350	1,333

Bob McGee – Chief Financial Officer

As chief financial officer, Bob is jointly responsible with the CEO for the overall financial performance of ATB. Bob leads a diverse portfolio of finance and operations functions focused on supporting ATB with a customer-obsessed mindset. Bob came to ATB in July 2015 with over 30 years of financial, operational, and business leadership experience from financial institutions across the globe, including Lloyds Banking Group and Wachovia Corporation. With this depth of experience in our industry, Bob plays an important role in developing both long-term strategies and shorter-term performance tactics for ATB.

Fiscal-year performance highlights

- Provided oversight and guidance to successfully overcome multiple economic challenges, ultimately exceeding our income before provision for loan losses target for fiscal 2019 by $15 million
- Led efforts to strengthen cost discipline across the company and brought total company expenses $29 million under budget for fiscal 2019
- Championed the reimagining and redesign of work in numerous finance, banking operations, and corporate operations functions (such as procurement, accounts payable, and facilities management), delivering millions of dollars of efficiencies and long-term value to ATB



Total direct compensation

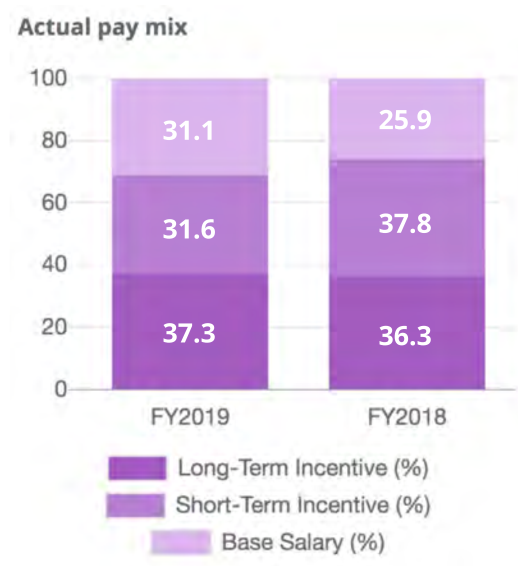
($ in thousands)	Long-term incentive	Short-term incentive	Base salary	Total direct compensation
FY2019	525	286	375	1,186
FY2018	504	410	375	1,289

Wellington Holbrook – Chief Transformation Officer

As ATB's chief transformation officer, Wellington is responsible for transforming ATB into an organization ready to take on the future of banking. Since assuming the role in September 2016, Wellington has set ATB on a course of rapid digital transformation and assembled an all-star team of technology and innovation leaders. This has led to global recognition for ATB as an emerging tech leader in financial services by global giants like Google and IBM. A graduate of Oxford University, Wellington has spent almost 25 years making banking work for people and has served as executive vice president of Retail Financial Services and Business and Agriculture at ATB. Prior to ATB, Wellington spent 15 years in the financial services industry with a goal to make a positive impact on the world.

Fiscal-year performance highlights

- Led the creation of a new investment management model, which drives deliberate prioritization and decision-making—ultimately leading to an enhanced customer experience
- Cultivated a tech culture and modernized the way we work at ATB, including continued maturation of our Agile methodologies—enabling us to rapidly iterate and innovate to meet the changing needs of our customers
- Created an artificial intelligence (AI) guild within Transformation and elevated our AI capabilities to automate 60 end-to-end work processes and 66,000 human work-hours to take grit out of our customer experiences, enhance fraud detection, and optimize customer support conversations
- Advanced ATB's digital development capabilities, leading to enhanced products like ATB Prosper, Onboarding Express, and the replatforming of our Business Banking digital properties while championing our ongoing migration to the cloud, with a large focus on Google Cloud Platform (GCP), to accelerate the modernization of our tech stack and build out the digital platform needed to rapidly develop and deploy secure, scalable applications
- Advanced Brightside, ATB's first digital-only banking experience for tech-savvy Albertans, in preparation for a fiscal 2020 launch



Total direct compensation

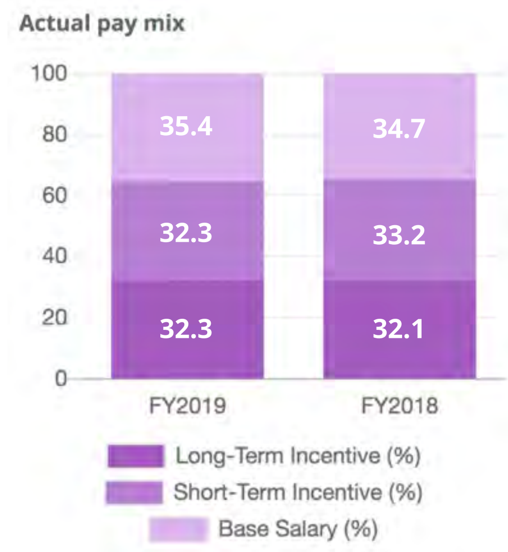
($ in thousands)	Long-term incentive	Short-term incentive	Base salary	Total direct compensation
FY2019	390	331	325	1,046
FY2018	455	474	325	1,254

Chris Turchansky – Executive Vice President, and President, ATB Wealth

As president of ATB Wealth, Chris leads development and strategic execution for the wealth management arm of ATB, which includes all advisory services, fund management, private banking, and insurance divisions. His passion for clients and helping them achieve their goals by taking the complexity out of their financial lives drives his vision for ATB Wealth and the industry as a whole. Chris's career started over 22 years ago, and he assumed the role of president of ATB Wealth in March 2015. He is active in various industry-related organizations, is a CFA charter-holder, and sits on the board of the Portfolio Management Association of Canada (PMAC).

Fiscal-year performance highlights

- Launched ATB Wealth, a new chapter for ATB Investor Services and Alberta Private Client, which aligned our investment and private banking divisions to provide a truly differentiated wealth management experience
- Led ATB Wealth to surpass significant milestones of $20 billion in assets under administration and $1 billion in both loans and deposits in private banking, serving the wealth management needs of over 80,000 clients
- Launched a new customer relationship management system, Salesforce, in June, which will help ATB Wealth advisors manage their books of business and client relationships and provide mobile capabilities to deliver an even better client experience
- Continued to invest in the growth of ATB Wealth by expanding in the areas of sales, service, support, and expertise to deliver on our goal of being obsessed with delivering remarkable experiences for our customers



Total direct compensation

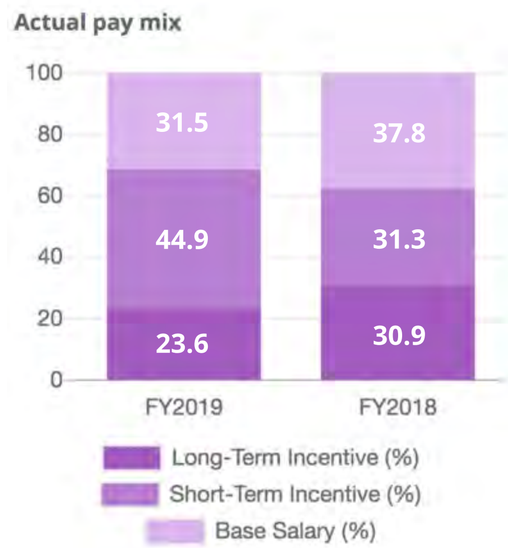
($ in thousands)	**Long-term incentive**	**Short-term incentive**	**Base salary**	**Total direct compensation**
FY2019	264	263	289	816
FY2018	268	277	289	834

Jon Horsman – Chair and CEO, AltaCorp Capital

Jon is chair and CEO of AltaCorp Capital, a subsidiary of ATB Financial. In addition to his role as a senior executive of ATB, he is responsible for the overall financial performance and management of AltaCorp, which provides capital market solutions to clients. Together with ATB, our clients receive tailored, fully integrated services, from start-up to successful exit. Jon started his banking career with ATB over 15 years ago and has held increasingly senior roles, including as co-head of Corporate Financial Services. In June 2018, Jon was appointed to the role of chair and CEO of AltaCorp Capital.

Fiscal-year performance highlights

- Expanded the geographic and market coverage to broaden access to capital for clients by enhancing the bench strength of the team in investment banking, equity research, and sales and trading
- Aligned the teams' collaborative efforts, deeply embedding in the industries that drive the economy today and those that will fuel tomorrow—namely, energy, life sciences, and diversified industries
- Positioned AltaCorp as a team of thought leaders for key stakeholders by nearly doubling the number of companies the research analysts cover and publishing an unprecedented number of industry-leading thematic insights
- Deepened client relationships by working hand-in-hand with ATB to provide comprehensive financial-service solutions to clients.



Total direct compensation

($ in thousands)	Long-term incentive	Short-term incentive	Base salary	Total direct compensation
FY2019	188	357	250	795
FY2018	184	187	225	596

Compensation Summary

(audited)

Name and position	Fiscal year	Base salary [1] ($)	Non-equity incentive plan compensation ($) Annual incentive plans [2]	Non-equity incentive plan compensation ($) Long-term incentive plan [3]	Pension value [4] ($)	All other compensation [5] ($)	Total compensation ($)
Curtis Stange [6] President and chief executive officer (CEO)	**2019**	**462,500**	**550,893**	**841,131**	**7,000**	**158,250**	**2,019,774**
	2018	350,000	510,141	472,500	6,000	75,500	1,414,141
Dave Mowat [7] Former president and CEO	**2019**	**134,615**	**-**	**-**	**-**	**4,487,490**	**4,622,105**
	2018	500,000	874,527	729,164	2,899,000	26,500	5,029,191
Robert McGee Chief financial officer	**2019**	**375,000**	**286,494**	**525,000**	**8,000**	**95,400**	**1,289,894**
	2018	375,000	409,935	504,375	6,000	86,000	1,381,310
Wellington Holbrook Chief transformation officer	**2019**	**325,000**	**331,060**	**390,000**	**8,000**	**87,500**	**1,141,560**
	2018	325,000	473,702	455,000	6,000	73,500	1,333,202
Chris Turchansky Executive vice president, and president, ATB Wealth	**2019**	**289,437**	**263,465**	**263,750**	**6,000**	**73,500**	**896,152**
	2018	289,437	276,557	267,549	7,000	63,500	904,043
Jon Horsman [8] Chair and CEO, AltaCorp Capital Inc.	**2019**	**250,000**	**357,134**	**187,500**	**10,000**	**36,500**	**841,134**
	2018	225,200	186,881	184,439	12,000	28,500	637,020

1 The actual base salary paid during April 1 to March 31 of each year.

2 The short-term incentive award earned for the year and paid as cash within the first 100 days of the end of the fiscal year.

3 The long-term incentive grant earned for the year. Payment of the grant is deferred for up to three years and includes appreciation or depreciation annually based on ATB's long-term risk-adjusted return on capital (RAROC) performance over the term of the grant and is contingent upon the named executive officer's continued employment with ATB. Based on the change to ATB's disclosure for 2019, the following Outstanding Long-Term Incentives Awards table includes appreciation or depreciation changes in outstanding and unvested grants.

4 Includes the annual compensatory value from the Flexible Pension Plan (FPP) and the DB plan. (The only named executive officer participant was Dave Mowat in 2018). Additional detail on the FPP is provided in the Retirement Benefits section of this discussion and analysis. The DB plan value is largely unfunded obligation and was paid from operating revenue in 2018.

5 All other compensation for Curtis Stange includes perquisites, health care spending account credits, employer contributions to RRSP and DC SERP within the CEO Pension Plan (details below), and employer contributions in the Notional Supplemental Plan (NSP) during his tenure as chief customer officer up to June 30, 2018. All other compensation for Dave Mowat includes perquisites, health care spending account credits, and completion of contract payment and benefit (in lieu of retirement benefits) per his employment contract. All other compensation for Robert McGee include perquisites, personal tax advice, health-care spending account credits, and employer contributions to the NSP. All other compensation for Robert McGee, Wellington Holbrook, Chris Turchansky, and Jon Horsman include perquisites, health care spending account credits, and employer contributions to the NSP. ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the Income Tax Act. The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions.

6 Curtis Stange was appointed president and CEO on July 1, 2018. Amounts shown for 2018 and 2019 prior to his appointment on July 1, 2018, include compensation for his previous position as chief customer officer.

7 Dave Mowat retired as president and CEO on July 1, 2018. Amounts shown for 2019 represent compensation in the fiscal year and payments per the contract.

8 Jon Horsman was appointed chair and CEO of AltaCorp Capital Inc. on April 1, 2018. Amounts shown for 2018 include compensation for his previous positions as co-CEO and chair of the board of AltaCorp on Jan. 23, 2018, and, prior to that, as co-head of CFS.

Outstanding Long-Term Incentive Awards

Long-term incentive (LTI) awards are granted after the close of a fiscal year and vest at the end of a three-year term. The following table presents details of unvested LTI awards at April 1, 2019. The current value of outstanding grants reflects the annual appreciation or depreciation, based on actual long-term RAROC during the term of the grant.

Name	Year of grant	Total grant awarded ($)	Above target portion of grant paid out[1] ($)	Remaining portion of grant[2] ($)	Current value of grant that has not vested[3] ($)	2020	2021	2022
Curtis Stange	**2019**	**841,131**		**841,131**	**841,131**			**X**
	2018	472,500	122,500	350,000	376,250		X	
	2017	438,067	97,490	340,577	386,074	X		
Robert McGee	**2019**	**525,000**		**525,000**	**525,000**			**X**
	2018	504,375	129,375	375,000	403,125		X	
	2017	368,550	68,550	300,000	340,076	X		
Wellington Holbrook	**2019**	**390,000**		**390,000**	**390,000**			**X**
	2018	455,000	130,000	325,000	349,375		X	
	2017	349,485	109,701	239,784	271,816	X		
Chris Turchansky	**2019**	**263,750**		**263,750**	**263,750**			**X**
	2018	267,549	50,471	217,078	233,359		X	
	2017	256,068	46,176	209,892	237,931	X		
Jon Horsman	**2019**	**187,500**		**187,500**	**187,500**			**X**
	2018	184,439	18,579	165,860	178,299		X	
	2017	118,403	15,444	102,959	116,713	X		

[1] Executives awarded an LTIP grant greater than 100% of target have the choice to receive payment of the above-target portion of the grant within 100 days of the end of the fiscal year of which it is granted.

[2] Value subject to three-year vesting and appreciation or depreciation based on long-term RAROC results.

[3] Current value includes appreciation or depreciation, based on long-term RAROC results, for the years in which the grants were maturing.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below shows the total value of all long-term incentive plan awards previously granted to the named executives that vested in 2019. It also shows the total amount earned from short-term incentive plan compensation in 2019.

Name	Long-term incentive (LTI) plan awards – Value vested during the year[1] ($)	Short-term incentive (STI) plan compensation – Value earned during the year[2] ($)
Curtis Stange	360,403	550,893
Dave Mowat[3]	1,569,547	-
Robert McGee	257,431	286,494
Wellington Holbrook	257,431	331,060
Chris Turchansky	214,526	263,465
Jon Horsman[4]	121,492	357,134

[1] For all named executive officers except Dave Mowat, this is the payout value of the 2016 LTI plan awards.
[2] This is the fiscal year STI plan cash award for 2019. This amount is shown under the annual incentive plan in the Summary Compensation table.
[3] As per LTI plan provisions, upon retirement the named executive officer opted to receive payment of all previously awarded grants, at current value.
[4] Jon Horsman's STI plan compensation includes an incentive based on ATB's STI plan and an AltaCorp Capital Inc. revenue performance incentive.

Retirement Benefits

Name	Flexible pension plan (FPP) contribution[1] ($)	Notional supplemental plan (NSP) contribution[2] ($)	NSP return[3] ($)	Registered retirement savings plan (RRSP) contribution[4] ($)	DC SERP contribution[5] ($)	Total ($)
Curtis Stange[6]	7,000	68,000	2,000	24,000	43,000	144,000
Robert McGee	8,000	74,000	(4,000)			78,000
Wellington Holbrook	8,000	74,000	(6,000)			76,000
Chris Turchansky	6,000	60,000	(5,000)			61,000
Jon Horsman	10,000	23,000	(1,000)			32,000

The following table outlines the named executive officer (NEO) retirement benefits for fiscal year 2019. Detailed descriptions of the benefits follow the table.

[1] The employer contribution to the FPP (DC plan) on behalf of the NEO. This amount is shown under the 2019 "pension value" in the Summary Compensation table.

[2] The employer contribution to the NSP on behalf of the NEO. This amount is included under the 2019 "all other compensation" in the Summary Compensation table.

[3] The return on the NSP account balance, based on the rate of return for a benchmark portfolio, provided by the employer on behalf of the NEO.

[4] The employer contribution to the RRSP on behalf of the CEO. This amount is included under the 2019 "all other compensation" in the Summary Compensation table.

[5] The employer contribution to the DC SERP on behalf of the CEO. The first instance of return on DC SERP account balance is Jan 1, 2020. This amount is included under the 2019 "all other compensation" in the Summary Compensation table.

[6] The FPP and NSP values noted for Curtis Stange represent his participation until June 30, 2018. The RRSP and DC SERP values represent his participation as of July 1, 2018.

Flexible Pension Plan (FPP

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

Notional Supplemental Plan (NSP)

For any FPP plan member, where annual pension contributions exceed allowable maximums under the *Income Tax Act,* excess amounts are allocated to the NSP, a non-registered plan that provides notional DC benefits that cannot be provided within the FPP due to income tax restrictions. ATB's notional contributions to the named executive officer's NSP are included as other compensation in the Compensation Summary table.

CEO Pension Plan

Effective July 1, 2018, and coinciding with his appointment as CEO, Curtis Stange became the sole participant in the CEO Pension Plan. This plan includes a registered retirement savings plan (RRSP) and an unfunded supplementary pension plan operating on a defined-contribution basis (DC SERP). ATB contributes 18% of Curtis Stange's base salary to the RRSP up to the maximum annual contribution permitted under the *Income Tax Act* (Canada) for a given calendar year. The DC SERP is maintained through a notional account that is credited annually with 18% of pensionable earnings (2019: $43,000) minus the contribution to the RRSP

(2019: $24,000). The notional account is also credited with interest each year at the same rate as is earned on the assets of the RRSP. The DC SERP is not funded until the CEO retires.

Clawback Policy

ATB's executive long-term incentive (LTI) plan includes clawback provisions. Any participant in the LTI plan who is terminated for cause will be ineligible to receive an LTI plan payout. If the cause is for misconduct that results in or contributes to an accounting restatement, the terminated participant is required to repay ATB for any adjustment to previously paid awards. Any participant in the LTI plan who was willfully blind to the misconduct may be subject to clawback provisions up to and including the full amount of the award and any appreciation. In the event of an accounting restatement, the board may also adjust or rescind any previously awarded grants, including appreciation/depreciation, for all participants in the plan.

In 2019, ATB conducted a review of forfeiture and clawback market practices, with consideration of the appropriate breadth of exposure. As a result, ATB will be adopting an improved approach to variable compensation (short-term incentive plans) forfeiture and clawback provisions for fiscal 2020.

Supplementary Financial Information

Five-Year Financial Review

Summarized Consolidated Statement of Financial Position

($ in thousands)	**2019**	2018	2017	2016	2015
Cash resources and securities	**$ 5,677,962**	$ 6,206,601	$ 6,397,188	$ 4,762,666	$ 3,831,310
Net loans	**47,005,724**	44,111,040	40,811,222	40,350,157	37,684,892
Other assets	**1,660,465**	1,575,450	1,338,876	1,644,455	1,558,721
Total assets	**$ 54,344,151**	$ 51,893,091	$ 48,547,286	$ 46,757,278	$ 43,074,923
Deposits	**35,921,949**	32,683,773	33,927,760	30,862,289	30,589,355
Other liabilities	**14,438,945**	15,598,963	11,127,799	12,413,728	9,166,042
Subordinated debentures	**339,140**	331,199	344,441	371,441	311,339
Equity	**3,644,117**	3,279,156	3,147,286	3,109,820	3,008,187
Total liabilities and equity	**$ 54,344,151**	$ 51,893,091	$ 48,547,286	$ 46,757,278	$ 43,074,923

Summarized Consolidated Statement of Income

($ in thousands)	**2019**	2018	2017	2016	2015
Interest income	**$ 2,020,443**	$ 1,718,857	$ 1,612,772	$ 1,578,322	$ 1,505,918
Interest expense	**828,643**	596,477	528,457	485,513	477,627
Net interest income	**1,191,800**	1,122,380	1,084,315	1,092,809	1,028,291
Other income	**490,839**	460,535	390,896	434,100	423,249
Operating revenue	**1,682,639**	1,582,915	1,475,211	1,526,909	1,451,540
Provision for loan losses	**338,145**	105,006	234,989	387,559	72,584
Non-interest expenses	**1,164,170**	1,121,699	1,044,404	998,922	952,098
Net income before payment in lieu of tax	**180,324**	356,210	195,818	140,428	426,858
Payment in lieu of tax	**41,629**	81,651	45,038	32,298	98,177
Net income	**$ 138,695**	$ 274,559	$ 150,780	$ 108,130	$ 328,681
Net income attributable to non-controlling interests	**$ (247)**	$ 1,372	$ -	$ -	$ -

Summarized Key Performance Indicators

(%)	**2019**	2018	2017	2016	2015
Return on average assets	**0.26**	0.55	0.32	0.24	0.82
Return on average risk-weighted assets	**0.38**	0.81	0.45	0.33	1.1
Operating revenue growth	**6.3**	7.3	(3.4)	5.8	8.8
Efficiency ratio	**69.2**	70.9	70.8	65.4	65.6
Performing loan growth	**6.1**	8.2	1.2	7.0	11.1
Deposit growth	**4.7**	(3.7)	9.9	0.89	12.0
Growth in assets under administration	**8.8**	11.6	14.2	7.0	24.1

Quarterly Financial Review

Summarized Consolidated Statement of Financial Position

($ in thousands)	Q4 Mar 31/19	Q3 Dec 31/18	Q2 Sep 30/18	Q1 Jun 30/18	Q4 Mar 31/18	Q3 Dec 31/17	Q2 Sep 30/17	Q1 Jun 30/17
Cash resources and securities	**$ 5,677,962**	**$ 6,338,873**	**$ 6,648,513**	**$ 6,605,027**	$ 6,206,601	$ 6,136,070	$ 5,731,527	$ 5,669,623
Business	**23,833,674**	**23,655,884**	**22,784,390**	**22,090,814**	21,439,814	20,630,015	19,956,760	19,645,554
Residential mortgages	**16,438,739**	**16,424,963**	**16,276,248**	**15,988,157**	15,750,430	15,616,007	15,400,565	15,132,863
Personal	**6,667,543**	**6,741,616**	**6,760,456**	**6,757,674**	6,711,755	6,718,644	6,714,597	6,655,139
Credit card	**730,681**	**756,616**	**749,049**	**745,716**	718,065	739,323	737,909	734,993
Allowance for loan losses	**(664,913)**	**(548,726)**	**(491,742)**	**(472,110)**	(509,024)	(516,031)	(532,455)	(508,066)
Net loans	**47,005,724**	**47,030,353**	**46,078,401**	**45,110,251**	44,111,040	43,187,958	42,277,376	41,660,483
Other assets	**1,660,465**	**1,576,263**	**1,562,244**	**1,616,814**	1,575,450	1,420,553	1,597,095	1,319,108
Total assets	**$ 54,344,151**	**$ 54,945,489**	**$ 54,289,158**	**$ 53,332,092**	$ 51,893,091	$ 50,744,581	$ 49,605,998	$ 48,649,214
Redeemable fixed-date deposits	**$ 2,047,475**	**$ 2,209,073**	**$ 4,593,321**	**$ 4,721,690**	$ 4,738,787	4,480,329	$ 2,535,214	$ 3,097,283
Non-redeemable fixed-date deposits	**9,176,459**	**9,014,949**	**6,594,841**	**5,923,715**	4,354,113	4,860,732	6,751,206	6,106,949
Saving accounts	**10,004,043**	**9,461,164**	**9,323,213**	**9,559,542**	9,525,181	9,766,483	9,928,217	10,407,323
Transaction accounts	**7,574,046**	**7,561,148**	**7,704,040**	**7,690,806**	7,751,748	7,927,244	8,491,396	8,153,588
Notice accounts	**7,119,926**	**7,666,671**	**6,676,008**	**6,557,813**	6,313,944	6,502,161	5,299,160	5,909,482
Deposits	**35,921,949**	**35,913,005**	**34,891,423**	**34,453,566**	32,683,773	33,536,949	33,005,193	33,674,625
Other liabilities	**14,438,945**	**15,115,194**	**15,623,501**	**15,112,888**	15,930,163	13,664,508	13,121,329	11,510,385
Subordinated debentures	**339,140**	**339,140**	**339,514**	**339,514**	331,199	331,199	331,199	331,199
Equity	**3,644,117**	**3,578,150**	**3,434,720**	**3,426,124**	3,279,156	3,211,925	3,148,277	3,133,005
Total liabilities and equity	**$ 54,344,151**	**$ 54,945,489**	**$ 54,289,158**	**$ 53,332,092**	$ 51,893,091	$ 50,744,581	$ 49,605,998	$ 48,649,214

