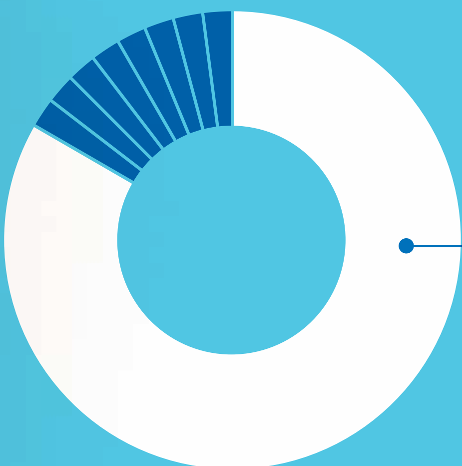
CHAPTER ONE

Why do we measure happiness?

Because we believe, outrageously, that banking can change people's lives for the better. And good things happen when happiness becomes your purpose.



84%

TEAM MEMBER ENGAGEMENT,

*"the emotional commitment an employee has to the organization and its goals."**

NO. 13

50

BEST WORKPLACES IN CANADA

Great Place to Work®

BEST EMPLOYERS IN CANADA

Aon Hewitt

ALBERTA'S TOP EMPLOYERS

MediaCorp

TOP EMPLOYERS FOR YOUNG PEOPLE

MediaCorp

50

One of the

50 MOST ENGAGED WORKPLACES

in North America

Achievers

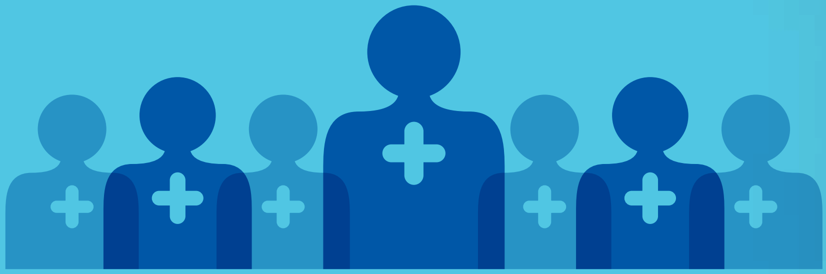
*"Engaged employees actually care about their work and their company. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organization's goals."**

* Kruse, Kevin. *Forbes*, June 22, 2012, at http://www.forbes.com/sites/kevinkruse/2012/06/22/employee-engagement-what-and-why/.

NO. 1 FOR CUSTOMER ADVOCACY IN ALBERTA'S COMMERCIAL AND CORPORATE MARKET

56

ATB-WIDE CLIENT ADVOCACY SCORE



35,867 NEW CUSTOMERS

PERMISSION TO LAUNCH

In the past year, ATB accepted a number of new missions for the greater good of our customers, including:

TRACKIT
an online tool that helps customers securely view their accounts from multiple institutions and analyze their spending patterns

ONE-OFF PAYMENTS
a convenient, cost-effective, and secure way to manage certain corporate and commercial payments

PHASE ONE OF A NEW CLIENT PORTAL
to give Investor Services clients easy access to electronic statements, reduce paper, and save time for team members and clients

GROUP FINANCIAL SERVICES
which has helped 24 client companies offer competitive banking packages to employees

Registered Investor Services in the United States, and created other U.S. products, including the

U.S. PROPERTY LOAN

BUT WAIT, THERE'S MORE:

WE RECEIVED
a Lipper Fund award for 2014 Best Mixed Asset Fund Group for our Compass Portfolio Series (Reuters)

WE DIFFERENTIATED
ATB through the Agriculture Centre of Expertise

WE INTRODUCED
a start-up package to make it easier for Albertans to start their own business

HAPPY TEAM MEMBERS + HAPPY CUSTOMERS = HAPPY NUMBERS

66.0%	$328.7M	$43.1B
EFFICIENCY RATIO	NET INCOME	TOTAL ASSETS

BY THIS TIME NEXT YEAR

2015 Annual Report

ATB Financial®

We did a lot of things right in 2014–15. I am proudest of three things we did simultaneously: We put strong leaders in place and our team members told us they were more engaged in their work and more productive. Secondly, with those engaged team members serving them, our customers said they liked dealing with ATB and would recommend us—and they did! Lastly, we increased our profitability. All three of those factors—engagement, loyalty, and profitability—are at the highest levels ever attained by ATB. It's easy to excel at any one of these factors at the expense of the others. But to get all three of them right—at the same time—is exactly what we set out to achieve.

Still, we can do better.

By this time next year, ATB will be even more intentional and consistent in inspiring our team members and delivering top-notch customer service. We believe we can transform banking by making it work for *people. When we do that, we will truly be more than a bank to Alberta.*

DAVE MOWAT

President and CEO, and Alberta Venture*'s*
2014 Businessperson of the Year

CONTENTS

By this time next year...

FOREWORD

From our roots as a single branch in Rocky Mountain House back in 1938, ATB Financial has grown into a quintessential Alberta success story.

ATB is the largest Alberta-based deposit-taking financial institution, with $43.1 billion in assets, $1.5 billion in operating revenues, and $328.7 million in net income. We are also a significant employer across Alberta, with almost 5,300 team members in 244 communities providing personal, business, agriculture, corporate, and investor financial services to over 710,000 Albertans and Alberta-based businesses.

We are a cornerstone in rural Alberta, as the only financial institution in more than 120 rural communities. With 172 branches and 135 agencies throughout the province, plus our own Customer Care Centre based in Calgary, we are there when you need us. Our Internet, mobile, and telephone banking applications allow customers to bank at their convenience, no matter when or where.

OPERATIONAL HIGHLIGHTS
2014–15

Happy Customers

- Obtained an ATB-wide customer advocacy score[1] of 56, our highest ever
- Welcomed 35,867 new customers
- Opened one new branch (Chestermere) and two new agencies (Edmonton and Calgary)
- Strengthened connections among all our areas of expertise in order to connect customers with the right team members and solutions
- Launched TrackIt, an online tool that helps customers securely view their accounts from multiple institutions and analyze their spending patterns
- Expanded the convenience and speed of our mobile banking applications like Interac email money transfer and made them available for Apple, Android, and BlackBerry mobile devices
- Launched Group Financial Services, which has helped 24 client companies offer competitive banking packages to employees
- Introduced the U.S. property loan and other U.S. products
- Received a Lipper Fund award for 2014 Best Mixed Asset Fund Group for Investor Services' Compass Portfolio Series[2] *(Reuters)*
- Extended ATB's knowledge leadership in supporting small and medium-sized businesses through the Business Centre of Expertise
- Differentiated ATB through the Agriculture Centre of Expertise, making ATB *the* place to go for farmers and ranchers
- Introduced a start-up package to make it easier for Albertans to start their own business
- Launched One-Off Payments, a convenient, cost-effective, secure way to manage certain payments
- Hosted the third-annual investor conference with AltaCorp Capital, and achieved record attendance
- Launched phase one of our new Investor Services client portal to give clients easy access to electronic statements, reduce paper, and save time for team members and clients
- Registered nationally in the United States to seamlessly serve Canadian clients who live in the U.S. part time
- Improved the Online Advice tool and reconnected goal-planning advisors with partners throughout ATB

[1] Customer advocacy index (CAI) is ATB's standard metric, based on surveys conducted by TNS Canadian Facts and NRG Research Group on ATB's behalf, for measuring a customer'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. Possible scores range from −20 to 90.
[2] www.compassportfolios.com/NewsRoom/Pages/Compass-Portfolios-Rated-in-the-Top-10-Percent-of-Peers,-Awarded-Lipper-and-FundGrade-A+-.aspx

REVENUE EARNED BY AREA OF EXPERTISE

- **35%** *Retail Financial Services*
- **23%** *Corporate Financial Services*
- **22%** *Business and Agriculture*
- **11%** *Corporate revenues*[3]
- **9%** *Investor Services*

Happy Team Members

- Gained 244 new team members
- Earned 84% team member engagement, our highest ever
- Introduced a new flexible pension plan and payroll system
- Ranked 13th of 50 for Best Workplaces in Canada *(Great Place to Work®)*
- **Received awards for:**
  - 50 most engaged workplaces in North America *(Achievers)*
  - Best employers in Canada *(Aon Hewitt)*
  - Alberta's top employers *(MediaCorp)*
  - Top employers for young people *(MediaCorp)*
  - Best workplaces for millennials *(Alberta Venture)*
- **Won governance awards from the Canadian Society of Corporate Secretaries for:**
  - Best approach to board and committee support
  - Best sustainability, ethics, and environmental governance programs
- Shortlisted for best board practices in strategic planning, oversight, and value creation

Happy Numbers

- $328.7 million net income, our highest ever
- $43.1 billion in total assets, up $5.4 billion from $37.7 billion
- 66.0% efficiency ratio,[4] demonstrating increased productivity
- 6.6% operating leverage,[5] a marked improvement over the 0.6% attained last year

[3] Corporate revenues include those from investment, risk management, asset/liability management, and treasury operations.
[4] Efficiency ratio is calculated by dividing non-interest expenses for the year by total operating revenue for the year. It measures how much it costs us to generate $1 of revenue. So for every $1 of revenue we earned in 2014–15, it cost us 66 cents to earn it.
[5] Operating leverage refers to how our revenue grows in comparison to our expenses. A positive leverage means our revenues grew faster than our expenses.