Consolidated Statement of Changes in Equity

For the three months ended	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
($ in thousands)	**Mar 31/19**	**Dec 31/18**	**Sep 30/18**	**Jun 30/18**	Mar 31/18	Dec 31/17	Sep 30/17	Jun 30/17
Retained earnings								
Balance at beginning of the period	**$ 3,693,234**	**$ 3,642,820**	**$ 3,573,624**	**$ 3,453,844**	$ 3,399,133	$ 3,305,177	$ 3,242,425	$ 3,179,285
Net income	**(39,854)**	**51,773**	**69,480**	**57,296**	54,711	93,956	62,752	63,140
Transition adjustment (Note 4)	**(598)**	**-**	**-**	**62,394**	-	-	-	-
Other	**173**	**(1,359)**	**(284)**	**90**	-	-	-	-
Balance at end of the period	**3,652,955**	**3,693,234**	**3,642,820**	**3,573,624**	3,453,844	3,399,133	3,305,177	3,242,425
Non-controlling interest								
Balance at beginning of the year	**$4,525**	**$4,254**	**$2,460**	**$3,508**	-	-	-	-
Balance at the date of acquisition	**-**	**-**	**-**	**-**	2,136	-	-	-
Net income attributable to non-controlling interests in subsidiaries	**(219)**	**(46)**	**72**	**(54)**	1,372	-	-	-
Other	**8**	**317**	**1,722**	**(994)**	-	-	-	-
Balance at end of the year	**4,314**	**4,525**	**4,254**	**2,460**	3,508			
Accumulated other comprehensive (loss) income								
Securities measured at fair value through other comprehensive income								
Balance at beginning of the period	**(2,008)**	**(6,596)**	**(877)**		-	-	-	-
Other comprehensive income (loss)	**191**	**4,588**	**(5,719)**	**(877)**	-	-	-	-
Balance at end of the period	**(1,817)**	**(2,008)**	**(6,596)**	**(877)**	-	-	-	-
Derivative financial instruments designated as cash flow hedges								
Balance at beginning of the period	**(63,730)**	**(190,736)**	**(118,895)**	**(126,362)**	(110,461)	(94,506)	(18,555)	40,021
Other comprehensive income (loss)	**117,312**	**127,006**	**(71,841)**	**7,467**	(15,901)	(15,955)	(75,951)	(58,576)
Balance at end of the period	**53,582**	**(63,730)**	**(190,736)**	**(118,895)**	(126,362)	(110,461)	(94,506)	(18,555)
Defined benefit plan liabilities								
Balance at beginning of the period	**(53,871)**	**(15,022)**	**(30,188)**	**(51,834)**	(76,747)	(62,394)	(90,865)	(72,020)
Other comprehensive (loss) income	**(11,046)**	**(38,849)**	**15,166**	**21,646**	24,913	(14,353)	28,471	(18,845)
Balance at end of the period	**$ (64,917)**	**$ (53,871)**	**$ (15,022)**	**$ (30,188)**	$ (51,834)	$ (76,747)	$ (62,394)	$ (90,865)
Balance at end of the period	**(13,152)**	**(119,609)**	**(212,354)**	**(149,960)**	(178,196)	(187,208)	(156,900)	(109,420)
Equity as at end of the period	**$ 3,644,117**	**$ 3,578,150**	**$ 3,434,720**	**$ 3,426,124**	$ 3,279,156	$ 3,211,925	$ 3,148,277	$ 3,133,005

Consolidated Statement of Cash Flows

For the three months ended *($ in thousands)*	Q4 Mar 31/19	Q3 Dec 31/18	Q2 Sep 30/18	Q1 Jun 30/18
Cash flows from operating activities:				
Net (loss) income	$ (39,854)	$ 51,773	$ 69,480	$ 57,296
Adjustments for non-cash items and others:				
Provision for loan losses	165,508	69,273	53,042	50,322
Depreciation and amortization	38,468	33,240	33,392	32,600
Net gains on securities	(4,168)	(739)	(406)	(2,677)
Adjustments for net change in operating assets and liabilities:				
Loans	(83,381)	(958,202)	(1,018,911)	(954,166)
Deposits	7,926	1,021,405	438,065	1,769,999
Derivative financial instruments	80,593	(151,211)	27,842	(15,473)
Prepayments and other receivables	8,215	18,729	6,347	(45,325)
Due to clients, brokers, and dealers	4,109	540	903	(14,187)
Deposit guarantee fee payable	12,194	14,341	13,767	(36,006)
Accounts payable and accrued liabilities	(7,532)	325,871	(72,190)	5,908
Liability for payment in lieu of tax	(11,748)	15,867	20,541	(64,478)
Net interest receivable and payable	38,365	(2,097)	35,548	(21,147)
Change in accrued pension-benefit liability	10,517	39,689	(14,889)	(21,201)
Others, net	(194,883)	(112,170)	(3,445)	98,641
Net cash provided by (used in) operating activities	24,329	366,309	(410,914)	840,106
Cash flows from investing activities:				
Change in securities measured at fair value through net income	928,911	84,966	9,716	(236,979)
Change in securities purchased under reverse repurchase agreements	100,012	(250,641)	49,755	(249,385)
Change in interest-bearing deposits with financial institutions	(259,657)	452,896	(162,643)	(17,055)
Purchases and disposals of property and equipment, and software and other intangibles	(18,706)	(25,300)	(31,842)	(24,463)
Net cash provided by (used in) investing activities	750,560	261,921	(135,014)	(527,882)
Cash flows from financing activities:				
Issuance of wholesale borrowings	1,912,376	1,715,367	2,281,337	2,782,436
Repayment of wholesale borrowings	(2,670,054)	(2,061,830)	(2,010,003)	(2,979,273)
Issuance of collateralized borrowings	187,408	(56,576)	308,093	360,231
Repayment of collateralized borrowings	-	-	-	(241,780)
Change in securities sold under repurchase agreements	(98,715)	(250,121)	(97,599)	(344,392)
Issuance of subordinated debentures	-	(374)	-	81,651
Repayment of subordinated debentures	-	-	-	(73,122)
Net cash (used in) provided by financing activities	(668,985)	(653,534)	481,828	(414,249)
Net increase (decrease) in cash	105,904	(25,304)	(64,100)	(100,025)
Cash at beginning of period	94,098	119,402	183,502	285,527
Cash at end of period	$ 200,002	$ 94,098	$ 119,402	$ 183,502
Net cash (used in) provided by operating activities includes:				
Interest paid	$ (176,549)	$ (243,662)	$ (163,899)	$ (189,696)
Interest received	$ 512,021	$ 540,459	$ 498,465	$ 465,294

For the three months ended	Q4	Q3	Q2	Q1
($ in thousands)	Mar 31/18	Dec 31/17	Sep 30/17	Jun 30/17
Cash flows from operating activities:				
Net income	$ 54,711	$ 93,956	$ 62,752	$ 63,140
Adjustments for non-cash items and others:				
Provision for loan losses	21,697	14,586	47,228	21,495
Depreciation and amortization	35,301	31,493	31,974	31,287
Net gains (losses) on securities	(4,348)	(5,978)	(889)	3,858
Adjustments for net change in operating assets and liabilities:				
Loans	(927,085)	(904,887)	(644,377)	(848,013)
Deposits	(852,969)	531,963	(669,226)	(252,926)
Derivative financial instruments	(59,931)	43,711	24,768	33,274
Prepayments and other receivables	4,346	(23,381)	(2,377)	6,842
Due to clients, brokers, and dealers	11,223	(5,580)	(1,364)	(5,689)
Deposit guarantee fee payable	12,024	12,290	12,493	(35,056)
Accounts payable and accrued liabilities	54,552	(76,523)	(24,564)	15,717
Liability for payment in lieu of tax	15,767	28,065	18,744	(26,178)
Net interest receivable and payable	20,290	(22,399)	21,948	(23,958)
Change in accrued pension-benefit liability	(24,822)	15,766	(37,779)	20,594
Others, net	(79,873)	241,974	(262,951)	(39,081)
Net cash provided by operating activities	(1,719,117)	(24,944)	(1,423,620)	(1,034,694)
Cash flows from investing activities:				
Change in securities measured at fair value through net income	(853,085)	358,392	184,611	527,486
Change in securities purchased under reverse repurchase agreements	896,567	(296,696)	(400,388)	201,082
Change in interest-bearing deposits with financial institutions	(46,142)	(384,896)	(142,674)	110,412
Purchases and disposals of property and equipment, and software and other intangibles	(46,590)	(26,411)	(24,528)	(21,049)
Net cash provided by (used in) investing activities	(49,250)	(349,611)	(382,979)	817,931
Cash flows from financing activities:				
Issuance of wholesale borrowings	2,957,837	3,980,082	1,936,293	349,615
Repayment of wholesale borrowings	(2,366,853)	(3,679,130)	(823,712)	(590,000)
Issuance of collateralized borrowings	451,145	449,558	304,062	391,029
Repayment of collateralized borrowings	-	-	-	-
Change in securities sold under repurchase agreements	790,827	(298,286)	99,823	198,463
Issuance of subordinated debentures	-	-	-	45,038
Repayment of subordinated debentures	-	-	-	(58,280)
Net cash provided by financing activities	1,832,956	452,224	1,516,466	335,865
Net increase (decrease) in cash	64,589	77,669	(290,133)	119,102
Cash at beginning of period	220,938	143,269	433,402	314,300
Cash at end of period	$ 285,527	$ 220,938	$ 143,269	$ 433,402
Net cash (used in) provided by operating activities includes:				
Interest paid	$ (133,499)	$ (180,057)	$ (109,852)	$ (166,406)
Interest received	$ 441,286	$ 444,292	$ 415,342	$ 407,156

Quarterly Segmented Results

Consolidated Statement of Income

For the three months ended *($ in thousands)*	Net interest income (loss)	Other income (loss)	Operating revenue (loss)	Provision for (recovery of) loan losses	Non-interest expenses	Net (loss) income before payment in lieu of tax	Payment in lieu of tax	Net (loss) income	Total assets	Total liabilities
March 31, 2019										
Retail Financial Services	**$ 109,117**	**$ 24,506**	**$ 133,623**	**$ 19,255**	**$ 128,251**	**$ (13,883)**	**$ -**	**$ (13,883)**	**$ 23,344,544**	**$ 12,845,125**
Business and Agriculture	**81,526**	**20,350**	**101,876**	**59,376**	**68,645**	**(26,145)**	**-**	**(26,145)**	**7,774,939**	**9,133,732**
Corporate Financial Services	**78,288**	**22,340**	**100,628**	**85,534**	**39,111**	**(24,017)**	**-**	**(24,017)**	**14,036,096**	**10,741,203**
ATB Wealth	**4,647**	**53,032**	**57,679**	**1,343**	**52,931**	**3,404**	**3,103**	**302**	**994,842**	**1,015,807**
AltaCorp Capital Inc.	**104**	**3,188**	**3,292**	**-**	**4,760**	**(1,468)**	**(125)**	**(1,343)**	**42,334**	**34,182**
Strategic service units	**23,424**	**644**	**24,068**	**-**	**13,694**	**10,374**	**(14,858)**	**25,233**	**8,151,396**	**16,929,985**
Total	**$ 297,106**	**$ 124,060**	**$ 421,166**	**$ 165,508**	**$ 307,392**	**$ (51,734)**	**$ (11,880)**	**$ (39,854)**	**$ 54,344,151**	**$ 50,700,034**
December 31, 2018										
Retail Financial Services	**$ 110,653**	**$ 23,933**	**$ 134,586**	**$ 17,256**	**$ 126,240**	**$ (8,910)**	**$ -**	**$ (8,910)**	**$ 22,879,709**	**$ 12,560,948**
Business and Agriculture	**86,405**	**21,342**	**107,747**	**37,088**	**69,598**	**1,061**	**-**	**1,061**	**8,108,265**	**9,522,660**
Corporate Financial Services	**88,300**	**23,613**	**111,913**	**14,151**	**35,083**	**62,679**	**-**	**62,679**	**14,089,368**	**10,917,508**
ATB Wealth	**4,096**	**53,487**	**57,583**	**778**	**53,380**	**3,425**	**3,237**	**188**	**943,560**	**966,049**
AltaCorp Capital Inc.	**156**	**8,083**	**8,239**	**-**	**6,137**	**2,102**	**5**	**2,097**	**20,639**	**10,768**
Strategic service units	**9,284**	**(2,150)**	**7,134**	**-**	**220**	**6,914**	**12,256**	**(5,342)**	**8,903,946**	**17,389,406**
Total	**$ 298,894**	**$ 128,308**	**$ 427,202**	**$ 69,273**	**$ 290,658**	**$ 67,271**	**$ 15,498**	**$ 51,773**	**$ 54,945,487**	**$ 51,367,339**
September 30, 2018										
Retail Financial Services	**$ 111,282**	**$ 22,786**	**$ 134,068**	**$ 9,220**	**$ 121,259**	**$ 3,589**	**$ -**	**$ 3,589**	**$ 22,423,432**	**$ 12,233,425**
Business and Agriculture	**84,409**	**20,660**	**105,069**	**36,996**	**65,133**	**2,940**	**-**	**2,940**	**8,253,421**	**9,699,920**
Corporate Financial Services	**85,962**	**21,589**	**107,551**	**4,602**	**30,523**	**72,426**	**-**	**72,426**	**13,308,817**	**10,257,420**
ATB Wealth	**3,843**	**53,915**	**57,758**	**2,224**	**50,153**	**5,381**	**3,301**	**2,080**	**872,128**	**892,947**
AltaCorp Capital Inc.	**284**	**5,148**	**5,432**	**-**	**5,267**	**165**	**73**	**92**	**29,425**	**18,530**
Strategic service units	**13,239**	**(870)**	**12,369**	**-**	**6,578**	**5,791**	**17,438**	**(11,647)**	**9,401,935**	**17,752,196**
Total	**$ 299,019**	**$ 123,228**	**$ 422,247**	**$ 53,042**	**$ 278,913**	**$ 90,292**	**$ 20,812**	**$ 69,480**	**$ 54,289,158**	**$ 50,854,438**
June 30, 2018										
Retail Financial Services	**$ 111,216**	**$ 21,196**	**$ 132,412**	**$ 1,087**	**$ 127,187**	**$ 4,138**	**$ -**	**$ 4,138**	**$ 22,168,317**	**$ 12,195,639**
Business and Agriculture	**83,416**	**20,597**	**104,013**	**14,847**	**67,221**	**21,945**	**-**	**21,945**	**7,792,393**	**9,315,761**
Corporate Financial Services	**85,516**	**18,360**	**103,876**	**34,388**	**32,444**	**37,044**	**-**	**37,044**	**13,463,720**	**10,515,734**
ATB Wealth	**3,593**	**51,722**	**55,315**	**-**	**50,346**	**4,969**	**3,083**	**1,886**	**814,770**	**844,269**
AltaCorp Capital Inc.	**(33)**	**5,858**	**5,825**	**-**	**6,066**	**(241)**	**64**	**(305)**	**37,440**	**29,050**
Strategic service units	**13,073**	**(2,490)**	**10,583**	**-**	**3,943**	**6,640**	**14,052**	**(7,412)**	**9,055,452**	**17,005,515**
Total	**$ 296,781**	**$ 115,243**	**$ 412,024**	**$ 50,322**	**$ 287,207**	**$ 74,495**	**$ 17,199**	**$ 57,296**	**$ 53,332,092**	**$ 49,905,968**
Year ended March 31, 2019	**$ 1,191,800**	**$ 490,839**	**$ 1,682,639**	**$ 338,144**	**$ 1,164,171**	**$ 180,324**	**$ 41,629**	**$ 138,695**	**$ 54,344,151**	**$ 50,700,034**

For the three months ended *($ in thousands)*	Net interest income (loss)	Other income (loss)	Operating revenue (loss)	Provision for (recovery of) loan losses	Non-interest expenses	Net (loss) income before payment in lieu of tax	Payment in lieu of tax	Net (loss) income	Total assets	Total liabilities
March 31, 2018										
Retail Financial Services	$ 114,417	$ 23,125	$ 137,542	$ 6,451	$ 135,477	$ (4,386)	$ -	$ (4,386)	$ 22,027,241	$ 12,170,992
Business and Agriculture	81,278	23,000	104,278	(585)	57,733	47,130	-	47,130	7,453,391	9,041,412
Corporate Financial Services	84,343	20,421	104,764	15,831	31,602	57,331	-	57,331	11,963,893	9,210,721
Investor Services	229	50,108	50,337	-	37,986	12,351	2,844	9,507	140,817	102,970

AltaCorp Capital Inc.	(62)	15,891	15,829	-	12,064	3,765	588	3,177	28,537	21,131
Strategic service units	7,292	(7,668)	(376)	-	45,122	(45,498)	12,550	(58,048)	10,279,212	18,066,709
Total	**$ 287,497**	**$ 124,877**	**$ 412,374**	**$ 21,697**	**$ 319,984**	**$ 70,693**	**$ 15,982**	**$ 54,711**	**$ 51,893,091**	**$ 48,613,935**
December 31, 2017										
Retail Financial Services	$ 113,958	$ 23,403	$ 137,361	$ 6,482	$ 123,265	$ 7,614	$ -	$ 7,614	$ 21,843,565	$ 12,144,276
Business and Agriculture	79,650	19,798	99,448	2,354	56,281	40,813	-	40,813	7,671,852	9,309,151
Corporate Financial Services	82,528	16,658	99,186	5,750	25,941	67,495	-	67,495	12,409,185	9,755,837
Investor Services	189	49,821	50,010	-	37,278	12,732	2,926	9,806	134,625	92,288
AltaCorp Capital Inc.	-	-	-	-	-	-	-	-	-	-
Strategic service units	10,308	10,530	20,838	-	27,471	(6,633)	25,139	(31,772)	8,685,354	16,231,104
Total	**$ 286,633**	**$ 120,210**	**$ 406,843**	**$ 14,586**	**$ 270,236**	**$ 122,021**	**$ 28,065**	**$ 93,956**	**$ 50,744,581**	**$ 47,532,656**
September 30, 2017										
Retail Financial Services	$ 115,303	$ 20,764	$ 136,067	$ 4,367	$ 122,967	$ 8,733	$ -	$ 8,733	$ 21,576,287	$ 12,058,040
Business and Agriculture	78,364	18,564	96,928	8,680	55,724	32,524	-	32,524	7,686,054	9,394,680
Corporate Financial Services	81,909	17,529	99,438	34,181	26,027	39,230	-	39,230	11,943,239	9,406,608
Investor Services	151	47,441	47,592	-	34,557	13,035	2,998	10,037	132,645	93,153
AltaCorp Capital Inc.	-	-	-	-	-	-	-	-	-	-
Strategic service units	7,815	4,502	12,317	-	24,343	(12,026)	15,746	(27,772)	8,267,773	15,505,240
Total	**$ 283,542**	**$ 108,800**	**$ 392,342**	**$ 47,228**	**$ 263,618**	**$ 81,496**	**$ 18,744**	**$ 62,752**	**$ 49,605,998**	**$ 46,457,721**
June 30, 2017										
Retail Financial Services	$ 112,123	$ 19,730	$ 131,853	$ 6,911	$ 124,580	$ 362	$ -	$ 362	$ 21,529,807	$ 12,160,793
Business and Agriculture	74,757	17,098	91,855	16,644	54,971	20,240	-	20,240	7,504,925	9,304,418
Corporate Financial Services	80,685	19,921	100,606	(2,060)	27,043	75,623	-	75,623	12,747,217	10,266,289
Investor Services	133	46,944	47,077	-	33,810	13,267	3,051	10,216	128,522	92,175
AltaCorp Capital Inc.	-	-	-	-	-	-	-	-	-	-
Strategic service units	(2,990)	2,955	(35)	-	27,457	(27,492)	15,809	(43,301)	6,738,743	13,692,534
Total	**$ 264,708**	**$ 106,648**	**$ 371,356**	**$ 21,495**	**$ 267,861**	**$ 82,000**	**$ 18,860**	**$ 63,140**	**$ 48,649,214**	**$ 45,516,209**
Year ended March 31, 2018	**$ 1,122,379**	**$ 460,535**	**$ 1,582,915**	**$ 105,006**	**$ 1,121,699**	**$ 356,210**	**$ 81,651**	**$ 274,559**	**$ 51,893,091**	**$ 48,613,935**

Consolidated Financial Statements

For the year ended March 31, 2019

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Statement of Responsibility for Financial Reporting

The consolidated financial statements of ATB Financial (ATB) and all other information contained in the annual report, including management's discussion and analysis (MD&A) of ATB's operating results and financial position, have been prepared and presented by management, who are responsible for the integrity and fair presentation of the information therein. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

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

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

The vice president of internal assurance and his team of internal auditors periodically review and evaluate all aspects of ATB's operations and, in particular, its systems of internal controls. The vice president of internal assurance has full and unrestricted access to, and meets regularly with, the audit committee to discuss the results of his team's work.

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

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

Joan Hertz
Chair of the Board
Edmonton, Alberta
May 30, 2019

Curtis Stange
President and Chief Executive Officer
Edmonton, Alberta
May 30, 2019

Bob McGee
Chief Financial Officer
Edmonton, Alberta
May 30, 2019

2019 Independent Auditor's Report

To the President of Treasury Board, Minister of Finance

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of ATB Financial (the Group), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the *ATB Annual Report 2019*, but does not include the consolidated financial statements and my auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

May 30, 2019
Edmonton, Alberta

Consolidated Statement of Financial Position

As at		**March 31**	March 31
($ in thousands)	Note	**2019**	2018
Cash	7	**$ 200,002**	$ 285,527
Interest-bearing deposits with financial institutions		**1,097,307**	1,110,848
Total cash resources		**1,297,309**	1,396,375
Securities measured at fair value through profit or loss		**68,502**	4,760,130
Securities measured at fair value through other comprehensive income		**3,911,796**	-
Securities purchased under reverse repurchase agreements		**400,355**	50,096
Total securities	8	**4,380,653**	4,810,226
Business		**23,833,674**	21,439,814
Residential mortgages		**16,438,739**	15,750,430
Personal		**6,667,543**	6,711,755
Credit card		**730,681**	718,065
		47,670,637	44,620,064
Allowance for loan losses	10	**(664,913)**	(509,024)
Total net loans	9	**47,005,724**	44,111,040
Derivative financial instruments	11	**642,070**	576,712
Property and equipment	12	**285,634**	333,092
Software and other intangibles	13	**302,865**	292,796
Other assets	14	**429,896**	372,850
Total other assets		**1,660,465**	1,575,450
Total assets		**$ 54,344,151**	$ 51,893,091
Redeemable fixed-date deposits		**2,047,475**	2,368,853
Non-redeemable fixed-date deposits		**9,176,459**	6,724,047
Saving accounts		**10,004,043**	9,525,181
Transaction accounts		**7,574,046**	7,751,748
Notice accounts		**7,119,926**	6,313,944
Total deposits	15	**35,921,949**	32,683,773
Securities sold under repurchase agreements		**-**	790,827
Wholesale borrowings	22	**3,619,066**	4,656,469
Collateralized borrowings	16	**8,965,829**	8,408,453
Derivative financial instruments	11	**507,146**	673,162
Other liabilities	17	**1,346,904**	1,070,052
Total other liabilities		**14,438,945**	15,598,963
Subordinated debentures	18	**339,140**	331,199
Total liabilities		**50,700,034**	48,613,935
Retained earnings		**3,652,955**	3,453,844
Non-controlling interest	28	**4,314**	3,508
Accumulated other comprehensive loss		**(13,152)**	(178,196)
Total equity		**3,644,117**	3,279,156
Total liabilities and equity		**$ 54,344,151**	$ 51,893,091

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

Approved by the board

Joan Hertz
Chair of the Board

Barry James
Chair of the Audit Committee

Consolidated Statement of Income

For the year ended March 31 *($ in thousands)*	Note	**2019**	2018
Loans		**$ 1,909,276**	$ 1,660,903
Securities		**93,568**	49,672
Interest-bearing deposits with financial institutions		**17,599**	8,282
Interest income		**2,020,443**	1,718,857
Deposits		**532,401**	369,572
Wholesale borrowings		**102,847**	72,626
Collateralized borrowings		**184,228**	144,808
Subordinated debentures		**9,167**	9,471
Interest expense		**828,643**	596,477
Net interest income		**1,191,800**	1,122,380
Wealth management		**204,479**	186,394
Service charges		**76,359**	70,741
Card fees		**66,495**	59,079
Credit fees		**45,086**	46,864
Insurance		**24,022**	22,712
Capital markets revenue		**20,256**	15,919
Foreign exchange		**5,684**	20,619
Net gains on derivative financial instruments		**35,559**	24,887
Net gains on securities		**7,990**	7,357
Sundry		**4,909**	5,963
Other income		**490,839**	460,535
Operating revenue		**1,682,639**	1,582,915
Provision for loan losses	10	**338,145**	105,006
Salaries and employee benefits	19, 20	**600,574**	583,820
Data processing		**118,166**	104,759
Premises and occupancy, including depreciation		**88,525**	91,482
Professional and consulting costs		**65,651**	72,627
Deposit guarantee fee	15	**47,674**	41,594
Equipment, including depreciation		**24,581**	26,114
Software and other intangibles amortization	13	**78,409**	70,068
General and administrative		**72,668**	70,705
ATB agencies		**13,178**	12,092
Other		**54,744**	48,438
Non-interest expenses		**1,164,170**	1,121,699
Net income before payment in lieu of tax		**180,324**	356,210
Payment in lieu of tax	21	**41,629**	81,651
Net income		**$ 138,695**	$ 274,559
Net income attributable to ATB Financial		**$ 138,942**	$ 273,187
Net (loss) income attributable to non-controlling interests	28	**$ (247)**	$ 1,372

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

Consolidated Statement of Comprehensive Income

For the year ended March 31 *($ in thousands)*	**2019**	2018
Net income	**$ 138,695**	$ 274,559
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Unrealized net gains on securities measured at fair value through other comprehensive income (loss):		
Unrealized net gains arising during the period	**6,054**	-
Net gains reclassified to net income	**(7,871)**	-
Unrealized net gains on derivative financial instruments designated as cash flow hedges:		
Unrealized net gains arising during the period	**209,617**	(126,679)
Net gains reclassified to net income	**(29,673)**	(39,704)
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan liabilities	**(13,083)**	20,186
Other comprehensive income (loss)	**165,044**	(146,197)
Comprehensive income	**$ 303,739**	$ 128,362
Attributable to:		
ATB Financial	**$ 303,986**	$ 126,990
Non-controlling interests	**(247)**	1,372

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

Consolidated Statement of Changes in Equity

For the year ended March 31 *($ in thousands)*	**2019**	2018
Retained earnings		
Balance at beginning of the year	**$ 3,453,844**	$ 3,179,285
Net income	**138,695**	274,559
Transition adjustment (Note 4)	**61,796**	-
Other	**(1,380)**	-
Balance at end of the year	**3,652,955**	3,453,844
Non-controlling interest		
Balance at beginning of the year	**3,508**	-
Balance at the date of acquisition	**-**	2,136
Net (loss) income attributable to non-controlling interests in subsidiaries	**(247)**	1,372
Other[1]	**1,053**	-
Balance at end of the year	**4,314**	3,508
Accumulated other comprehensive loss		
Securities measured at fair value through other comprehensive income		
Balance at beginning of the period	**-**	-
Other comprehensive loss	**(1,817)**	-
Balance at end of the year	**(1,817)**	-
Derivative financial instruments designated as cash flow hedges		
Balance at beginning of the year	**(126,362)**	40,021
Other comprehensive income (loss)	**179,944**	(166,383)
Balance at end of the year	**53,582**	(126,362)
Defined benefit plan liabilities		
Balance at beginning of the year	**(51,834)**	(72,020)
Other comprehensive (loss) income	**(13,083)**	20,186
Balance at end of the year	**(64,917)**	(51,834)
Accumulated other comprehensive loss	**(13,152)**	(178,196)
Equity	**$ 3,644,117**	$ 3,279,156

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

[1] Amount relates to the change in Class B shares during the period. Refer to note 27 for further details.

Consolidated Statement of Cash Flows

For the year ended March 31 *($ in thousands)*	**2019**	2018
Cash flows from operating activities:		
Net income	**$ 138,695**	$ 274,559
Adjustments for non-cash items and other items:		
Provision for loan losses	**338,145**	105,006
Depreciation and amortization	**137,700**	130,055
Net gains on securities	**(7,990)**	(7,357)
Adjustments for net changes in operating assets and liabilities:		
Loans	**(3,014,660)**	(3,324,362)
Deposits	**3,237,395**	(1,243,158)
Derivative financial instruments	**(58,249)**	41,822
Prepayments and other receivables	**(12,034)**	(14,570)
Due to clients, brokers, and dealers	**(8,635)**	(1,410)
Deposit guarantee fee payable	**4,296**	1,751
Accounts payable and accrued liabilities	**252,057**	(30,818)
Liability for payment in lieu of tax and income taxes	**(39,818)**	36,398
Net interest receivable and payable	**50,669**	(4,119)
Change in accrued pension-benefit liability	**14,116**	(26,241)
Others, net	**(211,857)**	(139,931)
Net cash provided by (used in) operating activities	**819,830**	(4,202,375)
Cash flows from investing activities:		
Change in securities measured at fair value profit or loss	**786,614**	217,404
Change in securities purchased under reverse repurchase agreements	**(350,259)**	400,565
Change in interest-bearing deposits with financial institutions	**13,541**	(463,300)
Purchases and disposals of property and equipment, software, and other intangibles	**(100,311)**	(118,578)
Net cash provided by investing activities	**349,585**	36,091
Cash flows from financing activities:		
Issuance of wholesale borrowings	**8,691,516**	9,223,827
Repayment of wholesale borrowings	**(9,721,160)**	(7,459,695)
Issuance of collateralized borrowings	**799,156**	1,595,794
Repayment of collateralized borrowings	**(241,780)**	-
Change in securities sold under repurchase agreements	**(790,827)**	790,827
Issuance of subordinated debentures	**81,277**	45,038
Repayment of subordinated debentures	**(73,122)**	(58,280)
Net cash (used in) provided by financing activities	**(1,254,940)**	4,137,511
Net decrease in cash	**(83,525)**	(28,773)
Cash at beginning of the year	**285,527**	314,300
Cash at end of the year	**202,002**	285,527
Net cash (used in) provided by operating activities includes:		
Interest paid	**$ (773,806)**	$ (589,814)
Interest received	**$ 2,016,239**	$ 1,708,076

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

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

1 Nature of Operations

ATB Financial (ATB) is an Alberta-based financial services provider engaged in retail and commercial banking, credit cards, digital banking, wealth management, and investment management services. ATB is an agent of the Crown in right of Alberta and operates under the authority of the *ATB Financial Act* (the *ATB Act*), Revised Statutes of Alberta, 2000, chapter A-37. Under the *ATB Act*, ATB was established as a provincial Crown corporation governed by a board of directors appointed by the Lieutenant-Governor in Council. The address of the head office is 2100, 10020-100 Street, Edmonton, Alberta, Canada, T5J 0N3.

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the Government of Alberta designed to be in lieu of such a charge. (Refer to notes 2 (q) and 21.)

2 Significant Accounting Policies

a. General Information

Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the accounting requirements of the Alberta Superintendent of Financial Institutions (ASFI). These consolidated financial statements were approved by the board of directors on May 30, 2019.

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

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

Consolidation – Subsidiaries

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

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

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

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

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

- AltaCorp Capital Inc. (AltaCorp), incorporated May 17, 2010
- AltaCorp Capital (USA) Inc., incorporated June 21, 2010
- AltaCorp Asset Management Inc., incorporated February 24, 2012

Significant Accounting Judgments, Estimates, and Assumptions

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

The consolidated financial statements for the year ended March 31, 2019, provide additional information in the following notes:

- 2(b): Impairment of financial assets – for establishing allowance for loan losses
- 2(b): Financial instruments – for establishing fair-value
- 2(n): Income taxes – for establishing AltaCorp's income taxes
- 8: Securities – for establishing fair value of investments made by AltaCorp and investments made by ATB to a broad range of private Alberta companies
- 12: Property and equipment – for establishing depreciation expense for premises and equipment
- 13: Software and other intangibles – for establishing the amortization expense for software
- 20: Employee benefits – for establishing the assumptions used

Translation of Foreign Currencies

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

b. Financial Instruments

On April 1, 2018, ATB adopted IFRS 9 *Financial Instruments*, which replaced the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. ATB elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

The comparative figures were not restated at the date of transition, with any adjustments to the carrying amounts of financial assets and liabilities recognized in opening retained earnings on the consolidated statement of financial position in the current period. Therefore, the comparative information is not comparable to the information presented for the current period.

Adopting IFRS 9 has resulted in changes to accounting policies for the recognition, classification, and measurement of financial assets and liabilities, as well as the impairment of financial assets. The quantitative impact of applying IFRS 9 as at April 1, 2018, is described in note 4, with the significant accounting policy changes described below:

Accounting Policies Applicable Beginning April 1, 2018 (IFRS 9)

Classification and Measurement of Financial Assets

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

The IAS 39 measurement categories of financial assets—fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity, and amortized cost—have been replaced by:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses in profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income (OCI) with no subsequent reclassification to the income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed. ATB's accounting policies for embedded derivatives are set out in note 3.

ATB's classification of its financial assets and liabilities is explained in note 2(c). The quantitative impact of applying IFRS 9 as at April 1, 2018, is disclosed in note 4.

Business Model Assessment

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

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

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

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

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

Financial asset	Business model
Cash	HTC
Interest-bearing deposits with financial institutions	Other fair-value business models
Securities measured at FVTPL	Other fair-value business models
Securities measured at FVOCI	HTC&S
Securities purchased under reverse repurchase agreements	HTC
Loans	HTC
Derivatives	Other fair-value business models
Other assets	HTC

The Solely Payments of Principal and Interest (SPPI) Test

ATB assesses the contractual terms of the financial asset to determine if the contractual cash flows represent a basic lending agreement, where the cash flows are only principal and interest. Principal is defined as the fair value of the asset at initial recognition and may change over the asset's life. Interest payments can include consideration for the time value of money as well as credit and liquidity risks.

The contractual terms of a financial asset may also include contractual cash flows that are not related to a basic lending agreement but still meet the SPPI test, provided they are extremely rare or immaterial. If they are not, the asset is required to be measured at FVTPL.

Financial Assets Measured at Amortized Cost

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

Financial Assets at Fair Value Through Profit or Loss

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

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

Equity Instruments

Upon initial recognition, ATB occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined instrument by instrument.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in the consolidated statement of income as other income when the right of the payment has been established, except when ATB benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

If the instrument is measured at FVTPL, fair-value changes are recorded as part of other income in the consolidated statement of income.

Classification of Financial Liabilities

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

Financial Liabilities at Fair Value Through Profit or Loss

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

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

Financial liabilities at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in the profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in ATB's own credit risk. Such changes in fair value are recorded in the credit reserve through OCI and do not get recycled to the profit or loss. Interest incurred on instruments designated at FVTPL is accrued in interest expense using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of the instrument. As at March 31, 2019, ATB held certain deposits classified at FVTPL.

Financial Liabilities Measured at Amortized Cost

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

Reclassification of Financial Assets and Liabilities

ATB has not reclassified any of its financial assets and would only do so if a significant change, such as acquiring, disposing, and or terminating an area of expertise in the asset's business model occurred subsequent to initial recognition. Financial liabilities are never reclassified.

Impairment of Financial Assets

Adopting IFRS 9 has changed ATB's loan loss impairment method and replaced IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach, which will result in the loan loss allowance being different to IAS 39. ATB records an allowance for loan losses for all loans and financial assets not held at FVTPL, which includes loan commitments and financial guarantee contracts. Equity investments are not subject to impairment under IFRS 9.

For financial assets measured at FVOCI, the calculated ECL does not reduce the carrying amount in the consolidated statement of financial position, which remains at fair value. Instead, the allowance is recognized in OCI as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit and loss when the asset is derecognized.

For loans carried at amortized cost, impairment losses are recognized at each reporting date as an allowance for loan loss on the consolidated statement of financial position and a provision for loan loss on the consolidated statement of income. Losses are based on a three-stage impairment model outlined below.

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

- Stage 1: When the asset is recognized, an allowance is recorded based on the 12-month ECL, which represents a portion of the lifetime ECL that is possible within 12 months of the reporting date. Assets will remain in stage 1 until it has shown a significant increase in credit risk since origination. Stage 1 also includes assets previously classified as Stage 2 if the credit risk has improved.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, an allowance is recognized for the lifetime ECL. Stage 2 also includes assets previously classified as Stage 3 if the credit risk has improved.
- Stage 3: Assets are considered credit impaired, with an allowance recognized for the lifetime ECL. Interest for assets in this stage will be calculated based on the net loan balance.

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

- Thresholds established are based on both a percentage and absolute change in lifetime PDs relative to initial recognition.
- Loans 30 days past due are typically considered to have experienced a significant increase in credit risk.
- All non-retail loans that are BRR 10–13 are assessed as high risk, as described in note 9.

Both the lifetime and 12-month ECLs are calculated either individually or collectively. If the credit quality improves in subsequent periods and results in a significant increase in credit risk no longer existing, the ECL is measured at the 12-month ECL.

Measurement of Expected Credit Losses

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

- Stage 1: Estimates an asset's projected probability of default (PD), exposure at default (EAD), and loss given default (LGD) over a maximum of 12 months following the report date and is discounted by the asset's EIR.
- Stage 2: Estimates an asset's projected PD, EAD, and LGD over the remaining lifetime of the original asset and is discounted by the asset's original EIR.

- Stage 3: For credit-impaired assets, ATB recognizes the cumulative changes in lifetime ECLs since initial recognition. The calculation is similar to Stage 2 assets, with the PD set at 100%.

Forward-Looking Information

To measure the expected cash shortfalls, the model is based on three probability-weighted scenarios (pessimistic, baseline, and optimistic) designed to capture a wide range of possible outcomes associated with different PDs, EADs, and LGDs, and probability of occurrence. The probability and scenarios are adjusted quarterly based on forecasted future economic conditions. The scenarios are subject to review and challenged by the established economic outlook committee comprised of members from the economics, risk management, treasury, finance, capital, foreign-exchange, and energy areas.

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

- Unemployment rate
- Housing starts
- Interest rate
- Oil prices
- Foreign-exchange rate

As the inputs used may not capture all factors at the date of the financial statements, qualitative adjustments may be applied when these differences are considered significantly material.

Expected Life

For loans in Stages 2 and 3, allowances are based on the ECL over the loan's expected remaining lifetime. For most loans, the life is based on the remaining contractual life.

Exceptions can apply if the loan:

- Includes both a loan and an undrawn commitment component
- The contractual ability to demand repayment and cancel the undrawn commitment and
- Credit loss exposure exceeds the contractual notice period

Loans with these characteristics are exposed to credit losses exceeding the remaining contractual life and are not mitigated by ATB's normal credit risk management practices. The estimated period is based on significant judgment using historical information for similar exposures and normal credit risk management actions that vary by product. The products in scope include credit cards and certain revolving lines of credit.

Significant Increase in Credit Risk

Stage 1 and Stage 2 movement relies on significant judgment to assess whether a loan's credit risk has significantly increased relative to the date the loan was initially recognized. For this assessment, an increase in credit risk is based on a loan's lifetime PD, segregated by product or segment, and is done at the instrument level.

Movement from Stage 2 back to Stage 1 is symmetrical to moving from Stage 1 to Stage 2. As a result, if a loan is no longer considered to have a significant increase in credit risk relative to its initial recognition, the loan will move back to Stage 1.

Financial assets with low credit risk are considered ones with a low risk of default, as the borrower is still able to fulfil their contractual obligations, including in stress scenarios. For these assets, ATB has assumed the credit risk has not increased significantly since initial recognition. Securities measured at fair value through other comprehensive income, securities purchased under reverse repurchase agreements, and certain financial assets have been identified as having low credit risk.

Definition of Default

Loans are assessed at each reporting date to determine if one or more loss events have occurred. ATB's definition of default is consistent with our internal credit risk management practices and varies across products. ATB's loans are considered impaired when they are more than 90 days past due. Impairment may also occur earlier if there is objective evidence of a negative impact on the loan's estimated future cash flows.

Write-Offs

ATB's policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when ATB has stopped pursuing the recovery. If the amount written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance and then applied against the gross carrying amount. Any subsequent recoveries are credited to the consolidated statement of income.

Modifications and Derecognitions

A modification occurs when any one of a financial asset's original terms, payment schedule, interest rate, and limit are renegotiated or modified, which results in a change to the loan's contractual cash flows.

A modification gain or loss is calculated by taking the net present value of the new contractual cash flows, discounted at the original EIR less the current carrying value. The asset will continue to be subject to the same assessments for significant increase in credit risk and stage migration prior to being modified.

When an asset is derecognized and recognized, the new loan will be recorded in Stage 1 unless the loan was credit impaired when renegotiated. When assessing for significant increases in credit risk, the date of initial recognition is based on the date the loan was modified.

Derivatives

Hybrid instruments are contracts that contain an embedded derivative. If the contract is a financial asset in scope of the standard, IFRS 9's classification and measurement criteria is applied to the entire hybrid instrument. If the contract is either a financial liability or an asset not in scope of IFRS 9, the embedded derivative is separately recognized if the embedded derivative is not closely related to the contract, unless the fair-value option has been elected. The contract is then accounted for in accordance with its relevant accounting standard.

Accounting Policies Applicable before April 1, 2018 (IAS 39)

Financial Instruments – Recognition and Measurement

Financial assets and liabilities are classified by their characteristics and management's intention upon their acquisition. ATB classifies financial assets as either financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity or available-for-sale financial assets. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

All financial assets and liabilities are initially recognized on the trade date, when ATB becomes a party to the contractual provisions of the instrument.

Financial Assets

Financial Assets at Fair Value through Profit or Loss

This category comprises two subcategories: financial assets held for trading and financial assets designated by ATB at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are classified as financial assets held for trading unless they are designated and effective as hedging instruments. Gains and losses arising from changes in fair value are included directly in the consolidated statement of income and reported as net gains on derivatives.

Financial instruments included in this category are recognized initially at fair value with transaction costs taken directly to the consolidated statement of income. Gains and losses arising from changes in fair value are included directly in the consolidated statement of income and reported as net gains on securities. Interest income and expense on financial assets held for trading are included in net interest income. Interest accruals are recorded separately from fair-value measurements. Changes in fair value are determined on a clean-price basis.

ATB designates certain financial assets upon initial recognition as financial assets at fair value through profit or loss (fair-value option). This designation cannot subsequently be changed. The fair-value option is only applied when one of the following conditions is met:

- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.
- The financial assets are part of a portfolio of financial instruments that is used for managing risk and is reported to senior management on a fair-value basis.
- The financial asset contains one or more embedded derivatives that must be separated.

The fair-value option is applied to certain interest-bearing deposits and securities that are part of a portfolio managed on a fair-value basis. Fair-value changes relating to financial assets designated at fair value through profit or loss are recognized in net gains on securities.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- That ATB intends to sell immediately or in the short term, classifies as held for trading, or upon initial recognition designates as fair value through profit or loss or available for sale
- For which the holder may not recover substantially all of its initial investment, other than because of credit deterioration

Loans and receivables are initially recognized at fair value—which is the cash consideration to originate or purchase the loan including any transaction costs—and measured subsequently at amortized cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans or securities purchased under reverse repurchase agreements. Interest on items classified as loans and receivables is included in the consolidated statement of income and reported as part of net interest income. Loan impairments are reported as a deduction from the carrying value of the loan and recognized in the consolidated statement of income as provision for loan losses.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time and sellable in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices or not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value—which is the cash consideration including any transaction costs—and measured subsequently at fair value with gains and losses being recognized in OCI, except for impairment losses and foreign-exchange gains and losses, until the financial asset is derecognized.

If an available-for-sale financial asset is considered impaired, the cumulative gain or loss previously recognized in other comprehensive income is recognized in the consolidated statement of income. However, interest is calculated using the effective interest method, and foreign-currency gains and losses on monetary assets classified as available for sale are recognized in the consolidated statement of income.

Available-for-sale financial assets are reported in the consolidated statement of financial position as securities available for sale. As at March 31, 2018, ATB held no instruments in this category.

Held-to-Maturity Financial Assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that ATB's management intends and is able to hold to maturity.

These are initially recognized at fair value, including direct and incremental transaction costs and measured subsequently at amortized cost, using the effective interest method. Interest on held-to-maturity investments is included in the consolidated statement of income as net interest income. In the case of an impairment, the impairment loss would be reported as a deduction from the carrying value of the investment and recognized in the consolidated statement of income. As at March 31, 2018, ATB held no instruments in this category.

Financial Liabilities

Financial Liabilities at Fair Value through Profit or Loss

This category comprises two subcategories: financial liabilities held for trading and financial liabilities designated by ATB as fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. These instruments are included in derivative financial instruments in the consolidated statement of financial position. Gains and losses arising from changes in fair value are included directly in the consolidated statement of income and reported as net gains on derivatives.

Financial liabilities classified as fair value through profit or loss have been designated as such by ATB upon initial recognition, on an instrument-by-instrument basis. Management may designate a financial instrument as fair value through profit or loss upon initial recognition when one of the following conditions is met:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency.
- The liabilities are part of a group of financial liabilities or financial assets and liabilities that is managed and whose performance is evaluated on a fair-value basis.
- The financial instrument contains one or more embedded derivatives that significantly modify the cash flows and would otherwise be separated from their host contract.

Gains and losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are included in the consolidated statement of income and reported as net gains on securities. Interest expenses on financial liabilities held for trading are included in net interest income. As at March 31, 2018, ATB held certain wholesale borrowings designated as fair value through profit or loss.

Other Liabilities Measured at Amortized Cost

Financial liabilities not classified as fair value through profit or loss fall into this category and are measured at amortized cost. Interest expense is recognized using the effective interest method in net interest expense. Financial liabilities measured at amortized cost include deposits, certain wholesale borrowings, subordinated debentures, collateralized borrowings, and other liabilities.

Impairment of Financial Assets

Financial Assets Carried at Amortized Cost

ATB assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment due to one or more events (a loss event) that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria ATB uses to determine whether there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor
- A breach of contract, such as a default or significant delinquency in interest or principal payments
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- An assessed probability that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties
- Observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    - Adverse changes in the payment status of borrowers in the portfolio
    - National or local economic conditions that correlate with defaults on the assets in the portfolio

For purposes of impairment assessments, two groups of assets are formed: individually significant and individually insignificant. For individually significant assets, ATB determines whether objective evidence of impairment exists, and if the asset is found to be impaired, an individual assessment of impairment loss is made. For all other assets, a collective assessment of impairment loss is made, which includes individually significant assets that are not impaired as well as all individually insignificant assets, whether impaired or not. As soon as objective evidence of impairment loss becomes available for individually significant assets, those assets are removed from the collective assessment group.

For loans and receivables, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognized using an allowance account, and the amount of the loss is included in the consolidated statement of income as a provision for loan losses.
The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For a collective evaluation of impairment (including individually significant assets for which no objective evidence of impairment exists, and individually insignificant assets), financial assets are grouped by similar risk characteristics. These characteristics are relevant to the estimation of future cash flows for groups of such assets by indicating the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated by the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted by current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Following impairment, interest income is recognized using the original effective rate of interest used to discount the future cash flows for measuring the impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of income.

When a loan has been subjected to an individually assessed provision and there is no likelihood of recovery, the loan is written off against the related allowance. Subsequent recoveries of written-off amounts are recorded in the consolidated statement of income as a reduction to the provision.

Assets Classified as Available for Sale

ATB assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If such evidence exists for available-for-sale financial assets, the cumulative loss—the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss—is removed from equity and recognized in the consolidated statement of income. If the fair value of a debt instrument classified as available for sale subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of income.

Derivatives

Embedded derivatives are components within a financial instrument or other contract with features similar to a derivative. Embedded derivatives with economic characteristics and risks considered not closely related to the characteristics and risks of the host contract may need to be accounted for separately if a separate instrument with the same terms would qualify as a derivative and the host contract is not already measured at fair value. ATB has identified embedded derivatives within certain extendible loan contracts and within all equity-linked deposit contracts. Any such embedded derivatives are not considered closely related to the host contract and have been accounted for separately as derivative assets or liabilities.

Policies under both IFRS 9 and IAS 39

Estimated Fair Value

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value of a financial instrument at initial recognition is the fair value of the consideration received or paid.

When financial instruments are subsequently remeasured, quoted market prices in an active market provide the best evidence of fair value. When such prices are available, ATB uses them to measure financial instruments. A financial instrument is considered to be quoted in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or pricing service and those prices reflect actual and regularly occurring market transactions on an arm's-length basis. The fair value of a financial asset traded in an active market generally reflects the bid price, and that of a financial liability traded in an active market generally reflects the ask price. If the market for a financial instrument is not active, ATB establishes fair value using a valuation technique that primarily makes use of observable market inputs. Such valuation techniques include the use of available information concerning recent market transactions, reference to the current fair value of a comparable financial instrument, discounted cash flow analysis, option pricing models, and all other valuation techniques commonly used by market participants that provide reliable estimates.

In cases where the fair value is established using valuation models, ATB makes assumptions about the amount, the timing of estimated future cash flows, and the discount rates used. These assumptions are based primarily on observable market inputs such as interest rate yield curves, foreign-exchange rates, credit curves, and price and rate volatility factors. When one or more significant inputs are not observable in the markets, fair value is established primarily on the basis of internal estimates and data, taking into account the valuation policies in effect at ATB, the economic environment, the specific characteristics of the financial asset or liability, and other relevant factors.

The fair values are estimated at the balance sheet date using the valuation methods and assumptions described below

Financial Instruments Whose Carrying Value Equals Fair Value

The estimated fair value of items that are short term in nature is considered to be equal to their carrying value. These items include cash, securities purchased under reverse repurchase agreements, other assets, and other liabilities.

Securities and Interest-Bearing Deposits With Financial Institutions

The fair values of securities and interest-bearing deposits with financial institutions are based on quoted market prices, if available. Where an active market does not exist, the fair value is estimated using a valuation technique that makes maximum use of observable market data.

Derivative Instruments

Fair value of over-the-counter and embedded derivative financial instruments is estimated using pricing models that take into account current market and contractual prices for the underlying instruments, and time value and yield curve or volatility factors underlying the positions.

Loans and Deposits

For floating-rate financial instruments, fair value is equal to carrying value as the interest rates reprice to market when market rates change. For fixed-rate loans, fair value is estimated by discounting the expected future cash flows at market rates. For fixed-rate deposits, fair value is estimated by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms.
Due to the use of subjective assumptions and measurement uncertainty, the fair-value amounts should not be interpreted as being realizable in an immediate settlement of these instruments.

Wholesale Borrowings, Collateralized Borrowings, and Subordinated Debentures

The fair values of wholesale borrowings, collateralized borrowings, and subordinated debentures are estimated by discounting contractual cash flows using market reference rates currently offered for debt instruments with similar terms and credit risk ratings.

Derecognition of Financial Assets and Liabilities

ATB derecognizes a financial asset when the contractual right to receive cash flows from the asset has expired or when it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. For funding transactions, all financial assets that cannot be derecognized continue to be held on ATB's consolidated statement of financial position, and a secured liability is recognized for the proceeds received. ATB derecognizes a financial liability when its contractual obligations are discharged or cancelled or they expire.

Securities Purchased under Reverse Repurchase Agreements and Securities Sold under Repurchase Agreements

Securities purchased under reverse repurchase agreements represent a purchase of Government of Canada securities by ATB with a simultaneous agreement to sell them back at a specified price on a future date. The difference between the cost of the purchase and the predetermined proceeds to be received based on the repurchase agreement is recorded as securities interest income. Securities purchased under reverse repurchase agreements are fully collateralized, minimizing credit risk, and have been classified and measured at amortized cost.

Securities sold under repurchase agreements represent a sale of Government of Canada securities by ATB with a simultaneous agreement to buy them back at a specified price on a future date. The difference between the proceeds of the sale and the predetermined cost to be paid based on the repurchase agreement is recorded as deposit interest expense.

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying reference rate such as an interest rate, a currency exchange rate, the price of an equity or debt security, or an equity or commodity index.

ATB enters into various over-the-counter and exchange-traded derivatives in the normal course of business, including interest rate swaps, futures, and foreign-exchange and commodity forwards and futures. ATB uses such instruments for two purposes: for its risk management program and to meet the needs of ATB customers.

ATB’s corporate derivative portfolio is not intended for speculative income generation but for asset/liability management purposes—that is, to manage ATB’s interest-rate, foreign-exchange, and equity-related exposures arising from its portfolio of investments, loan assets, deposit obligations, and wholesale borrowings.

ATB’s client derivative portfolio is not used to generate trading income through active assumption of market risk, but rather to meet the risk management requirements of ATB customers. ATB accepts no net exposure to such derivative contracts (except for credit risk), as it either enters into offsetting contracts with other financial institution counterparties or incorporates them into its own risk management programs.

All derivative financial instruments, including embedded derivatives, are classified at FVTPL and measured at fair value in the consolidated statement of financial position. Derivatives with positive fair value are presented as derivative assets, and those with negative fair value are presented as derivative liabilities. Changes in the fair value of derivative financial instruments are recorded in net income, unless the derivative qualifies for hedge accounting as a cash flow hedge, in which case the changes in fair value are reflected in OCI.

Hedge Accounting

For a derivative instrument to qualify for hedge accounting, the hedging relationship between the derivative (hedging) instrument and the hedged item(s) must be designated and formally documented at inception. ATB must also document an assessment of the effectiveness of the derivative instrument in offsetting changes in cash flows or fair value of the hedged item, both at inception of the hedging relationship and ongoing. When ATB designates a derivative as a hedge, it is classified as either a cash flow hedge or a fair-value hedge.