MORE HIGHLIGHTS

by area of expertise

Retail Financial Services

- Achieved a team member engagement score[6] of 86%
- Reached a customer advocacy score of 49, our highest ever
- Acquired 35,613 new customers, increasing our customer base by 5.9%
- Achieved operating revenue of $507.5 million, an increase of 10.0% over last year

Business and Agriculture

- Achieved a team member engagement score of 87%
- Reached a customer advocacy score of 57, our highest ever
- Realigned leadership to flatten the organization and create more focus in growing the small business market
- Launched the ATB Business Banking Centre

Corporate Financial Services

- Achieved a team member engagement score of 72%
- Reached a customer advocacy score of 69,[7] which ranks us at number one in terms of customer advocacy in Alberta's commercial and corporate market versus our competition
- For the first time, saw the CFS Syndication Group become the second-ranked syndication team for number of energy deals led
- Launched the Equipment Finance and Project Finance teams

Investor Services

- Achieved a team member engagement score of 90%
- Reached a customer advocacy score of 61, our highest ever
- Grew assets under management by $2.7 billion to reach $13.7 billion
- Received multiple awards for our top-performing Compass Portfolio Series funds[8]
- Achieved 85% participation in our advisors' mastery development program, with 97% of them meeting or exceeding our expectations

[6] Team member engagement scores are measured by Aon Hewitt.
[7] Based on a survey conducted by NRG Research Group among commercial and corporate banking customers and prospects in Alberta in February–March 2015.
[8] www.compassportfolios.com/NewsRoom/Pages/Compass-Portfolios-Rated-in-the-Top-10-Percent-of-Peers,-Awarded-Lipper-and-FundGrade-A+-.aspx

FINANCIAL HIGHLIGHTS
2014–15

For the year ended March 31		2015		2014 restated[9]
Operating results *($ in thousands)*				
Net interest income	$	1,030,432	$	966,012
Other income		438,356		384,447
Operating revenue		1,468,788		1,350,459
Provision for credit losses		72,584		42,395
Non-interest expenses		969,346		949,091
Net income before payment in lieu of tax		426,858		358,973
Payment in lieu of tax		98,177		82,564
Net income	$	328,681	$	276,409
Financial position *($ in thousands)*				
Net loans	$	37,684,892	$	33,885,144
Total assets	$	43,074,923	$	37,704,475
Total risk-weighted assets	$	31,349,283	$	27,367,116
Total deposits	$	30,589,355	$	27,316,438
Equity	$	3,008,187	$	2,583,934
Key performance measures *(%)*				
Return on average assets		0.82		0.78
Operating revenue growth		8.8		9.8
Other income to operating revenue		29.8		28.5
Operating expense growth		2.1		9.2
Operating leverage[10]		6.6		0.6
Efficiency ratio		66.0		70.3
Net interest spread		2.68		2.85
Credit losses to average loans		0.20		0.13
Performing loan growth		11.1		14.4
Total asset growth		14.2		13.9
Total deposit growth		12.0		15.1
Return on average risk-weighted assets		1.1		1.1
Growth in assets under management		24.1		28.1
Tier 1 capital ratio[11]		9.3		9.5
Total capital ratio[11]		10.9		11.5
Other information				
Investor Services' assets under management *($ in thousands)*	$	13,690,837	$	11,029,074
Branches		172		171
Agencies		135		133
ABMs		279		274
New customers		35,867		21,465
Team members[12]		5,299		5,055

[9] Comparative amounts have been restated for derivative assets previously offset. See note 28 to the financial statements for more details.
[10] This is a new key performance measure for the fiscal year.
[11] Calculated in accordance with the Alberta Superintendent of Financial Institutions Capital Requirements guideline.
[12] Number of team members includes casual and commissioned.

PERFORMING LOANS	$ IN BILLIONS
2015	$37.6
2014	$33.9
2013	$29.6
2012	$26.6
2011	$25.1

TOTAL DEPOSITS	$ IN BILLIONS
2015	$30.6
2014	$27.3
2013	$23.7
2012	$22.2
2011	$21.0

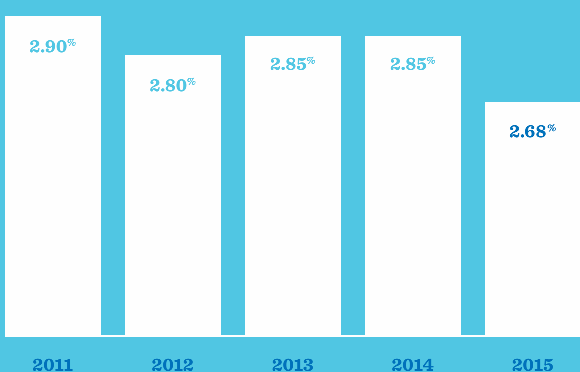
NET INCOME	$ IN THOUSANDS
2015	$328,681
2014	$276,409
2013	$241,300
2012	$195,108
2011	$172,905

ASSETS UNDER MANAGEMENT	$ IN BILLIONS
2015	$13.7
2014	$11.0
2013	$8.6
2012	$7.1
2011	$6.3

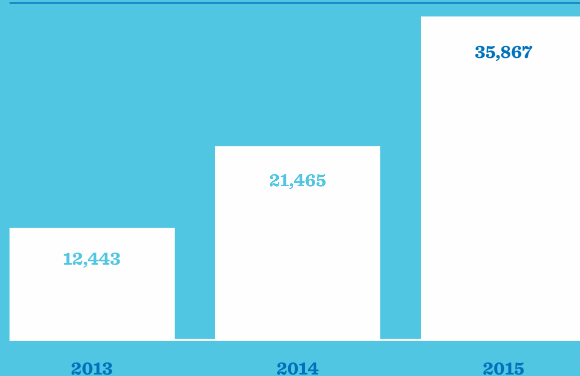
TOTAL REVENUE	$ IN BILLIONS
2015	$1.5
2014	$1.4
2013	$1.2
2012	$1.1
2011	$1.0

EFFICIENCY RATIO	
2015	66.0%
2014	70.3%
2013	70.7%
2012	75.3%
2011	71.2%

NET INTEREST SPREAD



NEW CUSTOMERS



35,867 *new customers*

66.0% *efficiency ratio*

$328.7M *net income*

$43.1B *total assets*

MESSAGE FROM OUR BOARD CHAIR

ATB Financial has set out on a journey to transform banking. As we turn our attention to creating happiness, we will identify and eliminate issues that frustrate customers. We will empower our team members to take the initiative to make customers happy. We will use technology to make banking easier, and we will streamline processes. Our goal is to have happy team members, happy customers, and a happy shareholder.

The current economic downturn creates challenges, but it also creates opportunities. For more than 77 years, ATB has been there to support Albertans in tough economic times and in good times. As an Alberta institution, we know Alberta and we have close relationships with Albertans; our decision makers are here. ATB is well positioned to help the people of Alberta emerge from the current challenges even stronger than before.

ATB welcomed six new members to the board in 2014. Our new members have brought fresh ideas, new opinions, and different perspectives that increase our value to the organization. Our board now has seven men and five women, and our committee chairs are Joan Hertz, Colette Miller, Jim Drinkwater, and Barry James.

This year, ATB won governance awards from the Canadian Society of Corporate Secretaries for best approach to board and committee support and for best sustainability, ethics, and environmental governance programs. We were also shortlisted for best practices in strategic planning, oversight, and value creation by the board.

Although we are proud to have received this recognition, we continue to focus on improving. We will continue to set the standard for the tone at the top, support innovation, and ensure that accountability is as important at the board level as it is for management.

I would like to thank our retiring board members for their contributions: Doug Baker, Robert Carwell, Lloyd Craig, Art Froelich, Bern Kotelko, and Mike Percy. I am confident our new members will continue to build on the solid foundation they have left behind.

On behalf of all members of the board, I would like to thank our team members, customers, and shareholder for their continued support.

Brian Hesje, FCA, MBA, ICD.D
Chair of the Board

MESSAGE FROM OUR PRESIDENT AND CEO

For the second year in a row, ATB Financial has finished strong. We increased profitability while growing both customer loyalty and team member engagement. It can be easy to improve profitability at the expense of your customers or your team, but that's not a long-term strategy for success. When you're able to improve loyalty and engagement and have them, in turn, produce the profitability, you're optimizing the operation. I think ATB's success in this regard is something we can all be proud of.

We're making ATB *the* place to work and are strategically targeting our leaders' involvement. We've also expanded customers' connections to experts to assist our customers with banking solutions. Perhaps most exciting is that we clarified our purpose and have a plan to respond to challenges facing the banking industry. We boldly believe we can transform banking to truly make it work *for* people.

Our Strategy

Our objectives for 2014–15 included connecting our customers with experts across ATB with the goal of creating more value for them as well as for ATB. We set out on our path to become a leader in channels and payments to give customers speed, simplicity, and convenience. Finally, we wanted to start on a three-year journey to understand what we need to do to get more customers to bank with ATB.

The world of banking is rapidly changing, and more and more "non-banks" will routinely provide products and services that previously were the exclusive domain of banks. These developments, combined with continuing low interest rates and increasing regulatory requirements, mean that all financial institutions, including ATB, will be challenged to find ways to retain traditional margins and deepen customer relationships.

At last year's annual public meeting, Cody Strass, one of our valued team members, asked, "What does ATB do to make customers happy?" With that simple question, he cut to the heart of the matter for us. If we set out to use our expertise to find ways to make banking work *for* people, we can transform banking. And if we can help customers gain a bit more happiness through their banking, we can be very successful.

So we launched our new three-year strategic plan. It is centred on a story that reflects our purpose as an organization and the promise of our brand. That brand is clearly translated into actions by a set of principles called "ATBs" that will truly differentiate ATB in the marketplace. As part of our strategy, we are being very intentional about our expectations for the kind of experience our customers receive, and we're holding all team members accountable for delivering it, every time. We're also working on what we're calling our "stadium"—all the things that must be done behind the scenes to make sure our team members have the best tools, processes, environments, and products to allow them to do their best work and deliver exceptional experiences and results for our customers.

A Look Ahead

The price of oil and the uncertainty around the economy is a challenge for many Albertans, including ATB. But we've been in this situation before and know that things will turn around again. In the meantime, we are doing business as usual with an abundance of caution. We have a healthy balance sheet, strong fundamentals, and people on our team who've been through this in the past, who can advise our leadership team and our customers.

By this time next year, we want to be living the principles we've set out that will make us more intentional and consistent in serving customers better. We will become better at asking what you want and need from us, and better at listening and finding innovative ways to deliver—ways that differ from what you'd normally get from a bank. We'll also continue to deepen our relationship with customers and introduce them to other team members who can help. And we'll invest in tools to make it easier for customers to move and manage money.

It's time for a big leap forward. We've done the groundwork and laid out a sound path toward transforming banking. We'll build on where we already excel while looking for opportunities to develop new strengths, with all our decisions and actions driven by the pursuit of our customers' success. And with the success of customers will come the growing success of Alberta. The transformation of banking that ATB will undertake will be an important accelerant to strengthening Alberta's future.

Thank you, team members, for what you do every day for our customers and for making ATB a place where we can all do our best work. And customers, without you we simply would not exist. We may face stormy weather ahead, but today we're stronger than ever to withstand whatever thunder and lightning Alberta's economy throws at us, and to help you do the same.

Thank you for your trust in us.

Dave Mowat
President and CEO

We will become better at asking what customers want and need from us, and better at listening and finding innovative ways to deliver—ways that differ from what people would normally get from a bank.

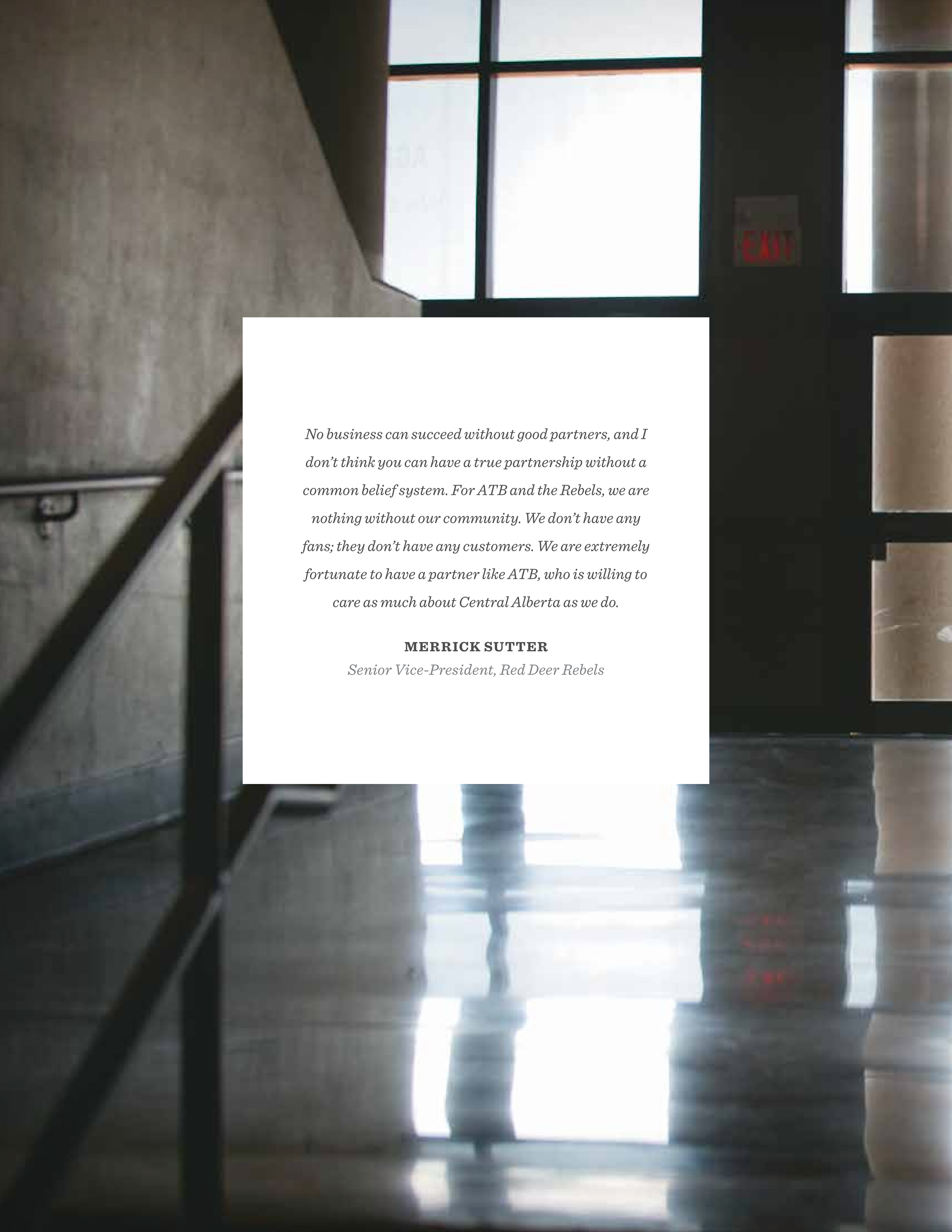
DAVE MOWAT
President and CEO

Over the last decade, ATB has continued to focus on customers and, by doing so, has matured and created four very successful areas of expertise. We're now realizing on the outcomes of the past decade. Today we have record levels of engagement, customer advocacy, and profit. Our largest opportunities are still ahead of us, and we must continue to find ways to differentiate ourselves from our competitors, make banking work for *people and do things other banks wouldn't do. We'll create WOW customer experiences by leveraging our past investments and by enhancing the processes, tools, and products our team members work with to ensure they are world-class and enablers of customer service.*

CURTIS STANGE
Chief Strategy and Operations Officer

We'll be more intentional and consistent in making banking work *for* people.

By this time next year, we'll be more intentional and consistent in making banking work for *people. We'll continue to be steadfast and responsible in our pursuit of Albertans' greater good. We'll continue to enable our team's visionaries. We'll do what's right. We'll be socially responsible. We'll be here when you need us, like always. And we'll be well on our way to transforming banking.*



No business can succeed without good partners, and I don't think you can have a true partnership without a common belief system. For ATB and the Rebels, we are nothing without our community. We don't have any fans; they don't have any customers. We are extremely fortunate to have a partner like ATB, who is willing to care as much about Central Alberta as we do.

MERRICK SUTTER
Senior Vice-President, Red Deer Rebels


WHL
CCM
REBELS

MERRICK'S STORY

As a member of the second generation of Alberta's most famous hockey family, Merrick Sutter has had a lifelong passion for Canada's sport. "When you love what you do, it makes getting up every day a lot easier," he says. "It's been a passion since we owned the team."

As a young teen, Merrick knew he wasn't destined for a career on the ice, but he definitely wanted to be in the family business of hockey. Joining the Red Deer Rebels organization and helping to create a strong team for Central Alberta has allowed him to do that.

Part of Merrick's job as senior vice-president of the Rebels organization is ensuring that the hockey club aligns itself with brands and businesses that share similar values. The 15-year partnership between ATB and the Rebels has been successful because both businesses value investing in the community and giving customers a first-class experience.

"We feel comfortable knowing that the way ATB operates its business is very similar to the way that we operate ours," says Merrick. "I think it helps both brands."

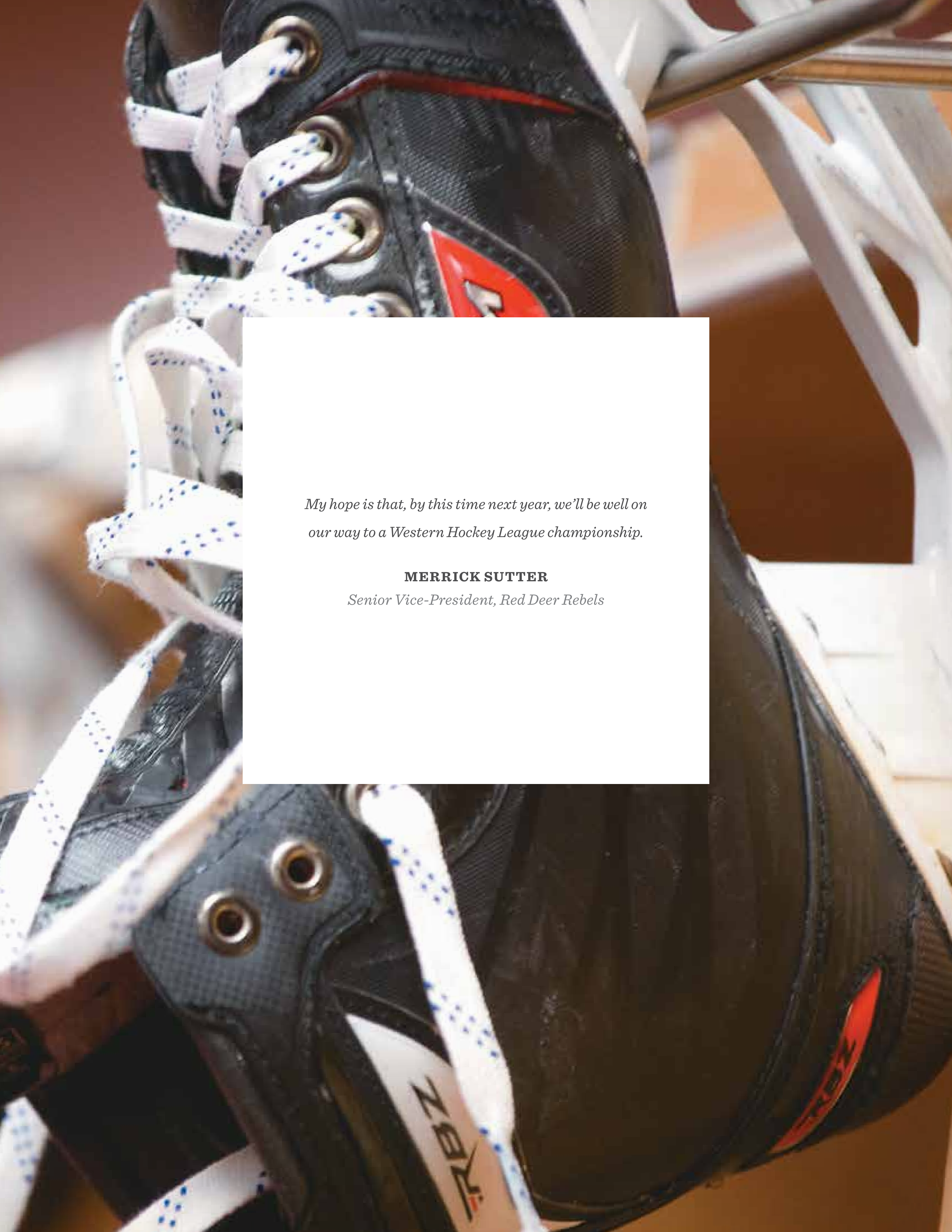
Lee Deary, branch manager, North Gaetz Crossing in Red Deer, says the close working relationship between the Rebels and ATB is unique. The organizations partner for many events, including an annual Lids for Kids event that raises money for Ronald McDonald House.