ATB discontinues hedge accounting when one of the following occurs:

- It is determined that a derivative is not, or has ceased to be, highly effective as a hedge.
- The derivative expires, or is sold, terminated, or exercised.
- The hedged item matures or is sold or repaid.
- A forecast transaction is no longer deemed highly probable.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged item is ultimately recognized in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately transferred to the consolidated statement of income.

Cash Flow Hedge

ATB's derivative instruments in cash flow hedges are intended to generate cash flows that offset the variability in expected and/or anticipated cash flows from the hedged item. ATB uses various interest rate and cross-currency derivatives to manage risk relating to the variability of cash flows from certain loans, deposits, and securities. In a qualifying cash flow hedge relationship, the effective portion of the change in fair value of the hedging derivative instrument is recognized in OCI and the ineffective portion in net income. Any such amounts recognized in OCI are reclassified from OCI into net interest income in the same period that the underlying hedged item affects net interest income.

Fair-Value Hedge

Changes in fair value of derivatives that qualify and are designated as fair-value hedges are recorded in the consolidated statement of income, together with changes in the fair value of the hedged asset or liability attributable to the hedged risk. ATB uses cross-currency derivatives to manage our exposure to fair-value changes of certain fixed-interest-rate deposits caused by interest and foreign-exchange-rate changes. If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair-value hedges of interest rate risk, the fair-value adjustment to the hedged item is amortized to the consolidated statement of income over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortized fair-value adjustment is recognized immediately in the consolidated statement of income.

Financial Guarantees

Liabilities under financial guarantee contracts are initially recorded at their fair value, which is generally the fee received or receivable. Subsequently, the financial guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortization, and the best estimate of the expenditure required to settle the obligation.

Interest Income and Expenses

Interest income and expenses for all interest-bearing financial instruments are recognized in the consolidated statement of income using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or a financial liability and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, ATB estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future loan losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

c. Property and Equipment

Property and equipment are carried at cost less accumulated depreciation, except for land, which is carried at cost. Buildings, computer equipment, other equipment, and leasehold improvements are depreciated on a straight-line basis over their estimated useful lives, consistent with the expected economic benefits obtained from the asset. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets considering expected usage as well as expected physical wear and tear. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of the assets' useful economic life. Property and equipment acquired under a finance lease are capitalized, and the depreciation period for a finance lease corresponds to the lesser of the useful life or lease term plus the first renewal option, if applicable. No depreciation is calculated on property and equipment under construction or development until the assets are available for use. The estimated useful life for each asset class is as follows:

- Buildings – up to 20 years
- Buildings under finance lease – up to 15 years, with certain leases having a useful life of 20 years
- Computer equipment – up to 4 years
- Other equipment – 5 years
- Leasehold improvements – lease term plus one renewal period for branch properties; lease term for corporate properties, if applicable

Depreciation rates, calculation methods, and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review to account for any change in circumstances. Gains and losses on the disposal of property and equipment are recorded in the consolidated statement of income in the year of disposal.

d. Software and Other Intangibles

Software and other intangibles are carried at cost less accumulated amortization and amortized on a straight-line basis over their estimated useful lives, consistent with the expected economic benefits obtained from the asset. No amortization is calculated on software under construction or development until the assets are available for use. The estimated useful life for software and other intangibles is 3 to 5 years, with certain software having a useful life of 15 years.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefits will flow to ATB and that the cost can be measured reliably. Eligible costs include external direct costs for materials and services, as well as payroll and payroll-related costs for employees directly associated with an internally developed software project.

e. Impairment of Property and Equipment and Software and Other Intangibles

The carrying amount of non-financial assets, which include property and equipment and software and other intangibles, are reviewed for impairment whenever events, changes in circumstances, or technical or commercial obsolescence indicate that the carrying amount may not be recoverable. Software under development is tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest level where there are separately identifiable cash inflows (cash-generating units).

If there is any indication of impairment, the asset's recoverable amount is estimated. The recoverable amount is the greater of an asset's fair value less cost to sell and its value in use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Impairment losses are recognized in the consolidated statement of income.

Impairment losses may be reversed if the circumstances leading to impairment are no longer present. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized. Impairment loss reversals are recognized in the consolidated statement of income.

f. Finance and Operating Leases

Leases of assets where ATB has substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets held under finance leases are initially recognized in the consolidated statement of financial position at an amount equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in other liabilities in the consolidated statement of financial position. The discount rate used in calculating the present value of the minimum lease payments is either the interest rate implicit in the lease, if it is practicable to determine, or the incremental borrowing rate. Contingent rentals are recognized as an expense in the periods in which they are incurred.

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Operating lease rentals payable are recognized as an expense on a straight-line basis over the lease term, which commences when the lessee controls the physical use of the property. Lease incentives or inducements are treated as a reduction of rental expense and recognized over the lease term on a straight-line basis. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

g. Salaries and employee benefits

ATB provides benefits to current and past employees through a combination of defined benefit (DB) and defined contribution (DC) plans.

ATB's current non-management employees participate in the Public Service Pension Plan (PSPP) with other Alberta public-sector employees. The PSPP is a DB pension plan that provides benefits based on members' years of service and earnings. ATB provides its management employees with a registered pension plan (the ATB Plan) with either DB or DC provisions. ATB also provides a non-registered DB supplemental retirement plan (SRP) and other post-employment benefits (OPEB) for designated management employees. Where employees have annual contributions over the allowed maximum under the *Income Tax Act*, ATB provides the employees with a notional supplemental plan (NSP), where excess amounts are allocated. This non-registered plan gives employees notional DC benefits that cannot be provided with the ATB Plan due to contribution limitations.

All expenses related to employee benefits are recorded in the consolidated statement of income as salaries and employee benefits in non-interest expenses.

The cost of the DB plan is determined using an actuarial valuation. The valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Details of ATB's key management personnel included in note 19 are presented in the Executive Compensation discussion and analysis of the 2019 consolidated financial statements.

Accounting for Defined Benefit Plans – Registered, Supplemental, and Other

The PSPP and the DB portion of the ATB Plan, SRP, and OPEB obligations provide employee benefits based on members' years of service and highest average salary. The liability recognized in the consolidated statement of financial position in respect of DB pension plans is the present value of the DB obligation at the date of the consolidated statement of financial position less the fair value of plan assets. The DB obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the DB obligation is determined by discounting the estimated future cash outflows. Actuarial gains and losses are recognized in OCI. Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Accounting for Defined Contribution Plans

Contributions are expensed as they become due and recorded in salaries and employee benefits in the consolidated statement of income.

Plan Valuations, Asset Allocation, and Funding

ATB annually measures its accrued benefit obligations and the fair values of plan assets for accounting purposes on March 31 for the PSPP, ATB Plan, SRP, and OPEB obligations. ATB makes regular funding contributions to the DB plan according to the most recent valuation for funding purposes. The SRP and OPEB obligations are not pre-funded, and such benefits are paid from ATB's assets as they become due. The most recent actuarial valuation of the DB provisions of the ATB Plan was performed on December 31, 2016. The DB plan's investment policy sets targets for an acceptable range for the allocation of plan assets between equity, debt, and other assets. (Refer to note 20.)

h. Provisions

Provisions are recognized when an outflow of economic benefits will probably be required to settle a current legal or constructive obligation, which has arisen as a result of past events and for which a reliable estimate can be made of the amount of the obligation.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ATB, or are present obligations that have arisen from past events but are not recognized because it is not probable that settlement will require an outflow of economic benefits or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of settlement is remote.

i. Securitization

Securitization of residential mortgage loans guaranteed by the Canada Mortgage and Housing Corporation through the Canada Mortgage Bonds program, or to third-party investors, and securitization of credit card receivables provide ATB with additional sources of liquidity. As ATB retains substantially all the risks and rewards related to the assets, mortgage loans, and credit card receivables are not derecognized and remain in the consolidated statement of financial position and are carried at amortized cost. The risks associated with residential mortgage loans and credit card receivables are credit and interest rate risks, with prepayment risks also impacting residential mortgage loans. ATB recognizes a liability for cash proceeds received from securitization. This liability is presented under collateralized borrowings in the consolidated statement of financial position.

j. Segmented Information

An area of expertise is a distinguishable component of ATB that is engaged in providing products or services and is subject to risks and returns that are different from those of other areas. The corporate management committee regularly reviews operating activity by area. All transactions between areas are conducted at arm's length, with intra-segment revenue and costs being eliminated in strategic service units. Income and expenses directly associated with each area are included in determining that area's performance.

k. Revenue Recognition

On April 1, 2018, ATB adopted IFRS 15 *Revenue from Contracts with Customers*, which replaced the guidance in IAS 18 *Revenue* that applies to all contracts with customers except for revenue associated with financial instruments and leases. Revenue is recognized and judgmentally based on a five-step model, either at a point in time or deferred and recognized over time, based on when control over the goods or services are transferred to the customer. The comparative figures were not restated at the date of transition, with any changes to how revenue is recognized recorded to opening retained earnings on the consolidated statement of financial position in the current period. Therefore, the comparative information is not comparable to the information presented for the current period.

Adopting IFRS 15 did not result in material changes to ATB's revenue recognition accounting policies. (Refer to note 29 for additional information.)

Accounting Policies Applicable Beginning April 1, 2018 (IFRS 15)

Fee and commission income is recognized as the services are provided by ATB and control has passed to the customer. Revenue is either recognized upfront upon completion of the service or deferred and recognized over the period the services are being performed based on the five-step model. (Refer to note 29 for more detailed information.)

Fees and Commission Income

Investment Management

Investment management income includes revenue earned from trailer fees and mutual fund commissions, fund management, financial planning servicing, and account servicing fees. With the exception of certain one-time account fees and commissions that are recognized upfront when the services are complete, revenues are deferred and recognized over time for management and advisory services provided evenly throughout the month, provided that is highly probable that a significant reversal of revenue will not occur.

Most commission revenue for insurance services is recognized immediately, with a portion deferred and recorded as a contract liability on the consolidated statement of financial position. The liability is then recognized as revenue in future years as performance obligations are fulfilled by managing policy-holder relationships.

Service Charges

Service charges generate revenue from servicing a customer deposit. Transaction-based fees are recognized upfront, when the transaction occurs or the service is completed.

Card Fees

Revenue is generated from issuing Mastercards, merchant credit card terminals and associated services, and interchange fees. All three fees are recognized upfront when the transaction has taken place, except for certain recurring merchant fees that are recognized over time. Mastercard reward program expenses are recorded as a reduction to card fee revenue, as the program is managed by a third party with ATB acting as an agent.

Credit Fees

Fees are earned on various services provided related to a client's loan, letters of credits and guarantees, syndication, and standby fees. When a fee is charged for a one-time service, revenue is recorded immediately. If the fee relates to an ongoing service, revenue is recorded over time. Fees associated with letters of credit and guarantees are deferred and recorded to revenue monthly over the term of the letter.

Insurance

This refers to revenue generated from insurance plans offered with loans. There are two fees, variable fees based on the plan's surplus, which are deferred and recognized over the loan, and commission earned from each successful referral made to SunLife by ATB, recognized upfront when the transaction has taken place.

Capital Markets Revenue

These fees are earned and recognized up front when AltaCorp, an agent/underwriter in distributing the securities of issuers, completes the underwriting service.

Sundry

These fees include revenue generated from mergers and acquisitions (M&A) and Project Finance advisory services. M&A fees are deferred and recognized over the period of the engagement as the services are provided, and the remaining fees are recognized upfront, when the transactions and services provided are completed or certain milestones have been achieved.

Contract Assets and Liabilities

A contract asset is defined as an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, the entity's future performance). This is similar to the concept of unbilled receivables.

A contract liability is defined as an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. This is similar to the concept of unearned revenue. (Refer to note 29 for more information.)

ATB has no material contract assets or liabilities as at March 31, 2019.

Remaining Performance Obligations

Remaining performance obligations are defined as unsatisfied or partially satisfied performance obligations that an entity has promised to transfer to a customer, as stated in the contract.

ATB has no material remaining performance obligations longer than one year.

Accounting Policies Applicable Before April 1, 2018 (IAS 18)

Fees and Commission Income and Expenses

Fees and commission income and expenses integral to the effective interest rate on a financial asset or liability are included when calculating the effective interest rate. Other fees and commission income, including fees associated with account servicing, investment management, credit cards, commitments, placements, underwriting, corporate finance, agencies, brokerages, advisory services, and research are recognized as the related services are performed. Where ATB is the lead in a syndication, loan syndication fees are recognized in fees and commission income, unless the yield on any loans retained is less than that of the other lenders involved in the financing, in which case an appropriate portion of the syndication fee is recorded as interest income over the term of the loan. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

l. Income Taxes

Income tax expense consists of current and deferred taxes related to the operations of AltaCorp and is recognized in the consolidated statements of income as part of ATB's payment in lieu of tax and comprehensive income.

Current income tax is the expected tax payable or recoverable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax, which can result from the carryforward of unused tax losses and credits, is the tax expected to be payable or recoverable on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and are measured using rates expected to be applied when they reverse.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer more likely than not that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

m. Share Purchase Financing

Loans granted to purchase shares in AltaCorp are accounted for as an asset, provided the following criteria are met:

- The loan contains repayment terms and conditions similar to arm's-length market terms
- The borrower has the ability to repay the loan
- The borrower is subject to recourse in the event of defaulting on the loan and
- Management intends to ensure repayment of the loan regardless of AltaCorp's share price

If a share purchase loan does not meet the above criteria, it is accounted for as a reduction in the share capital of AltaCorp.

n. Business Combinations

Business combinations are accounted for using the acquisition method, which involves recognizing the identifiable assets, including intangible assets not previously recognized by the acquiree, and liabilities, including contingent liabilities, for the acquired business. The assets and liabilities are measured at their fair value on the date of acquisition with any transaction costs taken directly to the consolidated statement of income. Goodwill is recorded if the acquisition cost exceeds the fair value of the identifiable net assets acquired. If the acquisition cost is less than the fair value of the net assets acquired, the fair value is remeasured, with any remaining difference recognized immediately in the consolidated statement of income. Any subsequent fair-value changes for contingent liabilities are recognized in the consolidated statement of income.

The non-controlling interest is measured either at its fair value or based on its proportionate share of the identifiable net assets at the acquisition date, with the measurement method applied transaction by transaction.

3 Summary of Accounting Policy Changes

Changes in Accounting Policies and Disclosures

IFRS 9 *Financial Instruments*

On April 1, 2018, ATB adopted IFRS 9 *Financial Instruments*, which replaced the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. ATB has elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

The comparative figures were not restated at the date of transition, with any adjustments to the carrying amounts of financial assets and liabilities recognized in opening retained earnings on the consolidated statement of financial position in the current period. Therefore, the comparative information is not comparable to the information presented for the current period.

IFRS 15 *Revenue from Contracts With Customers*

Effective April 1, 2018, ATB applied IFRS 15 *Revenue from Contracts with Customers*, which replaced the guidance in IAS 18 *Revenue.* IFRS 15 establishes a single and comprehensive five-step framework for revenue recognition to be applied to contracts with customers except for revenue arising from financial instruments and leases.

ATB applied IFRS 15 on a modified retrospective basis, recognizing any transition adjustments to opening retained earnings without restating comparative periods. Most of ATB's revenue was not impacted by the adoption of IFRS 15.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

In December 2016, the IASB issued IFRIC 22 *Foreign Currency Transactions and Advance Consideration* that clarifies IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The interpretation states that the exchange rate on the date the transaction occurs is used when initially recognizing the related asset, expense, or income.

ATB implemented the interpretation with no impact on our financial performance.

IAS 28 *Investments in Associates and Joint Ventures*

In December 2016, the IASB issued the *Annual Improvements 2014–2016 Cycle* that amends IFRS 1 *First-Time Adoption of International Financial Reporting Standards*, IFRS 12 *Disclosure of Interests in Other Entities,* and IAS 28 *Investments in Associates and Joint Ventures.* The amendment to IAS 28 *Investments in Associates and Joint Ventures* is the only standard applicable to ATB.
The amendment clarifies and permits the option at initial recognition to measure an associate at fair value through profit or loss on an investment-by-investment basis under IFRS 9.

ATB implemented the annual improvement with no impact on our financial performance.

Future Accounting Policy Changes

IFRS 16 *Leases*

In January 2016, the IASB published a new standard, IFRS 16 *Leases,* bringing leases for lessees under a single model and eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged.

IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, and for ATB will be effective starting April 1, 2019, which is ATB's 2020 fiscal year. Earlier application is permitted if IFRS 15 *Revenue From Contracts With Customers* has also been applied. ATB has chosen to not adopt the standard early when implementing IFRS 15.

ATB assessed the impact of adopting the standard and concluded that all operating leases will be classified as finance leases and included on the consolidated statement of financial position. Subleases will also be classified as finance leases, based on the head-lease agreement. In addition, the renewal term has changed for leased corporate and branch spaces.

IAS 23 *Borrowing Costs*

In December 2017, the IASB issued the *Annual Improvements to IFRS Standards 2015–2017 Cycle* that amends IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes*, and IAS 23 *Borrowing Costs*. The amendment to IAS 23 *Borrowing Costs* is the only amendment that is applicable to ATB. The amendment clarifies that once an asset is ready for use or sale, any outstanding borrowing costs to obtain the asset are included when calculating the capitalization borrowing rate.

ATB assessed the impact of adopting the interpretation, which will be effective for annual periods beginning on or after January 1, 2019, and determined there is no impact to our financial performance. The amendments to IAS 23 will be in effect starting April 1, 2019, which is ATB's 2020 fiscal year.

IAS 19 *Employee Benefits*

In February 2018, the IASB issued *Plan Amendment, Curtailment or Settlement* for IAS 19 *Employee Benefits*. The amendment clarifies that if a plan amendment, curtailment, or settlement occurs, the calculation of the current service cost and net interest for the period following the remeasurement is based on assumptions used when the plan's net defined liability or asset is remeasured.

ATB assessed the impact of adopting the amendment, which is effective for any plan amendments, curtailments, or settlements occurring in annual periods beginning on or after January 1, 2019, and determined there is no impact to our financial performance. Early adoption is permitted but must be disclosed. The amendments to IAS 19 will be in effect starting April 1, 2019, which is ATB's 2020 fiscal year. ATB has chosen to not adopt the amendment early.

IFRS 3 *Business Combinations*

In October 2018, the IASB issued *Definition of a Business (Amendments to IFRS 3)*. The amendment clarifies the definition of a business and additional factors to consider when determining if the entity has acquired a business or a group of assets.

ATB is currently assessing the impact of the new amendment, which is applicable for acquisitions that occur on or after the first period beginning on or after January 1, 2020. The amendments to IFRS 3 will be in effect starting April 1, 2020, which is ATB's 2021 fiscal year.

Definition of Material (Amendments to IAS 1 *Presentation of Financial Statements* and 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)

In October 2018, the IASB issued *Definition of Material (Amendments to IAS 1 and IAS 8),* amending the definition of material in IAS 1 and IAS 8, replacing past definitions which should be used when applying the two standards. The new definition considers information as material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that primary users of general purpose financial statements make based on a specific reporting entity's financial statements.

ATB is currently assessing the impact of the new definition, which is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments to IAS 1 and 8 will be in effect starting April 1, 2020, which is ATB's 2021 fiscal year.

4 IFRS 9 and 15 Transition

($ in thousands)	IAS 39 measurement category	As at March 31, 2018 Carrying amount	IFRS 9 reclassification	IFRS 9 remeasurement	IFRS 15	As at April 1, 2018 Carrying amount	IFRS 9 measurement category
Cash resources							
Cash	Amortized cost	$ 285,527	$ -	$ -	$ -	$ 285,527	Amortized cost
Interest-bearing deposits with financial institutions	FVTPL	1,110,848	-	-	-	1,110,848	FVTPL
Total cash resources		1,396,375	-	-	-	1,396,375	
Securities measured at fair value through profit or loss	FVTPL	4,760,130	(4,688,297)	-	-	71,833	FVTPL
Securities measured at fair value through other comprehensive income	FVOCI	-	4,688,297	-	-	4,688,297	FVOCI
Securities purchased under reverse repurchase agreements	Amortized cost	50,096	-	-	-	50,096	Amortized cost
Total securities		4,810,226	-	-	-	4,810,226	
Business	Amortized cost	21,439,814	-	-	-	21,439,814	Amortized cost
Residential mortgages	Amortized cost	15,750,430	-	-	-	15,750,430	Amortized cost
Personal	Amortized cost	6,711,755	-	-	-	6,711,755	Amortized cost
Credit card	Amortized cost	718,065	-	-	-	718,065	Amortized cost
		44,620,064	-	-	-	44,620,064	
Allowance for loan losses	Amortized cost	(509,024)	-	62,394	-	(446,630)	Amortized cost
Total net loans		44,111,040	-	62,394	-	44,173,434	
Derivative financial instruments	FVTPL	576,712	-	-	-	576,712	FVTPL
Other financial assets	Amortized cost	178,405	-	-	-	178,405	Amortized cost
Non-financial assets		820,333	-	-	-	820,333	
Total other assets		1,575,450	-	-	-	1,575,450	
Total assets		$ 51,893,091	$ -	$ 62,394	$ -	$ 51,955,485	

Redeemable fixed-date deposits	Amortized cost	$ 2,368,853	$ -	$ -	$ -	$ 2,368,853	Amortized cost
Non-redeemable fixed-date deposits	Amortized cost	6,724,047	-	-	-	6,724,047	Amortized cost
Saving accounts	Amortized cost	9,525,181	-	-	-	9,525,181	Amortized cost
Transaction accounts	Amortized cost	7,751,748	-	-	-	7,751,748	Amortized cost
Notice accounts	Amortized cost	6,313,944	-	-	-	6,313,944	Amortized cost
Total deposits		32,683,773	-	-	-	32,683,773	
Securities sold under repurchase agreements	Amortized cost	790,827	-	-	-	790,827	Amortized cost
Wholesale borrowings	Amortized cost	4,141,489	-	-	-	4,141,489	Amortized cost
Wholesale borrowings	FVTPL	514,980	-	-	-	514,980	FVTPL
Collateralized borrowings	Amortized cost	8,408,453	-	-	-	8,408,453	Amortized cost
Derivative financial instruments	Amortized cost	673,162	-	-	-	673,162	Amortized cost
Other financial liabilities	Amortized cost	986,370	-	-	-	986,370	Amortized cost

Non-financial liabilities		83,682	-	-	598	84,280	
Total other liabilities		15,598,963	-	-	598	15,599,561	
Subordinated debentures	Amortized cost	331,199	-	-	-	331,199	Amortized cost
Total liabilities		48,613,935	-	-	598	48,614,533	
Retained earnings		3,453,844	-	62,394	(598)	3,515,640	
Non-controlling interest		3,508	-	-	-	3,508	
Accumulated other comprehensive loss		(178,196)	-	-	-	(178,196)	
Total equity		3,279,156	-	62,394	(598)	3,340,952	
Total liabilities and equity		$ 51,893,091	$ -	$ 62,394	$ -	$ 51,955,485	

	IAS 39 closing balances as at March 31, 2018			IFRS 9 opening balances as at April 1, 2018				
Allowance for loan losses	Collective	Specific	Total	Remeasurement	Stage 1	Stage 2	Stage 3	Total
Business	$ 130,107	$ 278,927	$ 409,034	$ (66,668)	$ 27,702	$ 50,214	$ 264,450	$ 342,366
Residential mortgages	10,129	5,732	15,861	(10,455)	2,110	1,313	1,983	5,406
Personal	37,589	22,655	60,244	(1,043)	27,676	11,152	20,373	59,201
Credit card	23,885	-	23,885	15,772	13,151	26,506	-	39,657
Total allowance for loan losses	$ 201,710	$ 307,314	$ 509,024	$ (62,394)	$ 70,639	$ 89,185	$ 286,806	$ 446,630

5 Financial Instruments

Classification and Carrying Value

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

	Carrying value						
As at March 31, 2019 *($ in thousands)*	Financial instruments classified as at FVTPL	Financial instruments designated as at FVTPL	Financial instruments classified as at FVOCI	Financial instruments designated as at FVOCI	Financial instruments measured at amortized cost	Total carrying value	
Financial assets							
Cash	**$ -**	**$ -**	**$ -**	**$ -**	**$ 200,002**	**$ 200,002**	(1)
Interest-bearing deposits with financial institutions	**-**	**1,097,307**	**-**	**-**	**-**	**1,097,307**	(1)
Securities measured at FVTPL	**53,502**	**15,000**	**-**	**-**	**-**	**68,502**	
Securities measured at FVOCI	**-**	**-**	**3,910,168**	**1,628**	**-**	**3,911,796**	
Securities purchased under reverse repurchase agreements	**-**	**-**	**-**	**-**	**400,355**	**400,355**	
Total securities	**53,502**	**15,000**	**3,910,168**	**1,628**	**400,355**	**4,380,653**	(1)
Business	**-**	**-**	**-**	**-**	**23,833,674**	**23,833,674**	
Residential mortgages	**-**	**-**	**-**	**-**	**16,438,739**	**16,438,739**	
Personal	**-**	**-**	**-**	**-**	**6,667,543**	**6,667,543**	
Credit card	**-**	**-**	**-**	**-**	**730,681**	**730,681**	
Allowance for loan losses	**-**	**-**	**-**	**-**	**(664,913)**	**(664,913)**	
Total loans	**-**	**-**	**-**	**-**	**47,005,724**	**47,005,724**	(2)
Derivative financial instruments	**642,070**	**-**	**-**	**-**	**-**	**642,070**	
Other assets	**-**	**-**	**-**	**-**	**223,418**	**223,418**	
Total other assets	**642,070**	**-**	**-**	**-**	**223,418**	**865,488**	(1)
Financial liabilities							
Redeemable fixed-date deposits	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,047,475**	**$ 2,047,475**	
Non-redeemable fixed-date deposits	**-**	**-**	**-**	**-**	**9,176,459**	**9,176,459**	
Saving accounts	**-**	**-**	**-**	**-**	**10,004,043**	**10,004,043**	
Transaction accounts	**-**	**-**	**-**	**-**	**7,574,046**	**7,574,046**	
Notice accounts	**-**	**-**	**-**	**-**	**7,119,926**	**7,119,926**	
Total deposits	**-**	**-**	**-**	**-**	**35,921,949**	**35,921,949**	(3)
Securities sold under repurchase agreements	**-**	**-**	**-**	**-**	**-**	**-**	(1)
Wholesale borrowings	**-**	**279,908**	**-**	**-**	**3,339,158**	**3,619,066**	(4)
Collateralized borrowings	**-**	**-**	**-**	**-**	**8,965,829**	**8,965,829**	(5)
Derivative financial instruments	**507,146**	**-**	**-**	**-**	**-**	**507,146**	(1)
Other liabilities	**-**	**-**	**-**	**-**	**1,255,742**	**1,255,742**	(1)
Total other liabilities	**507,146**	**279,908**	**-**	**-**	**13,560,729**	**14,347,783**	
Subordinated debentures	**-**	**-**	**-**	**-**	**339,140**	**339,140**	(6)

[1] Fair value estimated to equal carrying value.