"The cool thing is that if we have an idea, I pick up the phone and talk with them and they are so enthusiastic," says Lee. "Our Generation account for kids is even called the Junior Rebels account, and it comes with a Rebels bank card that gives them discounts at the Rebels store as well as two free tickets to a game. No other institution has a relationship like we do."

Describing himself as a stubborn optimist, Merrick is excited about the future of the province and of Central Alberta. He's particularly looking forward to hosting the 2016 Mastercard Memorial Cup, an event that fans have wanted to see in the city for years.

"There's an enormous economic impact with visitors, but there's also the emotional impact of the hometown team going for a national championship in front of their hometown fans, and I don't think you can put a value on that," he says.

"My hope is that, by this time next year, we'll be well on our way to a Western Hockey League championship, and very much in the process of creating the greatest sporting event Central Alberta has ever seen."



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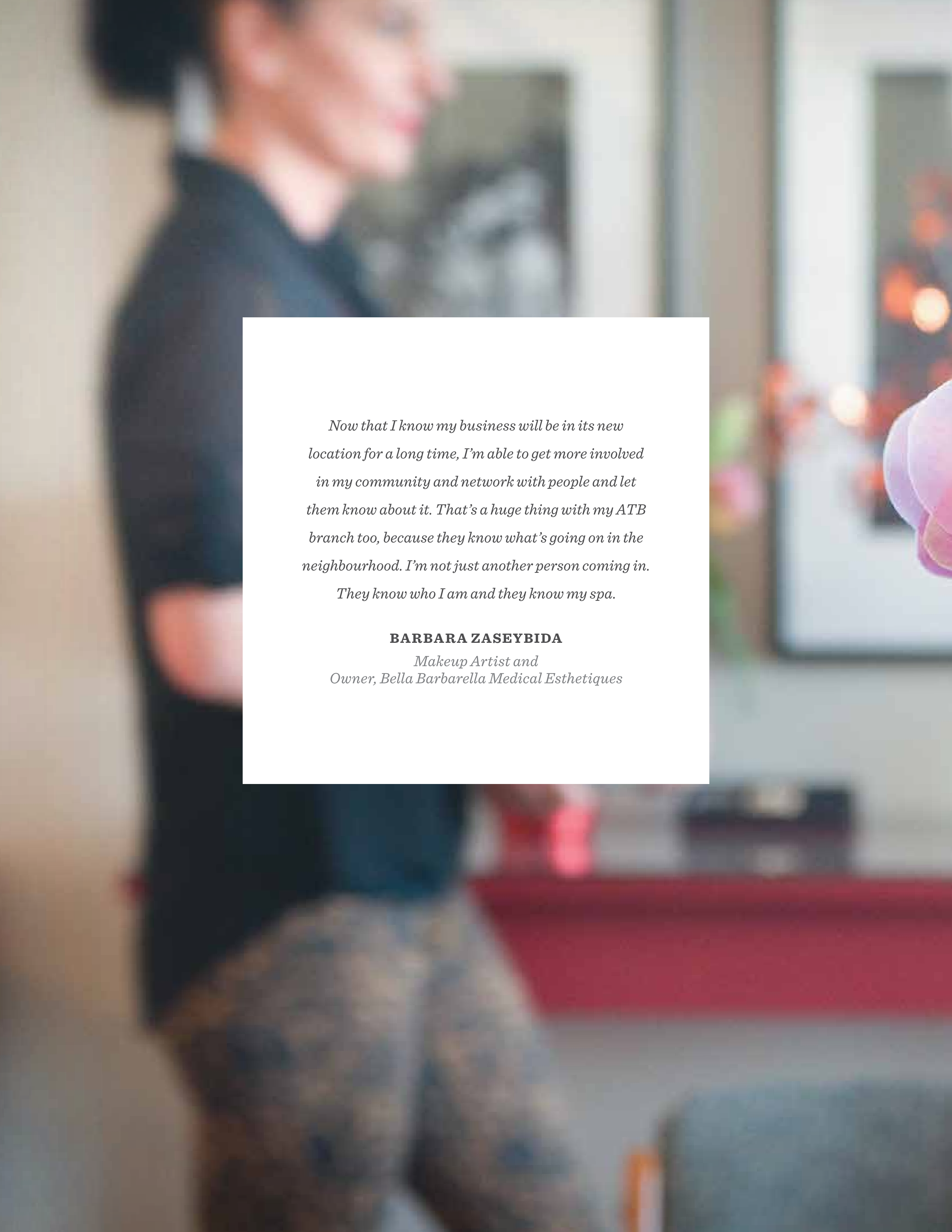
MERRICK SUTTER
Senior Vice-President, Red Deer Rebels



Now that I know my business will be in its new location for a long time, I'm able to get more involved in my community and network with people and let them know about it. That's a huge thing with my ATB branch too, because they know what's going on in the neighbourhood. I'm not just another person coming in. They know who I am and they know my spa.

BARBARA ZASEYBIDA

Makeup Artist and
Owner, Bella Barbarella Medical Esthetiques

BARBARA'S STORY

Asking ourselves where we want to be by this time next year, or any time down the road, allows us to work toward a higher-quality experience of life. Calgarian and ATB customer Barbara Zaseybida has set her goal for a year from now, and it's one that countless Albertans can relate to—more balance.

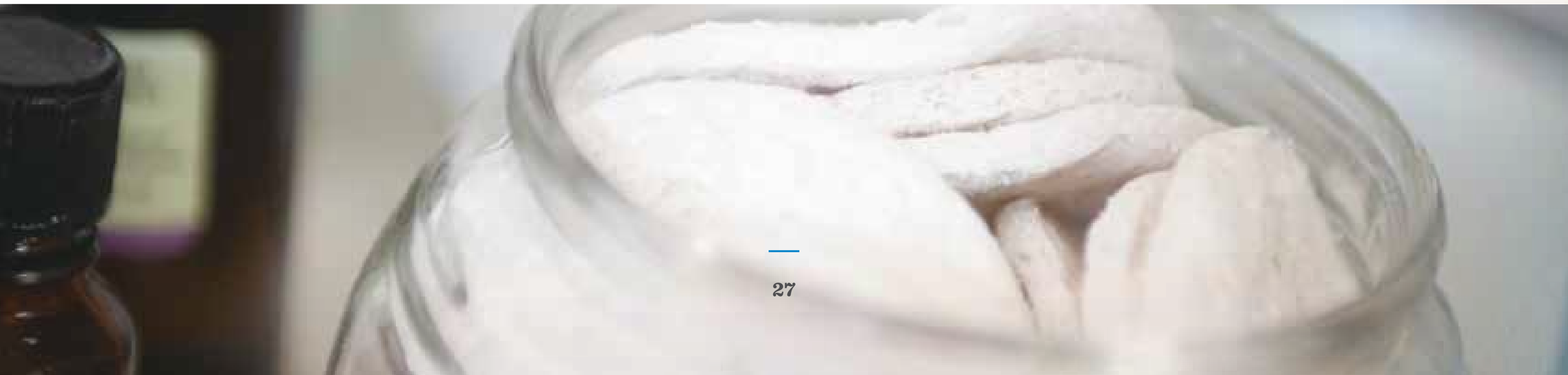
Barb and her husband have six kids between them, and Barb juggles parenting with a career as a makeup artist in the film industry as well as running her newest business, Bella Barbarella Medical Esthetiques. This year, she made a major move toward achieving her goal, relocating Bella Barbarella from a space in a gym to a beautiful spa area in her new home.

"I can walk downstairs in the morning, get the kids to school, and come home and just start work right away. Having the spa at home also allows me the time to actually develop my business," says Barb.

ATB has been part of Barb's life for almost 20 years. The relationship began when Barb's dad, a long-time customer, co-signed a loan for Barb to get started in the film industry. "I really enjoyed the smaller bank feeling, and I like that ATB really does help a lot of local and provincial businesses. That's an important thing," she says.

With a grand opening in her new location coming up, Barb and branch manager Christina Warr are putting their heads together to see how ATB can help.