[2] Fair value of loans estimated at $48,675,761.

[3] Fair value of deposits estimated at $35,788,176.

[4] Fair value of wholesale borrowings estimated at $3,675,152.

[5] Fair value of collateralized borrowings estimated at $8,960,825.

6 Fair value of subordinated debentures estimated at $342,249.

As at March 31, 2018 *($ in thousands)*	Financial instruments classified as at FVTPL	Financial instruments designated as at FVTPL	Carrying value Available-for-sale instruments measured at fair value	Financial instruments measured at amortized cost	Total carrying value	
Financial assets						
Cash	$ -	$ -	$ -	$ 285,527	$ 285,527	(1)
Interest-bearing deposits with financial institutions	-	1,110,848	-	-	1,110,848	(1)
Securities	-	4,760,130	-	-	4,760,130	(1)
Securities purchased under reverse repurchase agreements	-	-	-	50,096	50,096	(1)
Business	-	-	-	21,439,814	21,439,814	
Residential mortgages	-	-	-	15,750,430	15,750,430	
Personal	-	-	-	6,711,755	6,711,755	
Credit card	-	-	-	718,065	718,065	
Allowance for loan losses	-	-	-	(509,024)	(509,024)	
Total loans	-	-	-	44,111,040	44,111,040	(2)
Derivative financial instruments	576,712	-	-	-	576,712	
Other assets	-	-	-	178,405	178,405	
Total other assets	576,712	-	-	178,405	755,117	(1)
Financial liabilities						
Redeemable fixed-date deposits	$ -	$ -	$ -	$ 2,368,853	$ 2,368,853	
Non-redeemable fixed-date deposits	-	-		6,724,047	6,724,047	
Saving accounts	-	-		9,525,181	9,525,181	
Transaction accounts	-	-		7,751,748	7,751,748	
Notice accounts	-	-	-	6,313,944	6,313,944	
Total deposits	-	-	-	32,683,773	32,683,773	(3)
Securities sold under repurchase agreements	-	-	-	790,827	790,827	(1)
Wholesale borrowings	-	514,980	-	4,141,489	4,656,469	(4)
Collateralized borrowings	-	-	-	8,408,453	8,408,453	(5)
Derivative financial instruments	673,162	-	-	-	673,162	(1)
Other liabilities	-	-	-	986,370	986,370	(1)
Total other liabilities	673,162	514,980	-	14,327,139	15,515,281	
Subordinated debentures	-	-	-	331,199	331,199	(6)

1 Fair value estimated to equal carrying value.

2 Fair value of loans estimated at $45,191,597.

3 Fair value of deposits estimated at $32,305,240.

4 Fair value of wholesale borrowings estimated at $4,640,013.

5 Fair value of collateralized borrowings estimated at $8,379,961.

6 Fair value of subordinated debentures estimated at $334,565.

Fair-Value Hierarchy

Financial instruments recorded at fair value in the consolidated statement of financial position are classified using a fair-value hierarchy based on the quality and reliability of the information used to estimate the fair value. The fair-value hierarchy has the following levels:

- Level 1 – Fair value based on quoted prices in active markets
- Level 2 – Fair value estimated using valuation techniques with market-observable inputs other than quoted market prices
- Level 3 – Fair value estimated using inputs not based on observable market data

The fair-value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For the year ended March 31, 2019 and 2018, there were no transfers of financial instruments between levels 1 and 2 or into and out of level 3.

The categories of financial instruments whose fair values are classified as level 3 consist of investments made by AltaCorp and investments made by ATB in a broad range of private Alberta companies. Valuation techniques are disclosed in note 8.

The following tables present the level within the fair-value hierarchy of ATB's financial assets and liabilities measured at fair value:

As at March 31, 2019 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions	**$ -**	**$ 1,097,307**	**$ -**	**$ 1,097,307**
Securities				
Securities measured at FVTPL	**33,062**	**-**	**35,440**	**68,502**
Securities measured at FVOCI	**3,910,168**	**-**	**1,628**	**3,911,796**
Other assets				
Derivative financial instruments	**1,860**	**640,210**	**-**	**642,070**
Total financial assets	**$ 3,945,090**	**$ 1,737,517**	**$ 37,068**	**$ 5,719,675**
Financial liabilities				
Wholesale borrowings	**-**	**279,908**	**-**	**279,908**
Other liabilities				
Derivative financial instruments	**2,803**	**504,343**	**-**	**507,146**
Total financial liabilities	**$ 2,803**	**$ 784,251**	**$ -**	**$ 787,054**

As at March 31, 2018 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions				
Designated at FVTPL	$ -	$ 1,110,848	$ -	$ 1,110,848
Securities				
Designated at FVTPL	4,737,190	-	22,940	4,760,130
Other assets				
Derivative financial instruments	-	576,712	-	576,712
Total financial assets	$ 4,737,190	$ 1,687,560	$ 22,940	$ 6,447,690
Financial liabilities				
Wholesale borrowings	-	514,980	-	514,980
Other liabilities				
Derivative financial instruments	-	673,162	-	673,162
Total financial liabilities	$ -	$ 1,188,142	$ -	$ 1,188,142

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. These sensitivity analyses are detailed in note 8 for the other securities designated at fair value through profit and loss.

The following tables present the changes in fair value of level 3 financial instruments:

($ in thousands)	Securities designated as at FVOCI	Securities classified as at FVTPL
Fair value as at March 31, 2018	**$ -**	**$ 22,940**
Total realized and unrealized losses included in net income	**-**	**3,574**
Total realized and unrealized gains included in other comprehensive income	**-**	**-**
Purchases and issuances	**1,628**	**8,926**
Sales and settlements	**-**	**-**
Fair value as at March 31, 2019	**$ 1,628**	**$ 35,440**
Change in unrealized losses included in income with respect to financial instruments held as at March 31, 2019	**$ -**	**$ 3,574**

($ in thousands)	Securities available for sale	Securities designated at FVTPL
Fair value as at March 31, 2017	$ -	$ 6,272
Total realized and unrealized gains included in net income	-	4,500
Total realized and unrealized gains included in other comprehensive income	-	-
Purchases and issuances	-	12,168
Sales and settlements	-	-
Fair value as at March 31, 2018	$ -	$ 22,940
Change in unrealized gains included in income with respect to financial instruments held as at March 31, 2018	-	$ 4,500

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

Offsetting Financial Assets and Financial Liabilities

A financial asset or liability must be offset in the consolidated statement of financial position when and only when there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realize the asset and settle the liability simultaneously. A legally enforceable right exists when the right is enforceable in the normal course of business or in the event of default, insolvency, or bankruptcy.

Related amounts not offset in the consolidated statement of financial position include transactions where the following conditions apply:

- Counterparty has an offsetting exposure with ATB and a master netting or similar arrangement in place.
- Financial collateral has been received or pledged against the transactions described below.

Securities purchased under reverse repurchase agreements subject to master netting arrangements or similar arrangements and derivative assets and liabilities subject to the master netting agreements of the International Swaps and Derivatives Association (ISDA) do not meet the criteria for offsetting in the consolidated statement of financial position, as the ability to offset is only enforceable in the event of default, insolvency, or bankruptcy.

ATB receives and pledges collateral in the form of cash and marketable securities relating to its derivative assets and liabilities to manage credit risk in accordance with the terms and conditions of the ISDA credit support annex.

The following tables present information about financial assets and liabilities that are set off and not set off in the consolidated statement of financial position and are subject to a master netting agreement or similar arrangement:

As at March 31, 2019 *($ in thousands)*	Gross recognized amounts	Set-off amounts	Net amounts recognized in the consolidated statement of financial position	Related amounts not offset in the Consolidated Statement of Financial Position Financial instruments [(1)]	Financial collateral received/ pledged	Net amount
Financial assets						
Securities borrowed or purchased under reverse repurchase agreements	$ 400,355	$ -	$ 400,355	$ -	$ -	$ 400,355
Derivative financial instruments	642,070	-	642,070	335,137	157,810	149,123
Amounts receivable from clients and financial institutions	142,202	-	142,202	123,390	-	18,812
	$ 1,184,627	$ -	$ 1,184,627	$ 458,527	$ 157,810	$ 568,290
Financial liabilities						
Securities sold under reverse repurchase agreements	$ -	$ -	$ -	$ -	$ -	$ -
Derivative financial instruments	507,146	-	507,146	335,137	100,825	71,184
Amounts payable to clients and financial institutions	123,954	-	123,954	123,390	-	564
	$ 631,100	$ -	$ 631,100	$ 458,527	$ 100,825	$ 71,748

As at March 31, 2018 *($ in thousands)*	Gross recognized amounts	Set-off amounts	Net amounts recognized in the consolidated statement of financial position	Related amounts not offset in the Consolidated Statement of Financial Position Financial instruments [(1)]	Financial collateral received/ pledged	Net amount
Financial assets						
Securities borrowed or purchased under reverse repurchase agreements	$ 50,096	$ -	$ 50,096	$ -	$ -	$ 50,096
Derivative financial instruments	576,712	-	576,712	387,632	13,973	175,107
Amounts receivable from clients and financial institutions	23,781	-	23,781	14,490	-	9,291
	$ 650,589	$ -	$ 650,589	$ 402,122	$ 13,973	$ 234,494
Financial liabilities						
Securities sold under reverse repurchase agreements	$ 790,827	$ -	$ 790,827	$ -	$ -	$ 790,827
Derivative financial instruments	673,162	-	673,162	387,632	175,892	109,638
Amounts payable to clients and financial institutions	22,625	-	22,625	14,490	-	8,135
	$ 1,486,614	$ -	$ 1,486,614	$ 402,122	$ 175,892	$ 908,600

[1]Carrying amount of financial assets and liabilities that are subject to a master netting agreement or similar arrangement but do not meet the offsetting criteria.

6 Financial Instruments – Risk Management

ATB has included certain disclosures required by IFRS 7 in the Risk Management section of the MD&A relating to credit, market, foreign-exchange, and liquidity risks. These risks are an integral part of the 2019 consolidated financial statements.

7 Cash Resources

Cash consists of cash on hand, bank notes and coins, non-interest-bearing deposits, and cash held at the Bank of Canada through the Large Value Transfer System. Interest-bearing deposits with financial institutions have been designated at fair value through profit and loss, and are recorded at fair value. Interest income on interest-bearing deposits with financial institutions is recorded on an accrual basis. Cash has been classified as financial instruments measured at amortized cost, as disclosed in 5.

As at March 31, 2019, the carrying value of interest-bearing deposits with financial institutions consists of $1.1 billion (2018: $1.1 billion) designated at fair value through profit and loss.

ATB has restricted cash that represents deposits held in trust in connection with ATB's securitization activities. These deposits include cash accounts that hold principal and interest payments collected from mortgages securitized through the mortgage-backed security program. The deposits are awaiting payment to their respective investors and held in interest reinvestment accounts in connection with ATB's participation in the Canada Mortgage Bonds program. As at March 31, 2019, the amount of restricted cash is $153.6 million (2018: $124.1 million).

8 Securities

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

As at March 31, 2019 *($ in thousands)*	Within 1 year	1–5 years	Over 5 years	Total carrying value
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	$ 15,000	$ -	$ -	$ 15,000
Other securities	17,146	32,642	3,714	53,502
Total securities measured at FVTPL	$ 32,146	$ 32,642	$ 3,714	$ 68,502
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	$ 1,644,913	$ 2,265,255	$ -	$ 3,910,168
Other securities	-	-	1,628	1,628
Total securities measured at FVOCI	$ 1,644,913	$ 2,265,255	$ 1,628	$ 3,911,796
Securities purchased under reverse repurchase agreements				
Issued or guaranteed by the federal or provincial government	400,355	-	-	400,355
Total securities purchased under reverse repurchase agreements	$ 400,355	$ -	$ -	$ 400,355

As at March 31, 2018 *($ in thousands)*	Within 1 year	1–5 years	Over 5 years	Total carrying value
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	$ 2,181,625	$ 2,554,603	$ -	$ 4,736,228
Other securities	962	22,940	-	23,902
Total securities measured at FVTPL	$ 2,182,587	$ 2,577,543	$ -	$ 4,760,130

Other Securities

These securities in the current year relate to investments made by AltaCorp and investments made by ATB in a broad range of private Alberta companies. There is no observable market price 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 key assumptions in this model are the exit multiple of 6.0 to 8.0, the weighted average cost of capital of 18.0% to 20.0%, and the EBITDA multiple of 5.8 to 11.5. A 0.5 increase of the exit multiple, 1.0% decrease in the weighted average cost of capital, and 0.5 increase in the EBITDA multiple would increase the fair value by $3.2 million (2018: $2.2 million). The estimate is also adjusted for the effect of the non-marketability of these investments.

9 Loans

In the retail portfolio, each borrower is assessed based on its beacon score. The following table outlines the borrower's score assigned to each range:

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

For non-retail loans, each borrower is assigned a borrower risk rating (BRR), with the following table outlining the BRR assigned to each range:

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

Credit Quality

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

As at March 31, 2019	Performing		Impaired	
($ in thousands)	Stage 1	Stage 2	Stage 3	Total
Business				
Very low risk	$ 3,051,685	$ 329,503	$ -	$ 3,381,188
Low risk	6,975,076	7,571,098	-	14,546,174
Medium risk	1,574,296	2,774,313	-	4,348,609
High risk	3,408	532,346	-	535,754
Not rated[1]	186,953	13,986	-	200,939
Impaired	-	-	821,010	821,010
Total	11,791,418	11,221,246	821,010	23,833,674
Residential mortgages				
Very low risk	6,663,812	14,392	-	6,678,204
Low risk	5,842,586	25,892	-	5,868,478
Medium risk	2,779,640	37,595	-	2,817,235
High risk	634,932	339,389	-	974,321
Not rated[1]	18,176	850	-	19,026
Impaired	-	-	81,475	81,475
Total	15,939,146	418,118	81,475	16,438,739
Personal				
Very low risk	2,571,482	15,264	-	2,586,746
Low risk	2,063,146	224,641	-	2,287,787
Medium risk	958,758	264,940	-	1,223,698
High risk	280,698	187,243	-	467,941
Not rated[1]	28,847	7,206	-	36,053
Impaired	-	-	65,318	65,318
Total	5,902,931	699,294	65,318	6,667,543
Credit card				
Very low risk	70,167	14,246	-	84,413
Low risk	182,586	77,615	-	260,201
Medium risk	134,752	74,598	-	209,350
High risk	24,806	67,151	-	91,957
Not rated[1]	9,419	68,207	-	77,626
Impaired	-	-	7,134	7,134
Total	421,730	301,817	7,134	730,681
Total loans	34,055,225	12,640,475	974,937	47,670,637
Total allowance for loan losses	(73,274)	(116,620)	(475,019)	(664,913)
Total net loans	$ 33,981,951	$ 12,523,855	$ 499,918	$ 47,005,724
Undrawn loan commitments - retail				
Very low risk	4,196,800	25,059	-	4,221,859
Low risk	969,986	85,306	-	1,055,292
Medium risk	133,182	43,728	-	176,910
High risk	15,328	28,796	-	44,124
Not rated[1]	12,544	10,275	-	22,819
Total	$ 5,327,840	$ 193,164	$ -	$ 5,521,004
Undrawn loan commitments - non-retail				
Very low risk	4,770,110	292,746	-	5,062,856
Low risk	3,258,313	3,485,152	-	6,743,465
Medium risk	254,893	675,335	-	930,228

High risk	180	297,076	-	297,256
Not rated[1]	39,034	206,142	-	245,176
Total	**$ 8,322,530**	**$ 4,956,451**	**$ -**	**$ 13,278,981**

[1]Loans where the customer account level risk rating has not been determined have been included in the not rated category.

As at March 31, 2018		Allowances assessed		
($ in thousands)	Gross loans	Individually	Collectively	Net carrying value
Business	$ 21,439,814	$ 278,927	$ 130,107	$ 21,030,780
Residential mortgages	15,750,430	5,732	10,129	15,734,569
Personal	6,711,755	22,655	37,589	6,651,511
Credit card	718,065	-	23,885	694,180
Total	$ 44,620,064	$ 307,314	$ 201,710	$ 44,111,040

The total net carrying value of the above loans includes those denominated in U.S. funds, totalling $891.5 million as at March 31, 2019 (2018: $758.7 million). As at March 31, 2019, the amount of foreclosed assets held for resale is $27.0 million (2018: $14.6 million).

Loans Past Due

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

As at March 31, 2019 *($ in thousands)*	**Residential mortgages**	**Business**	**Personal**	**Credit card**	**Total**	**Percentage of total gross loans**
Up to 1 month[(1)]	**$ 106,851**	**$ 20,177**	**$ 55,575**	**$ 41,340**	**$ 223,943**	**0.47%**
Over 1 month up to 2 months	**113,344**	**107,037**	**55,719**	**9,456**	**285,556**	**0.60%**
Over 2 months up to 3 months	**14,869**	**21,635**	**16,754**	**3,870**	**57,128**	**0.12%**
Over 3 months	**2,148**	**13,846**	**2,239**	**6,205**	**24,438**	**0.05%**
Total past due but not impaired	**$ 237,212**	**$ 162,695**	**$ 130,287**	**$ 60,871**	**$ 591,065**	**1.2%**

[1] Loans past due by 1 day are not disclosed as they are not administratively considered past due.

As at March 31, 2018 *($ in thousands)*	**Residential mortgages**	**Business**	**Personal**	**Credit card[(1)]**	**Total**	**Percentage of total gross loans**
Up to 1 month	$ 103,071	$ 73,192	$ 45,361	$ 36,252	$ 257,876	0.6%
Over 1 month up to 2 months	111,230	172,837	57,781	10,349	352,197	0.79%
Over 2 months up to 3 months	15,944	6,412	5,356	4,361	32,073	0.07%
Over 3 months	1,308	18,571	1,764	5,583	27,226	0.06%
Total past due but not impaired	$ 231,553	$ 271,012	$ 110,262	$ 56,545	$ 669,372	1.5%

[1] Consumer credit card loans are classified as impaired and written off when payments become 180 days past due. Business and agricultural credit card loans that become due for three consecutive billing cycles (or approximately 90 days) are removed from the credit card portfolio and transferred into the applicable impaired loan category.

10 Allowance for Loan Losses

Key Inputs and Assumptions

Measuring expected credit losses is based on a complex calculation that involves a number of variables and assumptions. The key inputs for determining expected credit losses 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 expected credit losses, based on a five year outlook considering a combination of past, current and future economic conditions and outlooks. Refer to note 2 for further information on how forward-looking information is incorporated to measure expected credit losses.

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

As at March 31, 2019	Baseline scenario		Optimistic scenario		Pessimistic scenario	
	Next 12 months	2–3 years	Next 12 months	2–3 years	Next 12 months	2–3 years
Unemployment rate (%)	**6.6%**	**6.9%**	**6.2%**	**6.3%**	**8.8%**	**7.5%**
Housing starts	**25,900**	**24,600**	**29,400**	**28,066**	**19,200**	**20,233**
Interest rate (%)	**2.00%**	**2.67%**	**2.25%**	**2.75%**	**1.75%**	**2.08%**
Oil prices (WTI, $US/bbl)	**56**	**63**	**75**	**88**	**50**	**60**
Foreign-exchange rate ($1 Cdn / US)	**0.76**	**0.80**	**0.80**	**0.90**	**0.72**	**0.76**

Sensitivity of Allowance for Loan Losses

The stage 1 and 2 allowances for loan losses are sensitive to the inputs used in the model, as described in note 2. Changes to these inputs and assumptions would have an impact when assessing for a significant increase in credit risk and the measurement of expected credit losses.

The following table presents a comparison between the reported allowance for loan losses for stage 1 and 2 loans and the allowance under the baseline, optimistic, and pessimistic scenarios:

	Reported under IFRS 9	Baseline scenario	Optimistic scenario	Pessimistic scenario
Allowance for loan losses (Stage 1 and 2)	**$ 189,894**	**$ 186,096**	**$ 174,703**	**$ 218,378**

The following table presents the estimated impact of staging on the allowance for loan losses for loans and off-balance sheet commitments if they were fully calculated under stage 1 compared to the actual allowance recorded:

	Stage 1 and 2 allowance under IFRS 9	Allowance – 100% in Stage 1	Impact of staging
Loans	**$ 189,894**	**$ 131,027**	**$ (58,867)**

	For the year ended March 31, 2019				
($ 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
Business	**$342,366**	**$ 275,409**	**$ (64,897)**	**$ (6,053)**	**$ 546,824**
Residential mortgages	**5,406**	**916**	**(860)**	**31**	**5,493**
Personal	**59,201**	**46,769**	**(34,146)**	**(326)**	**71,498**

Credit card	39,657	15,051	(13,643)		32	41,098
Total	**$446,630**	**$ 338,145**	**$ (113,546)**		**$ (6,316)**	**$ 664,913**

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

Allowance for loan losses – Business

	For the year ended March 31, 2019			
	Performing		**Impaired**	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	$ 27,702	$ 50,214	$ 264,450	$ 342,365
Provision for loan losses				
Transfers (out) in of Stage 1[1]	(3,456)	3,214	241	-
Transfers (out) in of Stage 2[1]	(22,439)	11,572	10,867	-
Transfers (out) in of Stage 3[1]	(9,270)	(86,994)	96,264	-
New originations[2]	14,793	23,878	60,850	99,521
Repayments[3]	(11,749)	(21,007)	(3,228)	(35,985)
Remeasurements[4]	26,723	96,832	88,318	211,873
Write-offs	-	-	(69,121)	(69,121)
Recoveries	-	-	4,224	4,224
Discounted cash flows on impaired loans and other	11	154	(6,218)	(6,053)
Balance at end of period	$ 22,314	$ 77,863	$ 446,648	$ 546,825

Allowance for loan losses – residential mortgages

	For the year ended March 31, 2019			
	Performing		**Impaired**	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	$ 2,110	$ 1,313	$ 1,983	$ 5,406
Provision for loan losses				
Transfers in (out) of Stage 1[1]	(57)	52	5	-
Transfers (out) in of Stage 2[1]	(274)	(107)	381	-
Transfers (out) in of Stage 3[1]	(258)	(1,704)	1,962	-
New originations[2]	327	104	105	536
Repayments[3]	(73)	(62)	(472)	(607)
Remeasurements[4]	(280)	1,356	(89)	987
Write-offs	-	-	(1,737)	(1,737)
Recoveries	-	-	877	877
Discounted cash flows on impaired loans and other	-	-	31	31
Balance at end of period	$ 1,495	$ 952	$ 3,046	$ 5,493

Allowance for loan losses – Personal

	For the year ended March 31, 2019			
	Performing		**Impaired**	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	$ 27,676	$ 11,152	$ 20,373	$ 59,201
Provision for loan losses				
Transfers in (out) of Stage 1[1]	(957)	634	323	-
Transfers in (out) of Stage 2[1]	(3,560)	2,407	1,153	-
Transfers (out) in of Stage 3[1]	(7,844)	(2,294)	10,138	-
New originations[2]	9,841	3,588	5,616	19,045

Repayments[4]	(3,216)	(933)	(182)	(4,331)
Remeasurements[4]	16,968	(2,769)	17,856	32,055
Write-offs	(10)	(21)	(36,841)	(36,872)
Recoveries	-	-	2,726	2,726
Discounted cash flows on impaired loans and other	-	-	(326)	(326)
Balance at end of period	$ 38,898	$ 11,764	$ 20,836	$ 71,498

Allowance for loan losses – credit cards	**For the year ended March 31, 2019**			
	Performing		**Impaired**	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of period	$ 13,151	$ 24,104	$ 2,402	$ 39,657
Provision for loan losses				
Transfers (out) in of Stage 1[1]	(5)	8	(2)	-
Transfers (out) in of Stage 2[1]	(5,030)	1,436	3,594	-
Transfers (out) in of Stage 3[1]	(36)	(6,160)	6,197	-
New originations[2]	1,041	581	-	1,623
Repayments[3]	(829)	(3,712)	(2,963)	(7,504)
Remeasurements[4]	2,260	9,768	8,904	20,932
Write-offs	-	-	(20,734)	(20,734)
Recoveries	-	-	7,091	7,091
Discounted cash flows on impaired loans and other	15	17	(0)	33
Balance at end of period	$ 10,567	$ 26,041	$ 4,489	$ 41,097

	For the year ended March 31, 2018				
($ 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
Business	$364,969	80,885	(27,876)	(9,126)	$408,852
Residential mortgages	20,733	(4,408)	(235)	-	16,090
Personal	95,194	33,437	(56,256)	-	72,375
Credit card	28,792	(4,908)	(12,177)	-	11,707
Total	$509,688	105,006	(96,544)	(9,126)	$509,024

11 Derivative Financial Instruments

Most of ATB's derivative contracts are over-the-counter (OTC) transactions that are privately negotiated between ATB and the counterparty to the contract. The remainder are exchange-traded contracts transacted through organized and regulated exchanges and consist primarily of options and futures. ATB uses the following derivative financial instruments:

Swaps

Swaps are transactions in which two parties agree to exchange defined cash flows. ATB uses the following types of swap contracts:

- Interest rate swaps are OTC contracts in which ATB exchanges fixed- and floating-rate interest payments with a counterparty based on an agreed notional principal amount denominated in a single currency. These are used in the corporate derivative portfolio to manage exposure to interest rate fluctuations, primarily arising from the investment, loan, and deposit portfolios. Interest rate swaps are also used in the client derivative portfolio to help our corporate customers in managing risks associated with interest rate fluctuations.
- Cross-currency swaps are foreign-exchange transactions in which ATB exchanges interest and principal payments in different currencies. These are used in both the corporate and client portfolio to manage ATB's and its corporate customers' foreign-exchange risk.