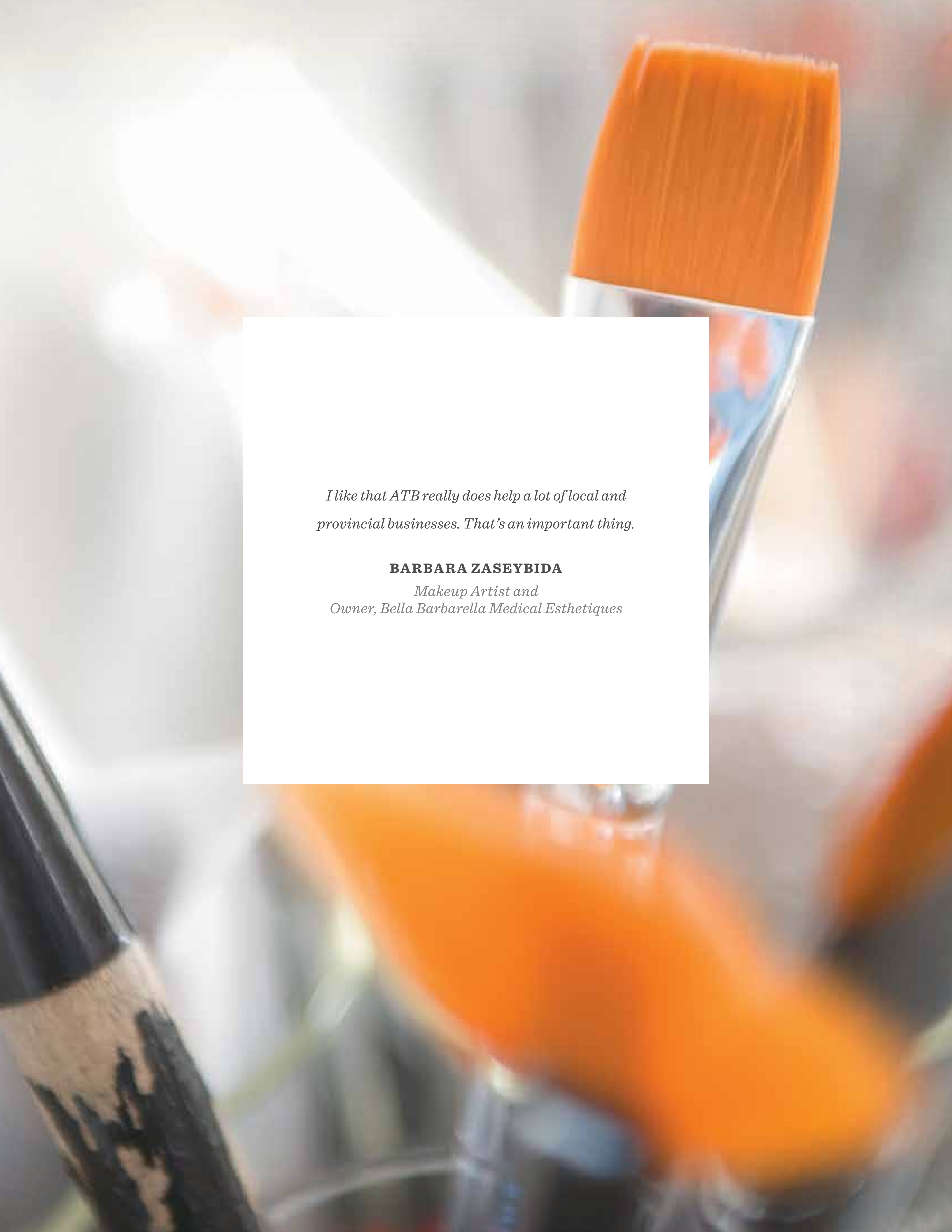
"She's invited us to the grand opening, so we're absolutely going to go welcome her into the community," says Christina. "I strongly believe in partnering with small business in the community, so we are looking at possibly doing some joint ventures, perhaps client appreciations or some advertising in the branch."



Describing herself as a born caregiver, Barb believes that professional businesses that provide people with a caring, personal experience can have a huge impact on the well-being of individuals and communities. She likes that ATB is also committed to her community on many levels, from creating an area in the branch for local businesses to advertise to supporting a project near to her heart, the Altadore School and Community Edible Garden, also called The Owls' Nest Too.

The project will provide elementary school children, local seniors, and other community members with plots to grow organic crops of their choice. The local ATB branch donated $5,000 to the fundraising campaign, and Christina and her team will be volunteering.

"It's a really cool project," says Barb. "I think it's amazing that the branch is stepping forward and supporting it because it will affect everybody."



I like that ATB really does help a lot of local and provincial businesses. That's an important thing.

BARBARA ZASEYBIDA
Makeup Artist and
Owner, Bella Barbarella Medical Esthetiques

I want to treat people the way I want to be treated. That's why I'm happy with the service I get at ATB. The manager has time to talk to everybody, and that's how it should be. Every customer is important.

KEN SHARPE

President, Marken Machining, Ltd.

KEN'S STORY

Brooks resident and ATB customer Ken Sharpe has been going after what he wants since he was a boy, when he fled foster care in Ontario to come out West to live with his aunt and uncle.

"You have to work for what you want. Others are there to help me along, like ATB if I need extra financing," says Ken. "But I'm the one who has to put in the work and take the risk. You have to take chances."

Ken initially worked on the rigs, then took the machinist apprenticeship program after a shoulder injury. He found he had a passion for making and fixing things. In 2003, he made the bold move to start his own company. Marken Machining Ltd. serves the oilfield, agriculture, and industrial sectors, doing everything from custom manufacturing and productions to fabricating corral panels. When it started, Ken was the sole employee. Today, the company has five highly trained journeyman machinists and is known for doing quality work.

"My motto is that I may not be the biggest, but I'm probably one of the best machine shops in Brooks. And if you're not happy, come tell me, because we'll make you happy," says Ken, who can tell if someone is going to be a good machinist after just one month.

Happiness forms the basis of Ken's relationship with ATB Financial. "It's kind of like a friendship," he explains. "There's a small-town atmosphere, from the manager all the way down, and they make you feel like somebody."

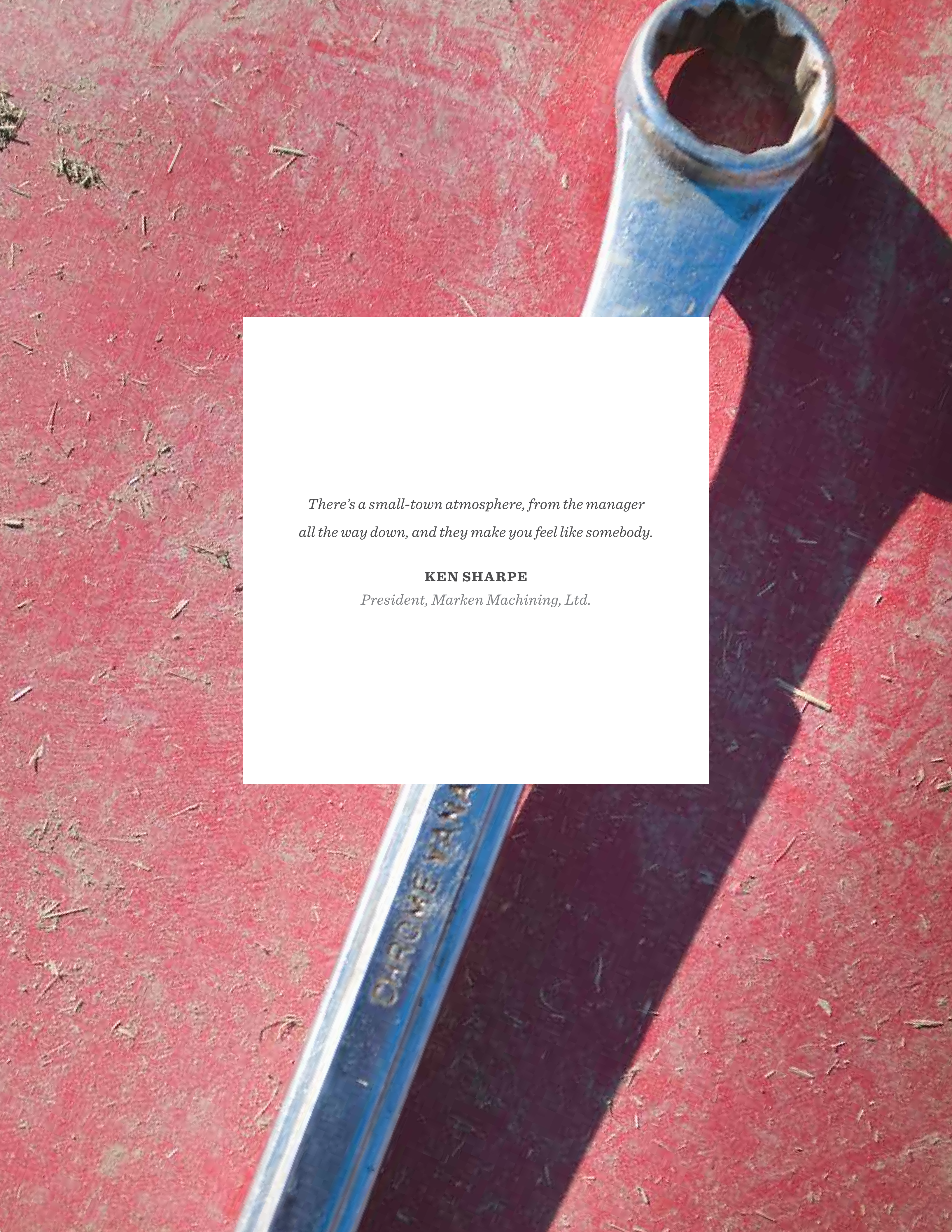
Branch manager Pat Guist and her team see how much pride Ken takes in his work, and they're eager to help him achieve his goals—when he's ready. By this time next year, Ken will be that much closer to retirement, and he appreciates that when he does decide to leave his business, he'll have advice from advisors who know him and his situation.

He's also considering buying more land and is pleased to know that financing is available, but he's waiting to see

what happens with the economy. One venture he is definitely moving ahead with is expanding his cow herd, with plans to double it to 200. "We'll be here to help him build his herd to get it where he wants," says Pat.

Pat enjoys visiting with Ken when he pops into the branch or invites her and other ATB team members for lunch. "You have to love the man because he is so positive," she says. "He just goes with the flow and is always looking at the bright side of life."

When he isn't working or tending his herd, Ken enjoys spending time with his wife, Arlane, and their two daughters and three grandchildren. He also recently bought a boat for fishing, where he can relax and dream of the next thing he wants to go after.



There's a small-town atmosphere, from the manager all the way down, and they make you feel like somebody.

KEN SHARPE

President, Marken Machining, Ltd.

KAREN'S STORY

Roll the calendar forward and Calgarian and ATB customer Karen Hartley can't tell you exactly what she'll be doing, but she's looking forward to whatever awaits. One of the 14,000 Albertans who lost their jobs in February 2015 after oil prices collapsed, Karen is tapping back into her entrepreneurial spirit to find new opportunities to embrace.

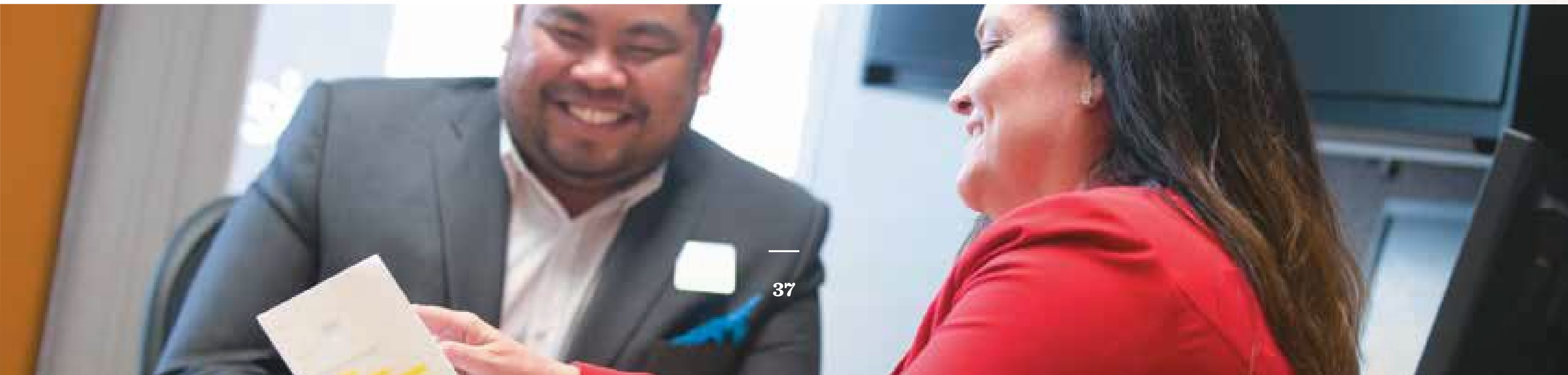
"I will be in a new home this time next year, and I think my home-based waxing business will have grown. I'm also taking time to do research in terms of the market and gaps and openings. Either somebody is going to hire me or I will create another business," she says.

As an entrepreneur, Karen has already successfully run three businesses, one of which she started during the last downturn and worked in for 18 months before going back to the corporate world. While she hasn't ruled out a new corporate position, she's drawn to working for herself because it gives her control over where she wants the business to go.

"I'm 50 percent risk taker," she laughs. "A lot of people are a bit intimidated by entrepreneurialism, but it's easier than you think. It's putting one foot in front of the other, taking those little steps, and being responsible with those steps. And then you wake up 10 years later and say, "Wow, I'm still self-employed!""

Juliette Klemencic manages ATB's Fifth Avenue branch, where Karen is a frequent visitor.

"She's just one of those people you meet and you're like best friends right away," says Juliette. "There's a deep personal relationship between Karen and the team here, and the nice thing is that if she decided she wanted to grow her current business or start something new, we can connect with other advisors, see how we can support her, and help build a plan."



Travel is one of Karen's passions. She's been to many places in the world, including on safari in Africa, where she got to see gorillas in the wild. She enjoys sharing her adventures during her visits to the branch—and the bonus is that she finds ATB is actually listening.

"Because they know me, they minimize my stress," says Karen. "They'll say, 'You seem to travel in the States a lot. Do you want to open up a U.S. bank account and get a U.S. credit card so you aren't constantly changing money back and forth?' Or they'll present me with options about things instead of me relying on my limited knowledge. They're helping me in terms of what is specific to my life through their observations and my questions."

I love the Fifth Avenue branch. I go in, they greet me by name, we have a laugh, and I get the transactions and the services I need. For me, that's ideal. I'm not looking for rock star treatment. I'm just looking for that personal one-on-one—you know about my life and I know about yours. And there's that sense of caring.

KAREN HARTLEY
Entrepreneur

We'll continue to be steadfast and responsible in our pursuit of Albertans' greater good.

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CORPORATE GOVERNANCE

Corporate governance begins with the board of directors and its committees and extends throughout the entire organization to every team member. ATB is committed to transparency and accountability and has voluntarily adopted governance practices relevant to the corporation, including disclosure aligned with National Instrument 58-101 *Disclosure of Corporate Governance Practices* and National Instrument 52-110 *Audit Committees*.

ATB supports delivery of useful information through broad channels of communication and use of appropriate financial and operational performance measures. ATB is also committed to accurate, timely, and periodic financial reporting. Remuneration of ATB's directors and key executive is disclosed on page 188.

Board of Directors

ATB operates under the direction of 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, and monitors ATB's performance in executing its strategy and meeting its objectives.

The board oversees implementation of an effective risk management culture and actively monitors ATB's risk profile relative to its risk appetite. It proactively adopts governance practices and business policies broadly comparable to those of other Canadian financial institutions.

The board derives its strength from its members, who are independent and who have a diverse range of expertise and experience. ATB's board members are listed on pages 44–47.

Nomination and Selection of New Board Candidates

The board chair is responsible for working with an independent consultant who assists the Governance and Conduct Review Committee of the board 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 geography, profession, and industry representation. Diversity is another important factor, and the board has adopted a diversity policy. Currently, five of the twelve directors are women, and the board consists of members of various demographics.

For more information on ATB's governance, visit atb.com/about/pages/atb-governance.aspx

The Governance and Conduct Review Committee ensures that the board selection process complies with the *Alberta Public Agencies Governance Act* and the Mandate and Roles Document. Recruitment of board members is publicly advertised and takes into consideration general qualifications, legal requirements, business experience, independence, and future needs of the board. Appointment is for a fixed term of up to three years, with the potential for reappointment to a maximum of 10 years.

Orientation and Professional Development

To enhance board effectiveness and ensure new directors can make valuable contributions as soon as possible, ATB provides them with a comprehensive orientation to our business and affairs, which includes an overview of the roles and responsibilities of the board and its committees and the contributions expected from each board member. To assist board members in understanding their responsibilities as well as ATB's business, all board members are also encouraged to participate in ongoing professional development activities, including attendance at internal and external seminars.

Board Evaluations

Annually, the board evaluates the effectiveness of the board and its chair, its committees and their chairs, individual directors, and the CEO. Board members complete questionnaires that include an evaluation of the effectiveness of the board's activities, an assessment of committee performance, and a peer assessment of individual director performance. Further, the Audit Committee completes an annual assessment of the financial literacy of its members.

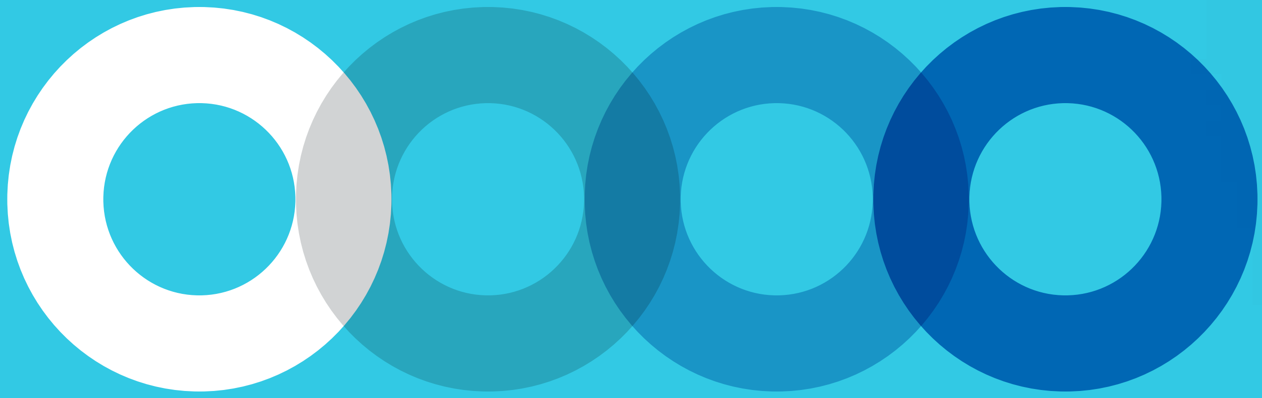
The Governance and Conduct Review Committee oversees the evaluation process and reviews the questionnaires, which assist in its development of a board composition skills-matrix as well as succession planning. The board chair meets privately with each director and provides feedback, with the ultimate goal of performance improvement.

Committees

The board has established four committees to assist it in discharging its oversight responsibilities. Each committee, through its chair, reports to the board following each meeting. The responsibilities of each committee are set out in their respective terms of reference, which are reviewed by the Governance and Conduct Review Committee annually to ensure responsibilities are properly allocated.

From time to time, various special purpose committees of the board may be formed. All of the committees have the ability to engage outside advisors at the expense of ATB.

BOARD COMMITTEES



Audit
oversees the integrity of ATB's financial reporting and internal control systems, as well as its internal audit and finance functions. It serves as a main forum for communication between the board and its internal and external auditors.

Human Resources
oversees ATB's human resources policies and procedures and compensation programs, as well as executive succession, development, performance and compensation, and pension plan governance.

Governance and Conduct Review
assists with the developing of corporate governance policies and procedures, including those respecting the conduct and ethics of team members; oversees board and committee evaluation processes; and recommends candidates for appointment to the board.

Risk
assists the board with establishing ATB's risk appetite, oversees management of key business risks, reviews key risk management policies, and oversees ATB's compliance with regulatory requirements.

DIRECTORS

As at March 31, 2015, the board consists of 12 directors, all independent.
For detailed director biographies, visit atb.com/directors

Brian Hesje

Chair

ATB director since 2011

PRINCIPAL OCCUPATION

Former chair and CEO, Fountain Tire Ltd.

EDUCATION

B.Ed., MBA, University of Alberta; FCA, Canadian Institute of Chartered Accountants; fellow of the Chartered Accountants of Alberta; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director on boards of FYidoctors, Norseman Group, Treadmark Properties, Hesje Farms Ltd., Rick Hansen Foundation, and Almita Piling Inc.