Forwards and Futures

Foreign-exchange or commodity forwards are OTC transactions in which two parties agree to either buy or sell a specified amount of a currency or commodity at a specific price and on a predetermined future date. ATB uses foreign-exchange forward contracts in both its corporate and client derivative portfolios to manage currency exposure, either arising from its own foreign-currency-denominated loans and deposits, or for its customers. Commodity forward contracts are used only in the client derivative portfolio.

Futures are contractual obligations to buy or sell an interest-rate-sensitive financial instrument on a predetermined future date at a specified price. Futures contracts are transacted in standardized amounts on regulated exchanges that are subject to daily cash margining and used only in the corporate derivative portfolio.

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:

	2019		2018	
As at March 31 *($ in thousands)*	**Favourable position**	**Unfavourable position**	Favourable position	Unfavourable position
Contracts ineligible for hedge accounting				
Interest rate contracts				
Swaps	**$ 16,532**	**$ (34,845)**	$ 29,300	$ (11,202)
Futures	**1,860**	**(2,803)**	-	-
Other	**51,940**	**(31,897)**	32,690	(42,340)
	70,332	**(69,545)**	61,990	(53,542)
Embedded derivatives				
Market-linked deposits	**-**	**(1,449)**	-	(1,835)
	-	**(1,449)**	-	(1,835)
Foreign-exchange contracts				
Forwards	**25,648**	**(20,482)**	25,308	(17,907)
Cross-currency swaps	**32,460**	**(24,211)**	19,118	(24,362)
Commodity contracts				
Forwards	**284,464**	**(242,324)**	348,224	(331,586)
Total fair-value-ineligible contracts	**342,572**	**(287,017)**	392,650	(373,855)
Contracts eligible for hedge accounting				
Foreign-exchange contracts				
Cross-currency swaps	**28,928**	**-**	-	-
Interest rate contracts				
Swaps	**200,238**	**(149,135)**	122,072	(243,930)
Total fair-value-eligible contracts	**229,166**	**(149,135)**	122,072	(243,930)
Total fair value	**$ 642,070**	**$ (507,146)**	$ 576,712	$ (673,162)
Less impact of master netting agreements	**(335,137)**	**335,137**	(387,632)	387,632
Less impact of financial institution counterparty collateral held / posted	**(157,810)**	**100,825**	(13,973)	175,892
Residual credit exposure on derivatives to ATB	**$ 149,123**	**$ (71,184)**	$ 175,107	$ (109,638)

The residual credit exposure presented above includes contracts with financial institutions and client counterparties. For the residual amounts above, $149.1 million (2018: $175.2 million) of the derivative asset and $69.7 million (2018: $107.8 million) of the derivative liability exposure relates to client counterparties.

ATB has recognized an unrealized gain of $12.6 million in profit and loss during the year (2018: unrealized loss of $3.6 million) relating to accounting for ineffectiveness arising from its cash flow hedges.

The following shows when hedged cash flows, used to manage risk relating to certain loans, deposits, and securities as noted in note 2(b), will be recognized in the consolidated statement of income:

As at March 31, 2019

($ in thousands)	**Within 1 year**	**1–2 years**	**2–3 years**	**3–4 years**	**4–5 years**	**Over 5 years**	**Total**
Cash inflows	**$ 654,471**	**$ 498,452**	**$ 327,603**	**$ 194,666**	**$ 131,311**	**$ 349,543**	**$ 2,156,046**
Cash outflows	**(856,363)**	**(654,404)**	**(441,463)**	**(275,735)**	**(195,478)**	**(520,623)**	**(2,944,066)**
Net cash flows	**$ (201,892)**	**$ (155,952)**	**$ (113,860)**	**$ (81,069)**	**$ (64,167)**	**$ (171,080)**	**$ (788,020)**

As at March 31, 2018

($ in thousands)	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	Total
Cash inflows	$ 389,275	$ 334,566	$ 254,567	$ 181,534	$ 94,383	$ 159,856	$ 1,414,181
Cash outflows	(502,754)	(443,222)	(348,812)	(264,785)	(164,206)	(364,912)	(2,088,691)
Net cash flows	$ (113,479)	$ (108,656)	$ (94,245)	$ (83,251)	$ (69,823)	$ (205,056)	$ (674,510)

The non-trading interest rate risk, which is hedged with interest rate swaps, has a maximum maturity of 9 years as at March 31, 2019 (2018: 10 years).

The following shows the amounts relating to the hedging and hedged items for ATB's fair-value hedges:

		Opening fair value		**Hedge ineffectiveness**			**Fair value at March 31, 2019**		**Fair value at March 31, 2018**	
($ in thousands)	**Notional amount**	**Asset**	**Liability**	**Gains (losses) on hedging derivative used to determine hedge ineffectiveness**	**Ineffectiveness recorded in other income – foreign exchange**	**Cumulative net fair value change**	**Asset**	**Liability**	**Asset**	**Liability**
Foreign-exchange Risk										
Hedge of U.S. dollar wholesale borrowing[1]	**267,200**	**-**	**-**	**-**	**-**	**17,913**	**17,913**	**-**	-	-

		Opening fair value		**Hedge ineffectiveness**			**Fair value at March 31, 2019**		**Fair value at March 31, 2018**	
($ in thousands)	**Notional amount**	**Asset**	**Liability**	**Gains (losses) on hedged item used to determine hedge ineffectiveness**	**Ineffectiveness recorded in other income – foreign exchange**	**Cumulative net fair value change**	**Asset**	**Liability**	**Asset**	**Liability**
U.S. dollar wholesale borrowing[2]	**267,200**	**-**	**261,995**	**-**	**-**	**(17,913)**	**-**	**279,908**	**-**	**-**

[1] The fair value of the hedging derivative is reported as part of derivative asset and derivative liability on the consolidated statement of financial position.
[2] The fair value of the hedged item is reported as part of wholesale borrowings on the consolidated statement of financial position.

Term to Maturity

The notional amounts of derivative instruments represent the underlying principal amount to which the specified rate or price is applied in order to calculate the amount of cash flows to be exchanged and have varying maturity dates. Notional amounts do not represent assets or liabilities and are not recorded in the consolidated statement of financial position. The remaining contractual terms to maturity for the notional amounts of all derivative instruments are as follows:

As at March 31, 2019 ($ in thousands)	Ineligible for hedge accounting	Eligible for hedge accounting	Residual term of contract Within 3 months	3–12 months	1–5 years	Over 5 years	Total
Over-the-counter contracts							
Interest rate contracts							
Swaps	$ 7,287,174	$ 20,784,275	$ 632,300	$ 6,967,100	$ 14,997,694	$ 5,474,355	$ 28,071,449
Other	2,999,052	-	73,440	514,744	1,525,185	885,683	2,999,052
Embedded derivatives							
Market linked deposits	384,098	-	17	77	383,974	30	384,098
Foreign-exchange contracts							
Forwards	2,879,492	-	2,118,920	575,322	185,250	-	2,879,492
Cross-currency swaps	766,869	981,712	148,590	52,890	1,254,517	292,584	1,748,581
Commodity contracts							
Forwards	2,553,397	-	628,854	1,265,663	658,880	-	2,553,397
Exchange-traded contracts							
Interest rate contracts							
Futures	800,000	-	450,000	350,000	-	-	800,000
Total	$ 17,670,082	$ 21,765,987	$ 4,052,121	$ 9,725,796	$ 19,005,500	$ 6,652,652	$ 39,436,069

As at March 31, 2018 ($ in thousands)	Ineligible for hedge accounting	Eligible for hedge accounting	Residual term of contract Within 3 months	3–12 months	1–5 years	Over 5 years	Total
Over-the-counter contracts							
Interest rate contracts							
Swaps	$ 3,601,890	$ 19,412,575	$ 2,770,293	$ 4,088,289	$ 12,603,066	$ 3,552,817	$ 23,014,465
Other	2,271,123	-	97,842	409,875	1,048,759	714,647	2,271,123
Embedded derivatives							
Market linked deposits	422,857	-	-	422,840	17	-	422,857
Foreign-exchange contracts							
Forwards	3,280,264	-	2,674,575	431,341	174,348	-	3,280,264
Cross-currency swaps	1,058,731	-	-	171,497	606,994	280,240	1,058,731
Commodity contracts							
Forwards	2,501,998	-	619,150	1,149,115	733,733	-	2,501,998
Exchange-traded contracts							
Interest rate contracts							
Futures	-	-	-	-	-	-	-
Total	$ 13,136,863	$ 19,412,575	$ 6,161,860	$ 6,672,957	$ 15,166,917	$ 4,547,704	$ 32,549,438

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 $112.7 million as at March 31, 2019 (2018: $0.02 million).

Derivative-Related Credit Risk

Derivative financial instruments traded in the OTC market are subject to credit risk of a financial loss occurring if a counterparty defaults on its contractual obligation. ATB's maximum credit risk in respect of such derivatives

is the fair value of all derivatives where ATB is in a favourable position.
ATB endeavours to limit its credit risk by dealing only with counterparties assessed to be creditworthy and manages the credit risk for derivatives using the same credit risk process applied to loans and other credit assets. Financial institution counterparties must have a minimum long-term public credit rating of A-low/A3/A- or better. The exposure to credit risk on derivatives is also reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that unfavourable contracts with the counterparty are not settled, they reduce ATB's net exposure in respect of favourable contracts with the same counterparty.

The current replacement cost represents the cost of replacing, at current market rates, all contracts with a positive fair value to ATB. The credit equivalent amount is the sum of the current replacement cost and the potential future exposure, which is defined in a guideline authorized by the President of Treasury Board and Minister of Finance (the Minister), which was modelled after guidelines governing other Canadian deposit-taking institutions. The risk-weighted amount is determined by applying standard measures of counterparty credit risk to the credit equivalent amount. The derivative-related credit risks for derivative instruments are as follows:

	2019			2018		
As at March 31 *($ in thousands)*	**replacement cost**	**credit equivalent amount**	**risk-adjusted balance**	replacement cost	credit equivalent amount	risk-adjusted balance
Contracts ineligible for hedge accounting						
Interest rate contracts						
Swaps	**$ 16,532**	**$ 23,818**	**$ 4,764**	$ 29,300	$ 36,110	$ 7,222
Futures	**1,860**	**1,860**	**372**			
Other	**51,940**	**65,818**	**31,338**	32,691	39,967	15,602
Foreign-exchange contracts						
Forwards	**25,648**	**45,890**	**14,908**	25,305	46,676	14,699
Cross-currency swaps	**32,460**	**56,406**	**13,051**	19,118	48,827	11,998
Commodity contracts						
Forwards	**284,464**	**418,072**	**138,470**	348,225	480,873	176,552
Contracts eligible for hedge accounting						
Interest rate contracts						
Cross-currency swaps	**28,928**	**78,014**	**15,603**			
Swaps	**200,238**	**273,750**	**54,750**	122,073	166,647	33,329
Total	**642,070**	**963,628**	**273,256**	$ 576,712	$ 819,100	$ 259,402

12 Property and Equipment

($ in thousands)	Leasehold improvements	Computer equipment	Buildings	Other equipment	improvements under construction	other equipment under development	Buildings under finance lease	Equipment under finance lease	Land	Total
Cost										
Balance as at April 1, 2017	$ 237,182	$ 85,175	$ 101,524	$ 78,930	$ 2,301	$ 9,623	$ 246,200	$ -	$ 7,328	$ 768,263
Transfers and acquisitions	4,195	12,466	1,267	4,737	5,879	8,789	3,456	3,919	-	44,708
Transfers and disposals	-	-	-	(2,127)	(2,345)	(9,381)	(2,413)	-	-	(16,266)
Balance as at March 31, 2018	$ 241,377	$ 97,641	$ 102,791	$ 81,540	$ 5,835	$ 9,031	$ 247,243	$ 3,919	$ 7,328	$ 796,705
Balance as at April 1, 2018	**$ 241,377**	**$ 97,641**	**$ 102,791**	**$ 81,540**	**$ 5,835**	**$ 9,031**	**$ 247,243**	**$ 3,919**	**$ 7,328**	**$ 796,705**
Transfers and acquisitions	**5,714**	**8,182**	**3,422**	**4,512**	**4,012**	**8,385**	**1,361**	**6,209**	**-**	**41,797**
Transfers and disposals	**(12,161)**	**(12,197)**	**(746)**	**(2,567)**	**(5,957)**	**(8,845)**	**(20,016)**	**-**	**-**	**(62,489)**
Balance as at March 31, 2019	**$ 234,930**	**$ 93,626**	**$ 105,467**	**$ 83,485**	**$ 3,890**	**$ 8,571**	**$ 228,588**	**$ 10,128**	**$ 7,328**	**$ 776,013**
Depreciation										
Balance as at April 1, 2017	$ 138,388	$ 53,003	$ 70,353	$ 57,894	$ -	$ -	$ 85,875	$ -	$ -	$ 405,513
Depreciation for the year	12,594	19,894	2,190	8,986	-	-	17,776	1,198	-	62,638
Transfers and disposals	-	-	-	(2,126)	-	-	(2,412)	-	-	(4,538)
Balance as at March 31, 2018	$ 150,982	$ 72,897	$ 72,543	$ 64,754	**$ -**	**$ -**	$ 101,239	$ 1,198	**$ -**	$ 463,613
Balance as at April 1, 2018	**$ 150,982**	**$ 72,897**	**$ 72,543**	**$ 64,754**	**$ -**	**$ -**	**$ 101,239**	**$ 1,198**	**$ -**	**$ 463,613**
Depreciation for the year	**11,964**	**14,743**	**2,335**	**7,135**	**-**	**-**	**16,303**	**3,635**	**-**	**56,115**
Transfers and disposals	**(5,022)**	**(12,171)**	**(361)**	**(2,329)**	**-**	**-**	**(9,466)**	**-**	**-**	**(29,349)**
Balance as at March 31, 2019	**$ 157,924**	**$ 75,469**	**$ 74,517**	**$ 69,560**	**$ -**	**$ -**	**$ 108,076**	**$ 4,833**	**$ -**	**$ 490,379**
Carrying amounts										
Balance as at March 31, 2018	$ 90,395	$ 24,744	$ 30,248	$ 16,786	$ 5,835	$ 9,031	$ 146,004	$ 2,721	$ 7,328	$ 333,092
Balance as at March 31, 2019	**$ 77,006**	**$ 18,157**	**$ 30,950**	**$ 13,925**	**$ 3,890**	**$ 8,571**	**$ 120,512**	**$ 5,295**	**$ 7,328**	**$ 285,634**

For the year ended March 31, 2019, depreciation expense charged to the consolidated statement of income for premises and equipment was $56.1 million (2018: $62.6 million). No impairments were recognized during the year ended March 31, 2019 (2018: nil). A loss of $7.2 million (2018: a gain of $0.01 million) was recognized during the year for the disposal and write-downs of capital assets.

13 Software and Other Intangibles

($ in thousands)	Computer software	Software under development	Other intangibles	Total
Cost				
Balance as at April 1, 2017	$ 455,987	$ 37,585	$ 193	$ 493,765
Transfers and acquisitions	57,369	61,118	4	118,491
Transfers and disposals	-	(32,893)	-	(32,893)
Balance as at March 31, 2018	$ 513,356	$ 65,810	$ 197	$ 579,363
Balance as at April 1, 2018	**$ 513,356**	**$ 65,810**	**$ 197**	**$ 579,363**
Transfers and acquisitions	**87,151**	**59,451**	**36**	**146,638**
Transfers and disposals	**(12,012)**	**(54,047)**	**-**	**(66,059)**
Balance as at March 31, 2019	**$ 588,495**	**$ 71,214**	**$ 233**	**$ 659,942**
Accumulated Amortization				
Balance as at April 1, 2017	$ 219,131	$ -	$ 18	$ 219,149
Amortization for the year	67,400	-	18	67,418
Transfers and disposals	-	-	-	-
Balance as at March 31, 2018	**$ 286,531**	**$ -**	**$ 36**	**$ 286,567**
Balance as at April 1, 2018	**$ 286,531**	**$ -**	**$ 36**	**$ 286,567**
Amortization for the year	**81,563**	**-**	**22**	**81,585**
Transfers and disposals	**(11,075)**	**-**	**-**	**(11,075)**
Balance as at March 31, 2019	**$ 357,019**	**$ -**	**$ 58**	**$ 357,077**
Carrying amounts				
Balance as at March 31, 2018	$ 226,825	$ 65,810	$ 161	$ 292,796
Balance as at March 31, 2019	**$ 231,476**	**$ 71,214**	**$ 175**	**$ 302,865**

For the year ended March 31, 2019, amortization expense charged to the consolidated statement of income for software and intangibles was $81.6 million (2018: $67.4 million). No impairments were recognized during the year ended March 31, 2019 (2018: nil). A loss of $0.9 million (2018: nil) was recognized during the year for the disposal and write-downs of capital assets.

14 Other Assets

Other assets consist of the following:

As at March 31 *($ in thousands)*	**2019**	2018
Prepaid expenses and other receivables	**$ 206,478**	$ 194,444
Accrued interest receivable	**64,817**	60,612
Other	**158,601**	117,794
Total	**$ 429,896**	$ 372,850

Of the $158.6 million (2018: $117.8 million) included in other assets is $124.0 million for an amount owed to ATB for a foreign-exchange-management product we sold before March 31, 2019, for which we have not received funds.

15 Deposits

Deposit balances consist of the following:

As at March 31, 2019
($ in thousands)

	Payable on demand	Payable on a fixed date						Total
		Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 Years	
Redeemable fixed date deposits	**$ -**	**$ 1,877,946**	**$ 102,283**	**$ 38,189**	**$ 16,612**	**$ 12,242**	**$ 203**	**$ 2,047,475**
Non-Redeemable fixed date deposits	-	**4,885,730**	**1,965,292**	**1,152,682**	**992,208**	**180,279**	**268**	**9,176,459**
Savings accounts	**10,004,043**	**-**	-	**-**	**-**	**-**	**-**	**10,004,043**
Transactions accounts	**7,574,046**	-	-	**-**	**-**	**-**	-	**7,574,046**
Notice accounts	**7,119,926**	**-**	**-**	**-**	**-**	**-**	-	**7,119,926**
	$ 24,698,015	**$ 6,763,676**	**$ 2,067,575**	**$ 1,190,871**	**$ 1,008,820**	**$ 192,521**	**$ 471**	**$ 35,921,949**

As at March 31, 2018
($ in thousands)

	Payable on demand	Payable on a fixed date						Total
		Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 Years	
Redeemable fixed date deposits	$ 24,129	$ 2,122,763	$ 59,760	$ 42,776	$ 13,883	$ 31,332	$ 74,209	$ 2,368,853
Non-Redeemable fixed date deposits	-	4,138,493	1,601,874	525,439	160,758	297,338	146	6,724,047
Savings accounts	9,525,181	-	-	-	-	-	-	9,525,181
Transactions accounts	7,751,748	-	-	-	-	-	-	7,751,748
Notice accounts	6,313,944	-	-	-	-	-	-	6,313,944
	$ 23,615,002	$ 6,261,256	$ 1,661,634	$ 568,215	$ 174,641	$ 328,670	$ 74,355	$ 32,683,773

The total deposits presented above include $1.7 billion (2018: $1.2 billion) denominated in U.S. funds.

As at March 31, 2019, deposits by various departments and agencies of the Government of Alberta included in the preceding schedule totalled $135.2 million (2018: $61.9 million).

The repayment of all deposits and wholesale borrowings, without limit, including accrued interest, is guaranteed by the Crown in right of Alberta in respect of which the Crown assesses an annual deposit guarantee fee payable by ATB. For the year ended March 31, 2019, the fee was $53.7 million (2018: $49.4 million), with $47.7 million (2018: $41.6 million) recorded to non-interest expenses for deposits and the remainder to net interest income for wholesale borrowings.

16 Collateralized Borrowings

Canada Mortgage Bonds (CMB) Program

ATB periodically securitizes insured residential mortgage loans by participating in the *National Housing Act* Mortgage-Backed Security Program. Through the program, ATB bundles residential mortgage loans guaranteed by the Canada Mortgage and Housing Corporation (CMHC) into mortgage-backed securities (MBS). The MBS issued are sold to the Canada Housing Trust (CHT) as part of the Canada Mortgage Bonds (CMB) program, or to third-party investors. CHT uses the proceeds of its bond issuance to finance the purchase of MBS issued by ATB. As an issuer of the MBS, ATB is responsible for advancing all scheduled principal and interest payments to CMHC, irrespective of whether or not the amounts have been collected on the underlying transferred mortgages. Amounts advanced but not recovered are ultimately recovered from the insurer. The sale of mortgage pools that comprise the MBS does not qualify for derecognition, as ATB retains the prepayment, credit, and interest rate risks associated with the mortgages, which represent substantially all of the risks and rewards. Also included in the collateralized borrowing liabilities are accrued interest, deferred transaction costs, and premiums and discounts, representing the difference between cash proceeds and the notional amount of the liability issued. Accrued interest on the collateralized borrowing liability is based on the CMB coupon for each respective series. At the time of the CMB coupon settlement, any excess or shortfall between the CMB coupon payment and interest accumulated with swap counterparties is received or paid by ATB.

There are no expected credit losses on the securitized mortgage assets, as the mortgages are insured against default. Further, the investors and CMHC have no recourse to other assets of ATB in the event of failure of debtors to pay when due.

As part of a CMB transaction, ATB must enter into a total return swap with highly rated counterparties, exchanging cash flows of the CMB for those of the MBS transferred to CHT. Any excess or shortfall in these cash flows is absorbed by ATB. These swaps are not recognized on ATB's consolidated statement of financial position, as the underlying cash flows of these derivatives are captured through the continued recognition of the mortgages and associated CMB collateralized borrowing liabilities. Accordingly, these swaps are recognized on an accrual basis and not fair-valued through ATB's consolidated statement of income. The notional amount of these swaps as at March 31, 2019, is $8.5 billion (2018: $7.8 billion).

Collateralized borrowing liabilities are non-amortizing liabilities with fixed maturity dates. Principal payments collected from the mortgages underlying the MBS sold to the CHT are transferred to the CHT monthly, where they are either reinvested in new MBS or invested in eligible investments.

Credit Card Securitization

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

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

As at March 31 *($ in thousands)*	**2019**	2018
Principal value of mortgages pledged as collateral	**$ 7,610,203**	$ 6,947,936
ATB mortgage-backed securities pledged as collateral through repurchase agreements	**1,017,580**	983,153
Principal value of credit card receivables pledged as collateral	**677,148**	620,851
Total	**$ 9,304,931**	$ 8,551,940
Associated liabilities	**$ 8,965,829**	$ 8,408,453

17 Other Liabilities

Other liabilities consist of the following:

As at March 31 *($ in thousands)*	Note	2019	2018
Accounts payable and accrued liabilities		**$ 880,516**	$ 632,390
Accrued interest payable		**165,125**	110,287
Payment in lieu of tax and income taxes payable	21	**41,618**	81,436
Due to clients, brokers, and dealers		**65,728**	74,363
Accrued pension-benefit liability	20	**77,161**	63,045
Achievement notes	25	**63,080**	59,152
Deposit guarantee fee payable		**53,676**	49,379
Total		**$ 1,346,904**	$ 1,070,052

18 Subordinated Debentures

ATB privately places debentures with the Crown in right of Alberta. These debentures are subordinated to deposits and other liabilities and are unsecured, non-convertible, non-redeemable, and non-transferable. They bear a fixed rate of interest payable semi-annually. The outstanding subordinated debentures were issued with an original term of five years.

As detailed in note 21, since March 31, 2011, ATB has issued subordinated debentures annually to settle the outstanding liability for ATB's payment in lieu of tax for each fiscal year.

Subordinated debentures consist of the following:

As at March 31 *($ in thousands)* Maturity date	Interest rate	2019	2018
June 30, 2018	3.4%	**$ -**	$ 73,122
June 30, 2019	2.8%	**82,564**	82,564
June 30, 2020	3.0%	**98,177**	98,177
June 30, 2021	2.3%	**32,298**	32,298
June 30, 2022	1.6%	**45,038**	45,038
June 30, 2023	3.0%	**81,063**	-
Total		**$ 339,140**	$ 331,199

19 Salaries and Benefits

ATB has included certain disclosures required in the Corporate Governance and Executive Total Rewards sections of the MD&A relating to executive salary and compensation.

20 Employee Benefits

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer pension plan for eligible employees of the Province of Alberta, approved provincial agencies, and public bodies. The Minister is the legal trustee for the plan and, accordingly, Alberta Treasury Board and Finance is the manager of the plan. The plan is governed by the Public Service Pension Board.

The plan provides a pension of 1.4% for each year of pensionable service based on average salary of the highest five consecutive years up to the year's maximum pensionable earnings and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act*.

As a participant in this plan, ATB and its participating employees are responsible for making current service contributions sufficient to provide for the accruing service of members and the amortization of any unfunded liability. ATB's share of the current service contributions (employer and employee) is based on the current pensionable earnings of active ATB participants (prorated against the total current pensionable earnings of all active PSPP members). The employer and employee share the required contributions 50/50.

Although the PSPP pools all assets and liabilities of participating employers and there is no allocation of assets and liabilities to participating employers, in order to recognize an estimate of its current liability under this plan, ATB has applied defined benefit (DB) accounting. ATB has estimated its share of the fair value of assets, the DB obligation, and the net pension liability as at March 31, 2019, based on its pro rata share of contributions into the plan, adjusted for its pro rata contribution rate (split 50/50 between employer and employee). ATB reassesses and discloses the estimated value of this liability annually.

Registered Pension Plan

ATB provides its management employees with a registered pension plan (the ATB Plan) with either DB or defined contribution (DC) provisions. The DB component provides benefits based on members' years of service and earnings. The DC component provides annual contributions based on members' earnings.

ATB amended the ATB Plan to change the annual contributions in the DC component effective January 1, 2015, and to close the DB component to service accruals effective July 7, 2016. Current members in the DB component will continue to accrue earnings for their highest average earnings calculations and service for early retirement subsidies but, effective July 8, 2016, will accrue future benefits under the DC component. Since July 8, 2016, all new entrants into the ATB Plan automatically go into the DC component.