Garnet Altwasser

Audit Committee,
Risk Committee

ATB director since 2007

PRINCIPAL OCCUPATION

Cattle producer; former president and CEO, Lakeside Farm Industries

EDUCATION

B.Sc. in agriculture, University of Saskatchewan

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director on boards of Canadian Feed Manufacturers' Association – Alberta, Alberta Cattle Feeders' Association, and Circle 62 Charitable Foundation; chair, Canadian Meat Council; chair, Veterinary Infectious Diseases Organization

James (Jim) E.C. Carter

Governance and Conduct Review Committee, Human Resources Committee, Vice-Chair of the Board

ATB director since 2010

PRINCIPAL OCCUPATION

Former president and COO, Syncrude Canada Ltd.

EDUCATION

P.Eng.; fellow of the Canadian Academy of Engineering

CURRENT/FORMER BOARDS AND AFFILIATIONS

Officer, Order of Canada; director on boards of Alberta Economic Development Authority, Finning International Inc., Irving Oil Limited, Clark Builders Ltd., Brand Energy and Industrial Services, and the Climate Change and Emissions Management Corp.; advisory member, SureHire Inc. and CAREERS: The Next Generation; board chair, Mining Industry Advisory Committee to the U of A School of Mining and Petroleum Engineering; former board chair, Edmonton Symphony Orchestra and the Francis Winspear Centre for Music; former director, EPCOR Utilities Inc.

James (Jim) M. Drinkwater

Human Resources Committee,
Chair of Risk Committee

ATB director since 2010

PRINCIPAL OCCUPATION

Corporate director

EDUCATION

B.Sc. in mathematics, University of Alberta; MA in economics, Carlton University; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Vice-chair, University of Alberta Board Investment Committee; former member, Province of Alberta's Advisory Committee on Alternative Capital Financing; former director, Financial Executives International; former chair, Alberta Municipal Financing Corporation; former member, Investment Committee, Alberta Teachers' Retirement Fund; former chair, large private-sector trusteed pension plan

Wendy Henkelman

Audit Committee,
Human Resources Committee

ATB director since 2014

PRINCIPAL OCCUPATION

Former vice-president Treasury and Compliance, PennWest Exploration

EDUCATION

B.Comm., University of Alberta; CA, Canadian Institute of Chartered Accountants; Executive Leadership Program, Wharton School of Business, University of Pennsylvania

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director of Cochrane and Area Humane Society; former chair of major pension trusts of public corporations; past president, Canadian Petroleum Tax Society; former member, Tax Executives Institute and the Canadian Tax Foundation

Joan Hertz

Risk Committee, Chair of Governance
and Conduct Review Committee

ATB director since 2008

PRINCIPAL OCCUPATION

Lawyer and strategic consultant

EDUCATION

B.Sc. in foreign service, Georgetown University; LLB, University of Alberta; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Instructor, Institute of Corporate Directors and University of Alberta School of Business Executive Education; public member, Institute of Chartered Accountants of Alberta and CPA Alberta Joint Venture; director on boards of Judicial Council, Teacher Development and Practice Advisory Committee, and Alberta's Promise; former director, Edmonton Police Foundation, Kids Kottage Foundation, and Edmonton Catholic Cemeteries

Barry James

Risk Committee,
Chair of Audit Committee

ATB director since 2014

PRINCIPAL OCCUPATION

Former partner, PwC; chief corporate development officer, Lloyd Sadd Insurance Brokers

EDUCATION

B.Comm., University of Alberta; FCA, Canadian Institute of Chartered Accountants; fellow of the Institute of Chartered Accountants of Alberta; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director on boards of University of Alberta, University of Alberta Hospital Foundation, Corus Entertainment, and AutoCanada Inc.; advisory member, Surehire Inc.; member, audit committee of the Province of Alberta

Colette Miller

Audit Committee,
Chair of Human Resources Committee

ATB director since 2009

PRINCIPAL OCCUPATION

Partner, Wilde & Company Chartered Accountants

EDUCATION

B.Comm., University of Alberta; FCA, Canadian Institute of Chartered Accountants; fellow of the Chartered Accountants of Alberta; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Chair, audit committee, AVAC Ltd.; chair, audit committee, and member of the board of governors, Athabasca University; director on the boards of Vegreville Rotary, Big Brothers Big Sisters, and Wendy Brook Music Festival

Robert Pearce

Governance and Conduct Review Committee,
Audit Committee

ATB director since 2014

PRINCIPAL OCCUPATION

Semi-retired energy finance consultant; former chief financial officer, Sunshine Oilsands Ltd.; co-founder and former chief executive officer, North West Upgrading Inc.

EDUCATION

B.Sc., University of British Columbia; MBA, University of Calgary; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Co-chair and director, Prospect Human Services; chapter executive, Institute of Corporate Directors Calgary; former director, North West Upgrading Inc. and Aliron Exploration

Diane Pettie

Governance and Conduct Review Committee, Human Resources Committee

ATB director since 2014

PRINCIPAL OCCUPATION

Former vice-president, general counsel, and corporate secretary, Canexus Corporation

EDUCATION

Juris doctorate, University of Alberta; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director on the boards of Canexus subsidiaries and Association of Women Lawyers; public member, Chartered Professional Accountants of Alberta Joint Venture / Society of Management Accountants of Alberta (CMA Alberta)

Clayton Sissons

Governance and Conduct Review Committee, Audit Committee

ATB director since 2014

PRINCIPAL OCCUPATION

President, I-XL Ltd.

EDUCATION

BA, LLB, University of Alberta

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director on the boards of The Brenda Strafford Foundation, I-XL Ltd., and Clayburn Industrial Group Ltd.

Shannon Susko

Human Resources Committee, Risk Committee

ATB director since 2014

PRINCIPAL OCCUPATION

Semi-retired; CEO coach; former president, DST Subserveo; former co-founder, president, and chief executive officer, Subserveo Inc.

EDUCATION

B.Comm., B.Sc., Saint Mary's University; MCS, Technical University of Nova Scotia; ICD.D, Institute of Corporate Directors

CURRENT/FORMER BOARDS AND AFFILIATIONS

Director on the boards of Norsat International and BCAA; president and director, Enryb Holdings Inc., Ceozen Consulting Inc., 3273327 Nova Scotia Limited, and 3282885 Nova Scotia Limited

We'll continue to enable our team's visionaries.

By this time next year, we'll be more intentional and consistent in making banking work for *people. We'll continue to be steadfast and responsible in our pursuit of Albertans' greater good. We'll continue to enable our team's visionaries. We'll do what's right. We'll be socially responsible. We'll be here when you need us, like always. And we'll be well on our way to transforming banking.*

SENIOR EXECUTIVES AND OFFICERS

Dave Mowat
President and Chief Executive Officer

Jim McKillop, CA, ICD.D
Chief Financial Officer

Rob Bennett
Executive Vice-President, Retail Financial Services

Peggy Garritty
Senior Vice-President, Reputation and Brand

Wellington Holbrook
Executive Vice-President, Business and Agriculture

Bob Mann
Chief Risk Officer

Lorne Rubis
Chief People Officer

Curtis Stange, MBA
Chief Strategy and Operations Officer

Chris Turchansky
President, Investor Services

Ian Wild, ICD.D
Executive Vice-President, Corporate Financial Services

Stuart McKellar, Q.C., ICD.D
General Counsel, Vice-President Properties, and Corporate Secretary

Omar Rehman, CA, CFA
Vice-President, Internal Audit

For more information on ATB's senior executives, go to atb.com/executive

We'll do what's right.

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DISCLOSURE UNDER *PIDA*

ATB is subject to the *Public Interest Disclosure (Whistleblower Protection) Act (PIDA)*. To comply with this legislation, the Ethics Committee has approved the Public Interest Disclosure Framework to provide team members with a method to report wrongdoings that fall under *PIDA*.

In relation to ATB, wrongdoing means a contravention of an act or a regulation of Alberta or Canada; an act or omission that endangers the environment or the life, health, or safety of individuals; gross mismanagement of public funds or a public asset; or knowingly directing or counselling a person to commit a wrongdoing, and includes an allegation of wrongdoing.

All disclosures under *PIDA* receive careful and thorough review to determine whether action is required, and must be disclosed in ATB's annual report in accordance with *PIDA*. For disclosures during fiscal 2014–15, please see the chart below.

Recognition and Management of Risk

Details on ATB's risk management governance are set out on pages 117–119 of the MD&A.

Recognition of Legitimate Stakeholder Interests

ATB strives to meet the expectations and unique needs of its stakeholders, including the Province, regulators, team members, customers, vendors, and the community.

We meet our stakeholders' need for transparency by adopting appropriate disclosure practices. We also engage and communicate with stakeholders through our annual public meeting, annual report, corporate social responsibility report, news releases, and website, as well as through a number of other engagement channels.

Stakeholder engagement is measured and progress is tracked annually in our corporate social responsibility report, which is available at atb.com/CSR.

IN FISCAL 2014–15, THE FOLLOWING OCCURRED:

Disclosures received	*Disclosures acted upon*	*Disclosures not acted upon*	*Investigations commenced*	*Findings of wrongdoing*	*Disclosures closed*
2	2	0	2	0	2

We'll be socially responsible.

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CORPORATE SOCIAL RESPONSIBILITY

ATB has always been a strong member of Alberta communities. We were founded 77 years ago to serve Albertans—our customers, team members, and the organizations we support—and we've stayed consistently true to our roots. Spend five minutes in one of our branches and you can immediately sense that our team members are deeply passionate about where they work and live. It's in their DNA.

More and more we've been examining how ATB as an organization can transcend individual acts like a donation, a volunteer hour, or a recycling program, and initiate real, long-lasting, meaningful change. Step one was to fully embed our corporate social responsibility (CSR) strategy into ATB's overall strategic plan. Our CSR goals are integral to our business goals, and vice versa.