Effective July 15, 2006, ATB finalized arrangements with the Government of Alberta to assume pension obligations relating to current ATB employees who participated in the PSPP prior to joining the ATB Plan (the PSPP take-on). The arrangements formalized ATB's commitment to providing combined pensionable service (CPS) benefits for qualifying members whose CPS benefits were affected by the withdrawal of ATB from the Management Employees Pension Plan.

Since June 27, 2014, any employee promoted to a management position joins the plan under the DC provision and any pension benefit earned in the PSPP is deferred at Alberta Pension Services (APS) or, if eligible, the employee may choose to withdraw their pension benefit.

Non-Registered Plans

ATB also provides a non-registered DB supplemental retirement plan (SRP) and other post-employment benefits (OPEB) for designated management employees. The SRP provides benefits based on members' years of service and earnings over the Canada Revenue Agency maximum pension limits.

Plan Risks

The DB plans expose ATB to actuarial risks, such as longevity, currency, interest rate, and market risks. ATB, in conjunction with the human resources and retirement committees, manages risk through the plan's statement of investment policies and procedures and pension investment risk management policy, which:

- Establishes allowable and prohibited investment types
- Sets diversification requirements
- Limits portfolio mismatch risk through an asset allocation policy
- Limits market risks associated with the underlying fund assets

Breakdown of Defined Benefit Obligation

The breakdown of the DB obligations for each plan is as follows:

As at March 31, 2019 *($ in thousands)*	Registered plan	Supplemental and other	ATB's share of PSPP
Active	**$ 156,867**	**$ 1,342**	**$ 144,810**
Deferred	**24,758**	**1,116**	**40,006**
Pensioners and beneficiaries	**259,072**	**6,579**	**141,966**
Total defined benefit obligation	**$ 440,697**	**$ 9,037**	**$ 326,782**

As at March 31, 2018 *($ in thousands)*	Registered plan	Supplemental and other	ATB's share of PSPP
Active	$ 163,635	$ 2,185	$ 141,521
Deferred	21,987	952	38,103
Pensioners and beneficiaries	230,853	6,474	133,035
Total defined benefit obligation	$ 416,475	$ 9,611	$ 312,659

Breakdown of Plan Assets

A breakdown of plan assets for the ATB Plan is as follows:

	2019		2018	
As at March 31 *($ in thousands)*	**Non-quoted on an active market**	**Quoted on an active market**	Non-quoted on an active market	Quoted on an active market
Bonds				
Provinces, municipal corporations, and other public administrations	**$ -**	**$ 82**	$ -	$ 84
Other issuers	**-**	**328,814**	-	311,215
Shares	**-**	**110,876**	-	117,165
Cash and money-market securities	**-**	**1,610**	-	2,930
Total fair value of plan assets	**$ -**	**$ 441,382**	**$ -**	$ 431,394

Asset/Liability Matching Strategy

The investment policy is reviewed each year. The current policy is to match those assets in respect of inactive members with a matching fixed-income portfolio. For active members with liabilities with other variables, such as salary growth, assets are not matched, but an equity-centric portfolio is held (70% benchmark in equities). A more in-depth asset/liability study is conducted every three to five years, whereby the investment policy is reviewed in more detail.

Cash Payments

For the year ended March 31, 2019, total cash paid or payable for employee benefits—cash contributed by ATB for the DB and DC provisions of the ATB Plan—made directly to beneficiaries for the unfunded SRP and cash contributed to the PSPP was $47.6 million (2018: $56.8 million).

Contributions expected during the upcoming year are $1.7 million (2018: $6.4 million) for the DB portion of the ATB plan, $0.4 million (2018: $0.4 million) for the unfunded SRP and CPS, and $12.0 million (2018: $12.3 million) for the PSPP.

Pension Plan Obligation Maturity Profile

For 2019, the weighted-average financial duration of the main group plans was approximately 15 years (2018: 16 years).

Net Accrued Benefit Liability

The funded status and net accrued pension-benefit liability for the DB provisions of the ATB Plan and the other pension obligations, which include the PSPP, SRP, obligations recognized in respect of the CPS benefit obligation to inactive plan members, OPEB, and the notional supplemental plan (NSP) consist of the following:

As at March 31 *($ in thousands)*	**2019**	2018
Registered plan		
Fair value of plan assets	**$ 441,383**	$ 431,394
Projected benefit obligation	**(440,697)**	(416,475)
Net pension-benefit asset[1]	**$ 686**	$ 14,919
Supplemental and other		
Unfunded projected benefit obligation, representing the plan funding deficit	**$ (9,037)**	$ (9,611)
Net pension-benefit liability[1]	**$ (9,037)**	$ (9,611)
ATB's share of PSPP		
Fair value of plan assets	**$ 264,132**	$ 250,046
Projected benefit obligation	**(326,782)**	(312,659)
Net pension-benefit liability[1]	**$ (62,650)**	$ (62,613)
Notional supplemental plan liability	**$ (6,160)**	$ (5,740)
Total net pension-benefit liability[1], [2]	**$ (77,161)**	$ (63,045)

[1] Effect of asset limitation and IAS minimum funding requirements is nil.

[2] There are no unrecognized actuarial gains/losses and past-service costs.

The net accrued benefit liability is included in other liabilities in the consolidated statement of financial position as appropriate. (Refer to note 17.)

Other Comprehensive Income

As at March 31	**Registered plan**		**Supplemental and other**		**ATB's share of PSPP**	
($ in thousands)	**2019**	2018	**2019**	2018	**2019**	2018
Actuarial (gain) loss on plan assets	**$ (9,888)**	$ (10,408)	**$ -**	**$ -**	**$ (3,403)**	$ (10,225)
Effect of changes in financial assumptions	**24,892**	6,107	**390**	255	**13,185**	8,003
Experience loss (gain) on plan liabilities	**583**	(973)	**(63)**	(278)	**(12,779)**	(12,667)
Amount recognized in other comprehensive loss	**$ 15,587**	$ (5,274)	**$ 327**	$ (23)	**$ (2,997)**	$ (14,889)
Beginning balance, accumulated other comprehensive loss	**61,903**	67,177	**4,655**	4,678	**(14,724)**	165
Ending balance, accumulated other comprehensive loss (income)	**$ 77,490**	$ 61,903	**$ 4,982**	$ 4,655	**$ (17,721)**	$ (14,724)

Change in Plan Assets and Benefit Obligations

Changes in the estimated financial position of the DB provisions of the ATB Plan, the PSPP, and the SRP and OPEB obligations are as follows:

As at March 31	**Registered plan**	**Supplemental and other**	**ATB's share of PSPP**

($ in thousands)	2019	2018	2019	2018	2019	2018
Change in fair value of plan assets						
Fair value of plan assets at beginning of the year	**$ 431,394**	$ 419,714	**$ -**	$ -	**$ 250,046**	$ 226,682
Contributions from ATB	**1,612**	2,162	**1,240**	12,661	**12,001**	13,492
Interest income	**15,259**	15,753	**-**	-	**9,061**	8,708
Actuarial gain (loss) on plan assets	**10,183**	10,291	**-**	-	**3,403**	10,225
Benefits paid	**(15,960)**	(15,507)	**(1,240)**	(12,661)	**(10,379)**	(9,061)
Actual plan expenses	**(1,105)**	(1,019)	**-**	-	**-**	-
Fair value of plan assets at end of the year	**$ 441,383**	$ 431,394	**$ -**	$ -	**$ 264,132**	$ 250,046
Change in defined benefit obligation						
Projected benefit obligation at beginning of the year	**$ 416,475**	$ 411,472	**$ 9,611**	$ 19,203	**$ 312,659**	$ 301,618
Effect of changes in financial assumptions	**24,892**	6,107	**390**	255	**13,185**	8,003
Experience (gain) loss on plan liabilities	**583**	(973)	**(63)**	(278)	**(12,779)**	(12,667)
Current-service costs	**-**	-	**-**	438	**13,003**	13,481
Past-service costs	**-**	-	**-**	3,150	**-**	-
(Gain)/loss on settlements	**-**	-	**-**	(1,030)	**-**	-
Interest expense	**14,707**	15,376	**339**	534	**11,093**	11,285
Benefits paid	**(15,960)**	(15,507)	**(1,240)**	(12,661)	**(10,379)**	(9,061)
Defined benefit obligation at end of the year	**$ 440,697**	$ 416,475	**$ 9,037**	$ 9,611	**$ 326,782**	$ 312,659
Net pension-benefit asset (liability)	**$ 686**	$ 14,919	**$ (9,037)**	$ (9,611)	**$ (62,650)**	$ (62,613)

Defined-Benefit Pension Expense

Benefit expense for DB provisions of the ATB Plan and for PSPP, SRP, and OPEB consists of the following:

As at March 31	**Registered plan**		**Supplemental and other**		**ATB's share of the PSPP**	
($ in thousands)	**2019**	2018	**2019**	2018	**2019**	2018
Current-service costs	**$ -**	$ -	**$ -**	$ 438	**$ 13,003**	$ 13,481
Past-service costs	**-**	-	**-**	3,150	**-**	-
(Gain)/loss on settlements	**-**	-	**-**	(1,030)	**-**	-
Interest expense	**14,707**	15,376	**339**	534	**11,093**	11,285
Interest income	**(15,259)**	(15,753)	**-**	-	**(9,061)**	(8,708)
Administrative expenses and taxes	**810**	1,136	**-**	-	**-**	-
Net pension-benefit expense recognized	**$ 258**	$ 759	**$ 339**	$ 3,092	**$ 15,035**	$ 16,058

Key Assumptions and Sensitivities

The significant assumptions used in the actuarial determination of projected benefit obligations and the related net benefit expense are, on a weighted-average basis, as follows:

	Registered plan		Supplemental and other		ATB's share of the PSPP	
	2019	2018	**2019**	2018	**2019**	2018
Accrued benefit obligation as at March 31						
Discount rate at end of the year	**3.3%**	3.6%	**3.3%**	3.6%	**3.3%**	3.6%
Rate of compensation increase[1]	**-**	-	**-**	-	**3.2%**	3.3%
Defined benefit expense for the year ended March 31						
Discount rate at beginning of the year	**3.6%**	3.8%	**3.6%**	3.8%	**3.6%**	3.8%
Rate of compensation increase[1]	**-**	-	**-**	-	**3.3%**	3.5%
ATB's share of PSPP contributions	**-**	-	**-**	-	**3.6%**	3.7%

[1]The long-term weighted average rate of compensation increase, including merit and promotion.

The following table outlines the possible impact of changes in certain key weighted-average economic assumptions used to measure the accrued pension-benefit obligations as at March 31, 2019, and the related expense for the year then ended:

As at March 31, 2019 ($ in thousands)		Registered plan Benefit obligation	Registered plan Benefit expense	Supplemental and other Benefit obligation	Supplemental and other Benefit expense	ATB's share of the PSPP Benefit obligation	ATB's share of the PSPP Benefit expense
Discount rate							
Impact of:	1.0% increase	**$ (60,096)**	**$ (2,745)**	**$ (1,122)**	**$ 40**	**$ (49,194)**	**$ (3,983)**
	1.0% decrease	**76,738**	**2,026**	**1,371**	**(55)**	**49,194**	**3,087**
Inflation rate							
Impact of:	1.0% increase	**40,795**	**1,372**	**110**	**3**	**23,783**	**2,156**
	1.0% decrease	**(36,022)**	**(1,210)**	**(99)**	**(4)**	**(23,783)**	**(2,156)**
Rate of compensation increase							
Impact of:	0.25% increase	**2,046**	**75**	**1**	**-**	**7,575**	**977**
	0.25% decrease	**(1,985)**	**(72)**	**-**	**-**	**(7,575)**	**(977)**
Mortality							
Impact of:	10.0% increase	**(8,348)**	**(267)**	**(169)**	**(6)**	**N/A[1]**	**N/A[1]**
	10.0% decrease	**9,185**	**294**	**187**	**7**	**N/A[1]**	**N/A[1]**

[1] Mortality sensitivity information for the PSPP is not available.

This sensitivity analysis should be used with caution, as it is hypothetical and the effect of changes in each significant assumption may not be linear. Also, the sensitivities in each key variable have been calculated independently of changes in other key variables, and actual experience may result in simultaneous changes to a number of key assumptions. Changes in one factor could result in changes to another that may serve to amplify or reduce certain sensitivities.

21 Payment in Lieu of Tax

Pursuant to the *ATB Act*, the Government of Alberta may assess a charge to ATB as prescribed by the *Alberta Treasury Branches Regulation (ATB Regulation)*. The *ATB Regulation* defines the charge to be an amount equal to 23% of ATB's consolidated net income as reported in its audited annual financial statements. The payment in lieu of tax is calculated as 23% of net income reported under IFRS, excluding AltaCorp's net income, which is subject to income tax.

As at March 31, 2019, ATB accrued a total of $41.6 million (2018: $81.1 million) for payment in lieu of tax. The amount outstanding as at March 31, 2018, was settled on June 30, 2018, with ATB issuing a subordinated debenture to the Government of Alberta. (Refer to note ~~18~~.) The payment in lieu of tax will continue to be settled by issuing subordinated debentures until ATB's Tier 2 notional capital is eliminated. (Refer to note ~~26~~.)

Included in ATB's payment in lieu of tax are income taxes relating to AltaCorp with the provision varying from what is calculated by applying the combined statutory Canadian federal and provincial income tax rate:

As at March 31 *($ in thousands)*		**2019**		2018
Income taxes at Canadian statutory tax rate	**$ 657**	**27%**	$ 1,008	27%
(Decrease) increase in income taxes resulting from:				
Tax exempt income	**(810)**	**(33%)**	(484)	(13%)
Prior-year tax adjustment	**22**	**1%**	-	-
Deferred income tax recovery	**-**	**-**	(247)	(7%)
Other	**148**	**6%**	311	8%
Total income tax expense	**$ 17**	**1%**	$ 588	15%

22 Related-Party Transactions

In the ordinary course of business, ATB provides normal banking services to various departments and agencies of the Government of Alberta on terms similar to those offered to non-related parties. (Refer to note 15.) These services also include OTC foreign-exchange forwards to manage currency exposure. (Refer to note 11.) The fair values of the asset and liability associated with these derivative contracts as at March 31, 2019, are $23.1 million (2018: nil) and nil (2018: $0.5 million), respectively.

During the year, ATB leased certain premises from the Government of Alberta. For the year ended March 31, 2019, the total of these payments was $0.3 million (2018: $0.4 million). ATB recognized a deposit guarantee fee payable to the Crown in right of Alberta in return for a guarantee on all customer deposits and a payment in lieu of tax. (Refer to notes 15 and 21.) ATB also has subordinated debt outstanding with the Crown in right of Alberta. (Refer to note 18.)

ATB entered into a wholesale borrowing agreement with the Minister on November 24, 2003 (amended November 9, 2007). The agreement was amended again in December 2015 to increase the available limit of borrowings to $7.0 billion from $5.5 billion. Under this agreement, the Minister acts as fiscal agent of ATB under the *Financial Administration Act* and is involved in raising wholesale deposits in the marketplace. As at March 31, 2019, wholesale borrowings were $3.6 billion (2018: $4.7 billion) payable to the Minister.

ATB's key management personnel, defined as those having authority and responsibility for planning, directing, and controlling the activities of ATB, include select members of our senior leadership team: the chief executive officer, chief financial officer, chief transformation officer, president and executive vice president ATB Wealth, and chair and CEO, AltaCorp Capital Inc. ATB provides loans to key management personnel, their close family members, and their related entities on market conditions, except for banking products and services that are subject to approved guidelines governing all employees. As at March 31, 2019, $7.6 million (2018: $8.3 million) in loans were outstanding. Key management personnel have deposits provided at standard market rates. As at March 31, 2019, $0.6 million (2018: $0.6 million) in deposits were outstanding.
No impairment losses were recorded against balances outstanding from key management personnel, and no specific allowances for impairment were recognized on balances with these personnel and their close family members. Key management personnel's compensation is disclosed in the Executive Compensation section of the MD&A.

Key management personnel may also purchase achievement notes based on their role within ATB. As at March 31, 2019, $2.9 million (2018: $2.8 million) in achievement notes were outstanding to this group. The following table presents the compensation of ATB's key management personnel:

For the year ended March 31	**2019**	2018
Salaries and other short-term employee benefits [1]	**$ 4,138**	$ 8,437
Post-employment benefits[2]	**39**	3,502
Other long-term benefits[3]	**2,207**	4,522
All other compensation[4]	**4,939**	-
Total[5]	**$ 11,323**	$ 16,461

[1]Salaries and other short-term employee benefits consists of all regular base pay earned, perquisite allowance, severance, board of director compensation and other direct cash remuneration, ATB's share of employee benefits and contributions or payments made on behalf of employees. Short-term incentive plan pay is also included, and is accrued based on goal attainment for the fiscal year but is paid after the fiscal year-end.
[2]Post-employment benefits consists of retirement and other post-employment benefits.
[3]Other long-term benefits includes long-term incentive, that includes the grant awarded for the year. Payment of the year's grant is deferred for up to three years and will include appreciation or depreciation annually based on ATB's long-term risk adjusted return on capital (RAROC) performance and depends on the employee's continued employment with ATB.
[4]All other compensation may include the following: perquisites, health care spending account credits, employer contributions to a registered retirement savings plan and an unfunded supplementary pension plan operating on a defined-contribution basis (DC SERP) within the CEO Pension Plan, completion of contract payment and benefit (in lieu of retirement benefits), personal tax advice, and employer contributions to the Notional Supplemental Plan (NSP). ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the Income Tax Act. The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions.
[5]Difference in presentation of current year and prior values based on ATB's regulatory disclosure change for 2019 executive compensation.

23 Commitments, Guarantees, and Contingent Liabilities

Credit Instruments

In the normal course of business, ATB enters into various off-balance-sheet commitments to provide customers with sources of credit. These may include letters of credit, letters of guarantee and loan guarantees, and commitments to extend credit.

All of these credit arrangements are subject to ATB's normal credit standards, and collateral may be obtained where appropriate. The contract amounts represent the maximum credit risk exposure to ATB should the contracts be fully drawn and any collateral held prove to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts do not necessarily represent future cash requirements.

Letters of Credit

Standby letters of credit represent an irrevocable obligation to make payments to a third party if the customer cannot meet its financial or performance contractual obligations. In the event of a call on such commitments, ATB has recourse against the customer.

Documentary and commercial letters of credit require ATB to honour drafts presented by third parties upon completion of specific activities.

Guarantees

Guarantees also represent an irrevocable obligation to make payments to a third party in certain situations. Guarantees include contracts or indemnities that contingently require ATB to make payments (either as some asset or service) to another party based on changes in an asset, liability, or equity the other party holds; failure of a third party to perform under an obligating agreement; or failure of a third party to pay its indebtedness when due. The term of these guarantees varies according to the contracts and normally does not exceed one year. In the event of a call on such commitments, ATB has recourse against the customer.

Commitments to Extend Credit

Commitments to extend credit represent undertakings by ATB to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis.

The amounts presented in the current and comparative year for commitments to extend credit include demand facilities of $12.0 billion (2018: $12.2 billion). For demand facilities, ATB considers the undrawn portion to represent a commitment to the customer; however, the terms of the commitment allow ATB to adjust the credit exposure if circumstances warrant doing so. Accordingly, these demand facilities are considered to represent a lesser exposure than facilities with extended commitment terms. Credit facilities are contracted for a limited period of usually less than one year and may expire or terminate without being drawn upon. The contractual amounts of all such credit instruments are outlined in the table below:

As at March 31 *($ in thousands)*	**2019**	2018
Loan guarantees and standby letters of credit	**$ 570,678**	$ 564,130
Commitments to extend credit	**18,738,476**	19,584,772
Total	**$ 19,309,154**	$ 20,148,902

Pledged Assets

In the ordinary course of business, ATB grants a security interest in certain collateral (including securities, interest-bearing deposits with financial institutions, and loans and accounts) to the Bank of Canada in order to participate in clearing and payment systems and to have access to its facilities. ATB also pledges securities to Clearing and Depository Services Inc. in order to participate in a settlement-agent credit ring.

As at March 31 *($ in thousands)*	**2019**	2018
Assets pledged to:		
Bank of Canada	**$ 428,887**	$ 413,379
Clearing and Depository Services Inc.	**16,000**	16,000
Total	**$ 444,887**	$ 429,379

In addition to the amounts above, ATB has pledged assets relating to certain derivative contracts and collateralized borrowing. (Refer to notes 11 and 16.)

Indemnification Agreements

In the normal course of operations, ATB enters into various agreements that provide general indemnification to the other party. Examples of such agreements include service agreements, leasing agreements, clearing arrangements, and service contracts. These indemnifications may require ATB, in certain circumstances, to compensate the other party for costs incurred as a result of various contingencies.
ATB also indemnifies directors and officers, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the company. The terms of these indemnifications vary based on the contract, the nature of which prevents ATB from making a reasonable estimate of the maximum potential amount it could be required to pay to other parties. Historically, any such amounts have not been significant. No amount has been accrued in the consolidated statement of financial position in respect of such indemnifications.

Contingent Liabilities

Various actions and legal proceedings arising from the normal course of business are pending against ATB. Management does not consider the aggregate liability of these actions and proceedings to be material.

Contractual Obligations

ATB has various obligations under long-term non-cancellable contracts, which include service contracts and operating leases for buildings and equipment. The expected payments for such obligations for each of the next five fiscal years and thereafter are outlined as follows:

As at March 31 *($ in thousands)*	**2019**	2018
2019	**$ -**	$ 58,733
2020	**78,207**	33,650
2021	**39,479**	21,883
2022	**23,507**	15,749
2023	**15,349**	13,558
2024	**13,324**	12,643
Thereafter	**59,679**	57,956
Total	**$ 229,545**	$ 214,172

The total expense for premises and equipment operating leases charged to the consolidated statement of income for the year ended March 31, 2019, is $5.7 million (2018: $5.3 million).

Finance Lease Commitments

The future minimum lease payments required under ATB's finance leases were as follows:

As at March 31 *($ in thousands)*	**2019**	2018
Future minimum lease payments:		
Not later than 1 year	**$ 31,096**	$ 30,496
Later than 1 year but not later than 5 years	**105,325**	114,721
Later than 5 years	**149,032**	158,224
Total future minimum lease payments	**285,453**	303,441
Less finance charges not yet due	**79,158**	93,624
Present value of finance lease commitments	**$ 206,295**	$ 209,817

24 Interest Rate Risk

Interest Rate Gap Analysis

Gap analysis involves the allocation of interest-rate-sensitive assets and interest-rate-sensitive liabilities into categories according to their maturity or repricing date. Gaps can change significantly within a short period of time. The impact of changes in interest rates on net interest income will depend upon the size and rate of change in interest rates, the size and maturity of the total gap position, and management of these positions over time. ATB actively manages its interest rate gap position to protect net interest income while minimizing risk. The following table shows ATB's interest rate gap position as at March 31:

	Term to maturity/repricing								
As at March 31, 2019 *($ in millions)*	**Fixed-rate within 3 months**	**Floating-rate within 3 months**	**Within 3 months**	**3–12 months**	**Total within 1 year**	**1–5 years**	**Over 5 years**	**Non-interest-rate-sensitive**	**Total**
Assets									
Cash resources and securities	**$ -**	**$ 5,459,681**	**$ 5,459,681**	**$ -**	**$ 5,459,680**	**$ -**	**$ -**	**$ 218,282**	**$ 5,677,962**
Loans	**7,188,492**	**21,087,809**	**28,276,301**	**4,912,122**	**33,188,423**	**13,392,323**	**713,777**	**(288,799)**	**47,005,724**

Other assets	-	-	-	-	-	-	-	1,660,466	1,660,466
Derivative financial instruments[1]	-	-	6,686,675	2,065,000	8,751,675	7,803,000	4,229,600	-	20,784,275
Total	$ 7,188,492	$ 26,547,490	$ 40,422,657	$ 6,977,122	$ 47,399,778	$ 21,195,323	$ 4,943,377	$ 1,589,949	$ 75,128,427
Liabilities and equity									
Deposits	17,553,856	348,968	17,902,824	5,890,978	23,793,802	4,303,442	24,719	7,799,985	35,921,949
Wholesale borrowings	1,350,200	263,180	1,613,380	225,200	1,838,580	200,000	1,600,000	(19,514)	3,619,066
Collateralized borrowings	611,026	2,056,657	2,667,683	520,886	3,188,568	3,407,164	2,367,083	3,014	8,965,829
Other liabilities	230,875	-	230,875	-	230,875	-	-	1,623,176	1,854,051
Subordinated debentures	82,564	-	82,564	-	82,564	256,576	-	-	339,140
Equity	-	-	-	-	-	-	-	3,644,117	3,644,117
Derivative financial instruments[1]	-	-	14,729,899	755,000	15,484,900	4,601,875	697,500	-	20,784,275
Total	$ 19,828,521	$ 2,668,805	$ 37,227,225	$ 7,392,064	$ 44,619,289	$ 12,769,057	$ 4,689,302	$ 13,050,778	$ 75,128,427
Interest-rate-sensitive gap	$ (12,640,029)	$ 23,878,685	$ 3,195,432	$ (414,942)	$ 2,780,489	$ 8,426,266	$ 254,075	$ (11,460,828)	
as percentage of assets	(16.8%)	31.8%	4.3%	(0.55%)	3.7%	11.2%	0.34%	(15.3%)	

					Term to maturity/repricing				
As at March 31, 2018 ($ in millions) *Assets*	Fixed-rate within 3 months	Floating rate within 3 months	Within 3 months	3–12 months	Total within 1 year	1–5 years	Over 5 years	Non-interest-rate-sensitive	Total
Cash resources and securities	$ -	$ 5,888,526	$ 5,888,526	$ -	$ 5,888,526	$ -	$ -	$ 318,075	$ 6,206,601
Loans	6,466,927	19,262,262	25,729,189	4,559,754	30,288,943	13,157,061	767,150	(102,114)	44,111,040
Other assets	-	-	-	-	-	-	-	1,575,450	1,575,450
Derivative financial instruments[1]	-	-	7,924,275	1,555,000	9,479,275	7,027,300	2,906,000	-	19,412,575
Total	$ 6,466,927	$ 25,150,788	$ 39,541,990	$ 6,114,754	$ 45,656,744	$ 20,184,361	$ 3,673,150	$ 1,791,411	$ 71,305,666
Liabilities and equity									
Deposits									
Securities sold under repurchase agreements	16,108,635	411,457	16,520,092	5,268,982	21,789,074	2,914,547	199	7,979,953	32,683,773
Wholesale borrowings	790,827	-	790,827	-	790,827	-	-	-	790,827
Collateralized borrowings	2,051,515	-	2,051,515	925,000	2,976,515	400,000	1,300,000	(20,046)	4,656,469
Other liabilities	341,780	1,768,992	2,110,772	483,382	2,594,154	3,339,161	2,477,046	(1,908)	8,408,453
Subordinated debentures	74,503	-	74,503	-	74,503	-	-	1,668,711	1,743,214
Equity	73,122	-	73,122	-	73,122	258,077	-	-	331,199
Derivative financial instruments[1]	-	-	-	-	-	-	-	3,279,156	3,279,156
Total	$ -	$ -	$ 13,620,700	$ 1,350,000	$ 14,970,700	$ 4,126,875	$ 315,000	$ -	$ 19,412,575
Interest-rate-sensitive gap	$ 19,440,382	$ 2,180,449	$ 35,241,531	$ 8,027,364	$ 43,268,895	$ 11,038,660	$ 4,092,245	$ 12,905,866	71,305,666
as percentage of assets	$ (12,973,455)	$ 22,970,339	$ 4,300,459	$ (1,912,610)	$ 2,387,849	$ 9,145,701	$ (419,095)	$ (11,114,455)	
[1] Derivative financial instruments are included in this table at the notional amount.	(18.2%)	32.2%	6.0%	(2.7%)	3.3%	12.8%	(0.59%)	(15.6%)	

[1] Derivative financial instruments are included in this table at the notional amount.

The effective yield represents the weighted-average effective yield based on the earlier of contractual repricing and maturity dates. The weighted-average effective yield for each class of financial asset and liability is shown below:

As at March 31, 2019	**Within 3 months**	**3–12 months**	**Total within 1 year**	**1–5 years**	**Over 5 years**	**Total**
Total assets	**3.8%**	**2.9%**	**3.7%**	**2.9%**	**2.6%**	**3.4%**
Total liabilities and equity	**1.8%**	**1.9%**	**1.8%**	**1.5%**	**2.5%**	**1.7%**

Interest-rate-sensitive gap	2.0%	1.0%	1.9%	1.4%	0.1%	1.7%

As at March 31, 2018	Within 3 months	3–12 months	Total within 1 year	1–5 years	Over 5 years	Total
Total assets	3.3%	2.7%	3.2%	2.8%	2.5%	3.0%
Total liabilities and equity	1.4%	1.3%	1.4%	1.2%	2.3%	1.4%
Interest-rate-sensitive gap	1.9%	1.4%	1.8%	1.6%	0.2%	1.6%

Interest Rate Sensitivity

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

As at March 31 *($ in thousands)*	**2019**	2018
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	**$ 38,645**	$ 39,371
200 basis points	**75,765**	76,137
Decrease in interest rates of:		
100 basis points (1)	**(50,147)**	(48,732)
200 basis points (1)	**(117,534)**	(105,026)

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

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

25 Achievement Notes

ATB sells principal at risk achievement notes to certain eligible employees as an incentive for promoting the growth of the subsidiaries of ATB that provide, or will in the future provide, services under the ATB Wealth brand name. Under this plan, eligible employees were offered an opportunity to purchase a 25-year note with a value linked to the fair market value of certain ATB subsidiaries, namely ATB Investment Management Inc, ATB Securities Inc. and ATB Insurance Advisors Inc. Holders of these notes do not have an ownership interest in ATB or its subsidiaries, nor do they have the rights of a direct holder of an interest in ATB or its subsidiaries.

Each note-holder is entitled to:

- Receive a cash payment at maturity representing the then-current value of the note
- Submit a request to sell notes during the annual transaction window (subject to a three-year vesting period and additional restrictions on ATB Wealth executives)
- Receive cash distributions, if any, based on the formula set out in the note

Upon an employee's termination, a designated affiliate of ATB has the right, but not the obligation, to acquire notes from the employee at the price applicable at the termination date.

The notes are not guaranteed under the deposit guarantee provided by the Crown in right of Alberta, and there is the risk, if the fair market value of the ATB subsidiaries specified above decreases, that the note-holder will lose some or all of the original investment. There is no public market for these notes, and the valuation of the ATB subsidiaries specified above is based on a model prepared by an external consultant.

During the year, ATB issued $3.3 million (2018: $3.2 million) of these notes, which are recorded in other liabilities in the consolidated statement of financial position. During the current year, $5.5 million (2018: $2.6 million) of the notes were redeemed. An expense of $2.1 million (2018: $2.1 million expense) was recognized during the year to reflect the decrease in achievement notes outstanding, offset by an increase in the fair value of the notes based on their valuation as at March 31, 2019. As at March 31, 2019, the liability for these notes was $63.1 million (2018: $59.2 million). During the year, $4.1 million (2018: $3.6 million) in distribution payments were accrued for payment to achievement note-holders.

26 Capital Management

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, the Alberta Superintendent of Financial Institutions, 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-balance-sheet 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 subordinated debentures and 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 30, 2009, $600 million of notional capital was made available to ATB. This amount reduces by 25% of net income each quarter. Effective April 1, 2017, software and other intangibles was deducted from total capital.

As at March 31, 2019, ATB has exceeded both the total capital requirements and the Tier 1 capital requirement of the *Capital Adequacy* guideline.

As at March 31 *($ in thousands)*	**2019**	2018
Tier 1 capital		
Retained earnings	**$ 3,652,955**	$ 3,453,844
Tier 2 capital		
Eligible portions of:		
Subordinated debentures	**124,727**	111,193
Wholesale borrowings	**1,853,760**	1,420,000
Collective allowance for loan losses	**189,894**	201,710
Notional capital	**99,199**	148,977
Total Tier 2 capital	**2,267,580**	1,881,880
Deductions from capital		
Software and other intangibles	**302,865**	292,796
Total capital	**$ 5,617,670**	$ 5,042,928
Total risk-weighted assets	**$ 37,441,480**	$ 35,320,997
Risk-weighted capital ratios		
Tier 1 capital ratio	**9.8%**	9.8%
Total capital ratio	**15.0%**	14.3%

27 Shares

ATB's subsidiary, AltaCorp Capital Inc., issues share capital as follows:

(a) Authorized:
Unlimited number of Class A voting common shares without nominal or par value and
Unlimited number of Class B non-voting common shares without nominal or par value

(b) Issued:

(in thousands)	**Shares**	**Value**
Class A shares		
Balance, as at March 31, 2018	**3,386**	**$ 4,414**
Shares issued during the year	**-**	**-**
Balance, as at March 31, 2019	**3,386**	**$ 4,414**

(in thousands)	**Shares**	**Value**
Class B shares		
Balance, as at March 31, 2018	**2,569**	**$ 283**
Shares issued during the year	**1,130**	**2,224**
Shares repurchased during the year	**(1,205)**	**(993)**
Share purchase loan	**-**	**-**
Balance, as at March 31, 2019	**2,494**	**$ 1,514**

28 Business Combinations

Significant Acquisitions

On January 2, 2018, ATB acquired 100% of the voting shares of AltaCorp Capital Inc. (AltaCorp), a full-service brokerage firm that provides advisory and institutional financial services. The acquisition, which required no cash consideration, was made possible by AltaCorp repurchasing and extinguishing the remaining outstanding voting shares. Effectively, ATB's total ownership in AltaCorp increased from 29.7% to 56.8% at acquisition and has been accounted for using the acquisition method. As at March 31, 2019, ATB's total ownership is 57.6% due to the change in Class B shares during the period. (Refer to 27 for further details.)

(See note 30 for the operating revenue and net income earned by AltaCorp since acquisition. No acquisition related costs were incurred. ATB expects the full amount of the acquired receivables to be collected.)

The following table summarizes the assets acquired and liabilities assumed on the date of acquisition based on the finalized purchase price allocation, with the fair values measured on observable market inputs, which includes recent market transactions of comparable companies:
The following table summarizes the information relating to ATB's non-controlling interests (NCI):

As as March 31 *($ in thousands)*	**2019**	2018
NCI percentage	**42.4%**	43.2%
Net assets	**$ 3,037**	$ 3,177
Net assets attributable to NCI	**1,288**	1,372
Operating revenue	**20,002**	15,829
Net (loss) income	**(614)**	3,177
Other comprehensive income	**-**	-
Total comprehensive (loss) income	**(614)**	3,177
Net (loss) income allocated to NCI	**(247)**	1,372
Other comprehensive income allocated to NCI	**-**	-
Cash flows (used in) provided by operating activities	**(1,850)**	11
Cash flows used in investing activities	**(282)**	(14)
Cash flows provided by financing activities	**1,729**	49
Net (decrease) increase in cash	**$ (403)**	$ 46

29 Revenue

Disaggregation of Revenue

Fee and commission income is disaggregated below by fee types and area of expertise (AoE) that reflects the nature and amount of revenue collected in accordance with IFRS 15. (Refer to note 30 for further information regarding ATB's segmented information.)

($ in thousands)	Retail Financial Services	Business and Agriculture	Corporate Financial Services	ATB Wealth	AltaCorp Capital Inc.	Strategic service units	Total
March 31, 2019							
Wealth management	$ -	$ -	$ -	$ 208,736	$ -	$ (4,257)	$ 204,479
Service charges	39,408	30,435	5,461	644	-	411	76,359
Card fees	26,832	39,498	-	116	-	49	66,495
Credit fees	87	6,019	38,669	4	-	307	45,086
Insurance	20,733	3,289	-	14	-	(14)	24,022
Capital markets revenue	-	-	-	-	20,256	-	20,256
Sundry	24	5	2,902	2,672	2,018	(2,712)	4,909
Total revenue from contracts with customers	87,084	79,246	47,032	212,186	22,274	(6,216)	441,606
Other non-contract fee income	5,337	3,703	38,870	(30)	3	1,350	49,233
Total other income	$ 92,421	$ 82,949	$ 85,902	$ 212,156	$ 22,277	$ (4,866)	$ 490,839

30 Segmented Information

ATB has organized its operations and activities around the following five areas of expertise that differ in products and services offered:

- **Retail Financial Services** comprises the branch, agency, and ABM networks and provides financial services to individuals
- **Business and Agriculture** provides financial services to independent business and agricultural customers.
- **Corporate Financial Services** provides financial services to mid-sized and large corporate borrowers.
- **ATB Wealth** provides wealth management solutions, including retail brokerage, mutual funds, portfolio management, investment advice, and private banking.
- **AltaCorp Capital Inc.** provides advisory and institutional financial services, including corporate mergers and acquisitions, equity financings, debt capital markets, acquisitions and divestitures, equity research, sales and trading, market making, and private wealth management.

The strategic service units comprise business units of a corporate nature, such as investment, risk management, and treasury operations, and intercompany eliminations, as well as expenses not expressly attributed to any area of expertise.

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 is disclosed in the notes to the statements.

Since these areas of expertise are based on ATB's internal management structure, they may not be directly comparable to those of other financial institutions.

Net interest income is attributed to each area of expertise according to ATB's internal funds transfer pricing (FTP) system, whereby assets earn net interest income to the extent that external revenues exceed internal FTP expense, and liabilities earn net interest income to the extent that internal FTP revenues exceed external interest expense. Provision for loan losses are allocated based on the loans the area of expertise has issued, and is determined based on the methodology outlined in notes 2 and 10.

Direct expenses are attributed between areas of expertise as incurred. Certain indirect expenses are allocated to ATB Wealth on the basis of service-level agreements. Other indirect costs are allocated between the reporting segments using indirect allocation methods incorporating financial and activity-based cost drivers. Indirect expenses that are not allocated and direct expenses of a corporate or support nature are reported under strategic service units.

($ in thousands)	Retail Financial Services	Business and Agriculture	Corporate Financial Services	ATB Wealth[1]	AltaCorp Capital Inc.	Strategic service units	Total
March 31, 2019							
Net interest income	$ 442,268	$ 335,756	$ 338,066	$ 16,179	$ 511	$ 59,020	$ 1,191,800
Other income (loss)	92,421	82,949	85,902	212,156	22,277	(4,866)	490,839
Total operating revenue	534,689	418,705	423,968	228,335	22,788	54,154	1,682,639
Provision for loan losses	46,818	148,307	138,675	4,345	-	-	338,145
Non-interest expenses[2]	502,937	270,597	137,161	206,810	22,230	24,435	1,164,170
(Loss) income before payment in lieu of tax	(15,066)	(199)	148,132	17,180	558	29,719	180,324
Payment in lieu of tax	-	-	-	12,724	17	28,888	41,629
Net (loss) income	$ (15,066)	$ (199)	$ 148,132	$ 4,456	$ 541	$ 831	$ 138,695
Total assets	$ 23,344,544	$ 7,774,939	$ 14,036,096	$ 994,842	$ 42,334	$ 8,151,396	$ 54,344,151
Total liabilities	$ 12,845,125	$ 9,133,732	$ 10,741,203	$ 1,015,807	$ 34,182	$ 16,929,985	$ 50,700,034
March 31, 2018							
Net interest income	$ 455,801	$ 314,049	$ 329,465	$ 702	$ (62)	$ 22,425	$ 1,122,380
Other income	87,022	78,460	74,529	194,314	15,891	10,319	460,535
Total operating revenue	542,823	392,509	403,994	195,016	15,829	32,744	1,582,915
Provision for loan losses	24,211	27,093	53,702	-	-	-	105,006
Non-interest expenses[2]	506,289	224,709	110,613	143,631	12,064	124,393	1,121,699
Income (loss) before payment in lieu of tax	12,323	140,707	239,679	51,385	3,765	(91,649)	356,210
Payment in lieu of tax	-	-	-	11,819	588	69,244	81,651
Net income (loss)	$ 12,323	$ 140,707	$ 239,679	$ 39,566	$ 3,177	$ (160,893)	$ 274,559
Total assets	$ 22,027,241	$ 7,453,391	$ 11,963,893	$ 140,817	$ 28,537	$ 10,279,212	$ 51,893,091
Total liabilities	$ 12,170,992	$ 9,041,412	$ 9,210,721	$ 102,970	$ 21,131	$ 18,066,709	$ 48,613,935

[1] Effective September 2018, ATB Wealth includes ATB Investor Services and Alberta Private Client (APC). Results for the prior year were not restated to include APC. Previously APC was reported under RFS.
[2] Certain costs are allocated from the strategic service units to the areas of expertise. The allocation method is revised annually and creates fluctuations in ATB's segmented results.

31 Comparative Amounts

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

GRI Index

Access the full GRI Index at **annualreport.atb.com/gri-index**

Glossary

Achievement note	A long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Wealth. Achievement notes have benefits similar to those of equity purchase plans in place for many wealth management companies across Canada, but they also have important features that are unique to ATB.
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.
Area of expertise (AoE) direct contribution	Revenue generated by AoE minus expenses incurred by the AoE. Includes expenses related to the AoE's normal operating activities and does not include corporate allocations. Corporate allocations would include general overhead expenses that the AoE benefits from, including head office building expenses or shared services such as Brand and Corporate Finance.
Assets-to-capital multiple	Total assets divided by total capital.
Assets under administration	Assets that are beneficially owned by customers for which ATB provides management and custodial services. These assets are not reported on ATB's balance sheet.
Average assets	The simple average of the daily total asset balances during the year.
Average interest-earning assets	The monthly average for the year of deposits with financial institutions, securities, and loans, excluding impaired loans and provision for loan losses.
Average risk-weighted assets	The value of assets calculated by applying a predetermined risk-weight factor to on- and off-balance-sheet exposures.
Basis point	One one-hundredth of one percent (0.01%).
Carrying value	The value of an asset or liability as reported within the consolidated financial statements.
Cash flow at risk	The statistically modelled change in replacement costs, relative to a particular expectation, that could occur due to the impact of market risks on a specified set of financial instruments (bonds, swaps, investments, etc.), over a particular time period and selected confidence level.
Clean price	The fair value of assets, excluding accrued interest.
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.
Customer advocacy index (CAI)	The standard metric ATB uses to measure a client's willingness to continue to bank with ATB and to recommend ATB to others, allowing us to benchmark ourselves against other financial institutions in Alberta.
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, and foreign-exchange and commodity forward and futures contracts.
Economic capital	ATB's own assessment of the capital it needs at a given confidence level over one year. It is used to estimate the true capital required to underpin the risks in ATB's balance sheet, and for risk-adjusted pricing for the areas of expertise. It is also used for risk budget quantification and optimizing balance sheet assets based on risk-adjusted return and risk appetite. It is calculated by aggregating a credit risk capital calculation (using internal and external data), operational risk, and other comprehensive risks as per the Internal Capital Adequacy Assessment Process.
Effective interest rate	A rate that exactly discounts estimated future cash payments or receipts over the expected life of a financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset or liability.
Efficiency ratio	Non-interest expenses for the year divided by total operating revenue for the year. May be referred to as the "productivity ratio" by other financial institutions.
Embedded derivative	A component of a financial instrument or other contract with features similar to a derivative.

Equity-linked options	A class of options that gives the purchaser the right but not the obligation to buy an individual share, a basket of shares, or an equity index at a predetermined price, on or before a fixed date, on a fixed date, or on a series of fixed dates.
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 or currencies on a specified date at a predetermined price. Forwards are customized contracts transacted in the over-the-counter market. Futures are traded on recognized exchanges.
Fund management fees	Fees earned from funds or investors for providing, or arranging for, investment decisions, management of funds, and distribution and sales of fund units. The amount earned is linked to portfolio value and is received monthly.
Funds transfer pricing (FTP)	An internal allocation process used to calculate the profitability of the areas of expertise and isolate them from interest rate risk.
Growth in assets under administration	The current year's assets under administration less the previous year's assets under administration, divided by the previous year's assets under administration.
Guarantee or letter of credit	A contractual agreement to provide assurance that if a client defaults on payment to a third party, ATB will make that payment under specified conditions. ATB has recourse against its clients for any such advanced funds.
Hedging	A risk management technique used to reduce uncertainty associated with current or anticipated exposure to future movements in interest rates, foreign-exchange rates, and equity or commodity prices.
High-quality liquid assets (HQLA)	Instruments that are free of any restrictions on liquidating, selling, or transferring. They are eligible for Large Value Transfer System (LVTS) collateral at the Bank of Canada and are low risk, so they can easily be converted into cash at little or no loss in value.
Impaired loan	A loan for which there is no longer reasonable assurance of the timely collection of principal or interest.
Income before provisions	All ATB revenue (operating revenue) minus non-interest expenses (operating expenses). Does not include payment in lieu of taxes or loan loss provision expenses.
Interest rate floor	A contract whereby the buyer pays the seller a premium in exchange for the payment of any difference below a set strike interest rate and the prevailing market interest rate on predetermined dates.
Interest rate gap	A measure of net assets or liabilities by future repricing date.
Interest rate risk	The potential for financial loss arising from changes in interest rates in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.
Letter of credit	ATB's guarantee of payment to an interested third party in the event the client defaults on an agreement.
Letter of guarantee	A contract issued by ATB for a client to purchase goods from a supplier, even if the client defaults.
Liquidity coverage ratio (LCR)	HQLA divided by total net cash outflows over the next 30 calendar days. LCR is designed to ensure sufficient assets are on hand to endure a short-term liquidity disruption of up to 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 losses to average loans	The provision for loan losses divided by average net loans.
Market risk	The risk that a loss may be incurred as a result of adverse changes in interest rates, foreign-exchange rates, and equity or commodity market prices.
Mortgage-backed securities	Securities established through the securitization of residential mortgage loans.

Net income	Income after the removal of payment in lieu of tax.
Net interest income	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	The ratio of net interest income for the year to the value of average interest-earning assets for the year.
Net loans	Gross loans less the allowance for loan losses.
Net loan growth	Net loans outstanding at year-end less net loans outstanding at the previous year-end, divided by net loans outstanding at the previous year-end.
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 for hedging.
Operating expense growth	The current year’s non-interest expenses less the previous year’s non-interest expenses, divided by the previous year’s non-interest expenses.
Operating revenue growth	The current year’s total operating revenue less the previous year’s total operating revenue, divided by the previous year’s total operating 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 operating revenue	Other income for the year divided by operating revenue for the year.
Performing loans	Net loans, excluding the impacts of impaired loans and provisions for loan losses.
Performing loan growth	Performing loans outstanding at year-end less performing loans outstanding at the previous year-end, divided by performing loans outstanding at the previous year-end.
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	An expense representing 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 or lifetime horizon.
Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) *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, customer base, or relationship with its owner.
Return on average assets	Net income for the year divided by average total assets for the year.
Return on average risk-weighted assets	Net income for the year divided by risk-weighted assets for the year.
Risk-adjusted return on capital (RAROC)	A relative performance measure that provides a standardized comparison across different investments, areas of expertise, and financial institutions. It compares their net income, adjusted for risk, to its estimate losses in a worst-case scenario.
Securities purchased under reverse repurchase agreements	The purchase of securities for cash and the concurrent sale of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securities sold under repurchase agreements	The cash sale of securities and the concurrent repurchase of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securitization	The process by which a pool of financial assets, mainly loans, are converted into asset-backed securities and transferred to a trust that normally issues a series of asset-backed securities to investors to fund the purchase of loans.
Standby fees	Fees charged monthly, quarterly, or annually to a customer based on the average unused portion of their loan commitment. They can arise on any loan, including syndicated loans.

Swaps	A contractual agreement between two parties to exchange a series of cash flows. For interest rate swaps, counterparties generally exchange fixed- and floating-rate interest payments based on a notional amount in a single currency. For cross-currency swaps, counterparties generally exchange one currency for another, at a set date.
Syndication fees	Fees associated with syndicated loans, where ATB, but not the lead syndicate, participates with other financial institutions to fund a loan to a customer.
Tier 1 capital	An internally assessed measure of retained earnings and other disclosed reserves.
Tier 1 capital ratio	Tier 1 capital divided by risk-weighted assets.
Total capital	An internally assessed 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.
Total operating revenue	The sum of net interest income and other income.
Total asset growth	Total assets outstanding at year-end less total assets outstanding at the previous year-end, divided by total assets outstanding at the previous year-end.
Total deposit growth	Total deposits outstanding at year-end less total deposits outstanding at the previous year-end, divided by total deposits outstanding at the previous year-end.
Trailer fees	Fees earned from asset management companies for providing advice to clients who hold investments in the mutual funds. The amount earned is linked to portfolio value and received quarterly.
Underwriting fees	Fees earned when AltaCorp is agent/underwriter in distributing the securities of issuers.
Yield curve	A graph curve showing the return of a fixed-interest security against the term to maturity.

Locations

We're wherever you need us to be. To find a location near you, visit atb.com/branchlocator.

Our 174 Branches

Airdrie (2)
Andrew
Athabasca
Banff
Barrhead
Beaverlodge
Black Diamond
Bonnyville
Bow Island
Boyle
Breton
Brooks
Bruderheim
Calgary (28)
Camrose
Canmore
Cardston
Caroline
Carstairs
Castor
Chestermere
Claresholm
Coaldale
Cochrane
Cold Lake
Consort
Coronation
Crossfield
Daysland
Didsbury
Drayton Valley
Drumheller
Edmonton (24)
Edson
Elk Point
Fairview
Falher
Foremost
Forestburg
Fort Macleod
Fort McMurray (2)
Fort Saskatchewan
Fort Vermilion
Grande Prairie (3)
Granum
Grimshaw
Hanna
High Level
High Prairie
Hinton
Hythe
Innisfail
Jasper
Killam
La Crete
Lac La Biche
Lacombe
Lamont
Leduc
Lethbridge (3)
Linden
Lloydminster
Magrath
Manning
Mayerthorpe
McLennan
Medicine Hat (3)
Milk River
Nanton
Okotoks
Olds
Onoway
Oyen
Peace River
Picture Butte
Pincher Creek
Ponoka
Provost
Raymond
Red Deer (3)
Redwater
Rimbey
Rocky Mountain House
Rycroft
Ryley
Sherwood Park (2)
Slave Lake
Smoky Lake
Spirit River
Spruce Grove
St. Albert (2)
St. Paul
Stettler
Stony Plain
Strathmore
Sundre
Sylvan Lake
Taber
Thorsby
Three Hills
Tofield
Trochu
Two Hills
Valleyview
Vegreville
Vermilion
Viking
Vulcan
Wainwright
Westlock
Wetaskiwin
Whitecourt
Wildwood

Our 143 Agencies

Acadia Valley
Airdrie
Alberta Beach
Alder Flats
Alix
Alliance
Altario
Amisk
Argyll
Arrowwood
Barons
Bashaw
Bassano
Bawlf
Beaumont
Benalto
Berwyn
Big Valley
Blackfalds
Blackie
Blairmore
Bon Accord
Bonanza
Bowden
Bragg Creek
Bruce
Calmar
Carmangay
Carseland
Cereal
Century Park
Champion
Chauvin
Cleardale
Clive
Coutts
Czar
Delburne
Delia
Devon
Dewberry
Donalda
Duchess
Eaglesham
Eckville
Edberg
Edgerton
Edmonton
Capilano
Centre 39
Four Directions
Kingsway
Lynnwood
Mayfield
Norquest
Summerside Plaza
Elnora
Empress
Enchant
Evansburg
Ferintosh
Fort Assiniboine
Fox Creek
Galahad
Gibbons
Gleichen
Glendon
Glenwood
Grande Cache
Grassland
Halkirk
Hardisty
Hay Lakes
Heisler
High River
Hines Creek
Holden
Innisfree
Irma
Irricana
Irvine
Islay
Kinuso
Kitscoty
Lake Louise
Lomond
Lougheed
Mallaig
Mannville
Marwayne
Millarville
Millet
Milo
Mirror
Morinville
Morrin
Mulhurst
Mundare
Myrnam
Nampa
New Norway
New Sarepta
Newbrook
Nobleford
Paradise Valley
Peers
Penhold
Plamondon
Radway
Rainbow Lake
Red Earth Creek
Redcliff
Rockyford
Rolling Hills
Rosemary
Sangudo
Sedgewick
Sexsmith
Spruce Grove
St. Albert
Standard
Stavely
Stirling
Strome
Swan Hills
Tangent
Thorhild
Tilley
Vauxhall
Veteran
Vilna
Wabamun
Wabasca
Wandering River
Wanham
Warburg
Warner
Waskatenau
Wembley
Westerose
Willingdon
Winfield
Worsley
Youngstown