Step two is where we get to think big. Here's one example: Financial support through donations, particularly during uncertain economic times, are vitally important to Alberta's non-profit sector. But we believe in creating connections, listening, and understanding what is important so we can decide how best to contribute. We can partner with non-profits and our other stakeholders to achieve even more ambitious goals. That's how problems are solved, not just managed. That's where simple community investment is elevated into something greater.

Each year, we release a report that shares ATB's CSR story. It is divided into four sections based on our CSR pillars: economy, workplace, community, and environment. Here are some of the exciting highlights that we can't wait to share.

Economy

ATB's social investments are directed toward affordable housing and homelessness, poverty, and financial literacy. In the last year, we partnered with organizations like Habitat for Humanity, the Calgary Drop-in Centre, the Bissell Centre, Boyle Street Community Services, Homeward Trust, and the RESOLVE program in Calgary, among others. Investments in the multimillion-dollar Social Incubator Fund, developed by the Calgary Homeless Foundation in partnership with ATB, among others, will be directed toward several important housing developments in Calgary. We are also developing a new social enterprise that will specifically address homelessness and poverty in our province.

Financial literacy is a great way for ATB team members to share their expertise (besides what they share every day with our customers, of course). Fifty elementary schools across the province partnered in our Junior ATB program, operating their own scaled-down version of a bank within their schools. In Edmonton, over 200 women have participated in Empower U, which works with agencies serving at-risk women. Front-line ATB team members underwent sensitivity and cultural training so the participating women felt safe and welcome in our branches. (Most had never banked before.) The program includes both financial literacy sessions and a matched savings component directed toward specific asset goals designed to improve their quality of life. Many of our team members also deliver financial literacy training specifically geared toward new immigrants.

Workplace

Helping Hands is our volunteer recognition program. Team members who volunteer at least 40 hours per year with charity can apply for up to $500 in support. Helping Hands also supports team members participating in charity races. Last year, we contributed over $80,000 to the charities and causes that our team members support.

Our main team member recognition programs are Everyday Heroes and the President's Club. Everyday Heroes is where team members get to say "good job" to their co-workers, giving out Everyday Heroes points that can be used at an online store. Each quarterly winner from Everyday Heroes is nominated for the President's Club. Here we celebrate our team members who have gone above and beyond. They are hosted at an exclusive reception, and each President's Club member receives three extra days of vacation.

Community

This is where we get to brag about some big numbers. Bragging isn't a bad thing when it's for such good causes, right? Last year, our team members and customers raised an outstanding $920,000 in just four weeks during our annual Teddy for a Toonie campaign for the Alberta and Stollery children's hospitals. We also raised $760,000 during our annual two-week fundraising campaign benefiting 10 United Way agencies throughout Alberta.

ATB is committed to directing 1% of our net profits toward charitable donations. Last year, we made over $3.7 million in donations to 644 charities. Our donations are made both on a provincial and a local level to make sure all of Alberta's communities are well represented. This year, $100,000 of our donations budget was distributed as part of our new Time to Think grant. The grant program provides financial support and specific expertise to build the capacity of non-profits in areas such as fundraising, innovation, strategic planning, and human resources. The goal of Time to Think is to go beyond year-to-year donations and ensure that Alberta's non-profit sector is sustainable.

ATBCares.com supports donations to over 84,000 registered charities in Canada. ATB pays for all fees so that 100% of all donations go to charity. As an extra bonus, we also pitch in and match 15% of donations made to Alberta-based, non-religious charities. Last year, over $1.5 million was donated through ATB Cares, and we paid $90,000 in fees to ensure generous Albertans got the most bang for their buck.

ATB's many sponsorships are an important way for us to promote our brand, but they are also community focused and support many of the reasons why Alberta is such a great place to live. Last year, we contributed $6.6 million to arts and culture, sports and recreation, and community and social development sponsorships.

Environment

With 172 branches and large corporate offices in Edmonton and Calgary, ATB actually has a significant footprint. Our two corporate offices both adhere to strict environmental guidelines, and we're well into a retrofitting program to make our older branches more efficient. We also purchase renewable energy certificates that offset our impact and support renewable energy projects.

Outside of our own walls, we want to ensure that Alberta's ecosystems and wildlife are protected. The innovative ATB Financial Legacy Fund supported Ducks Unlimited's revolving land purchase program, which will conserve over 9,000 acres of wetlands over the next 10 years. We also continue to support the Swift Fox conservation efforts of the Calgary Zoo and its partners.

ATB's 2015 CSR Report will be released in September. To keep up on our CSR work, please check out atb.com/CSR and wearealberta.ca throughout the year. Visit ATBCares.com to make a donation to your favourite charity.

The real science and art here will be to build banking around moving and managing people's money so it feels like it was made just for them, whether small business or large corporate. It must feel like customers have their own private banker, in every way.

LORNE RUBIS
Chief People Officer

We'll be here when you need us, like always.

By this time next year, we'll be more intentional and consistent in making banking work for *people. We'll continue to be steadfast and responsible in our pursuit of Albertans' greater good. We'll continue to enable our team's visionaries. We'll do what's right. We'll be socially responsible. We'll be here when you need us, like always. And we'll be well on our way to transforming banking.*

BRANCHES AND AGENCIES

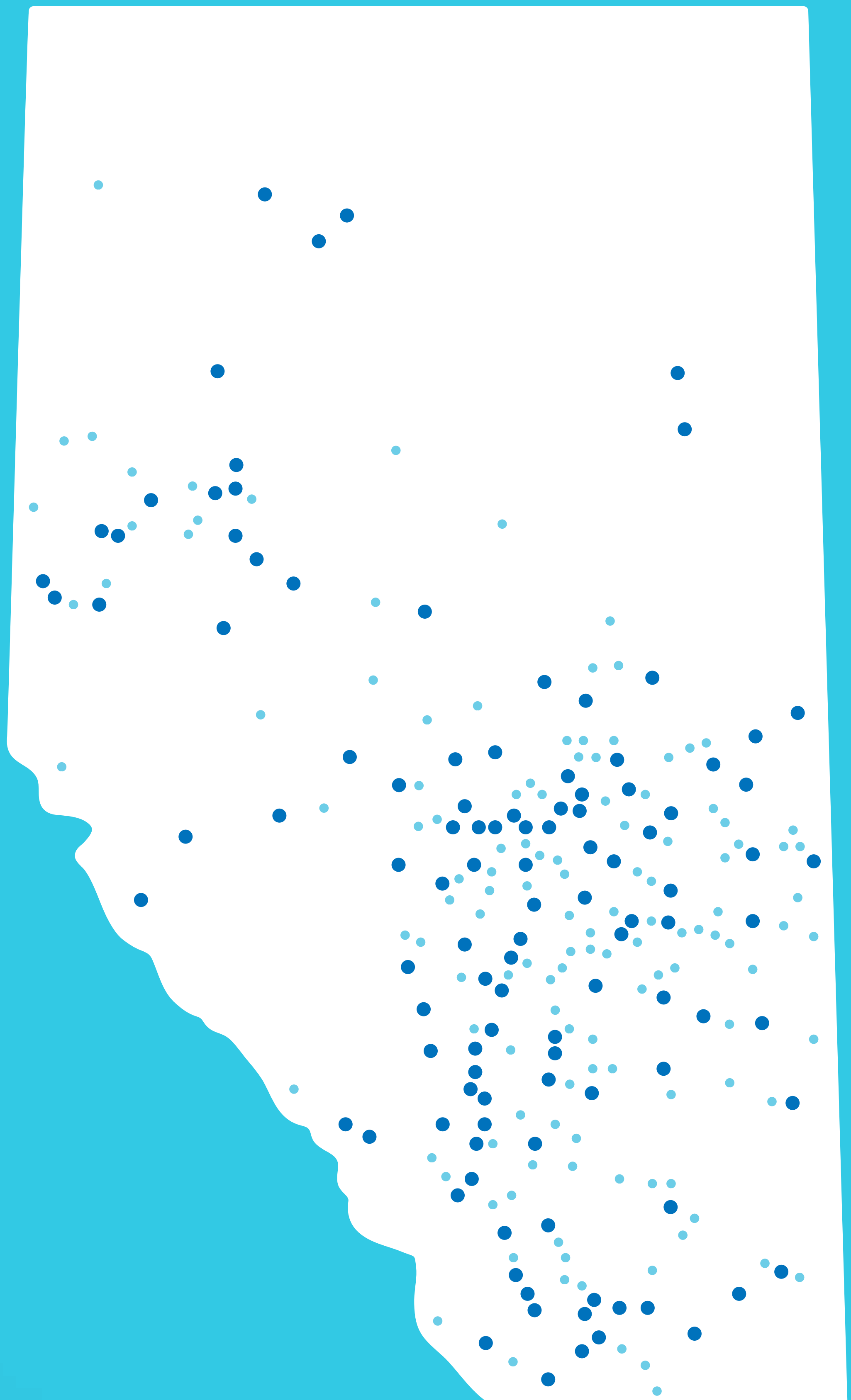
We will always be the ATB that Albertans have known and relied on for 77 years. We were founded during hard times to serve Albertans in ways only an Alberta-based bank can. And we'll continue to be here to serve our customers throughout the current economic challenges.

172 Branches

Airdrie (2)
Andrew
Athabasca
Banff
Barrhead
Beaverlodge
Black Diamond
Bonnyville
Bow Island
Boyle
Breton
Brooks
Bruderheim
Calgary (26)
Camrose
Canmore
Cardston
Caroline
Carstairs
Castor
Chestermere
Claresholm
Coaldale
Cochrane
Cold Lake
Consort
Coronation
Crossfield
Daysland
Didsbury
Drayton Valley
Drumheller
Edmonton (23)
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
Wainright
Westlock
Wetaskiwin
Whitecourt
Wildwood

135 Agencies

Acadia Valley
Alberta Beach
Alder Flats
Alix
Alliance
Altario
(formerly Compeer)
Amisk
Barons
Bashaw
Bassano
Bawlf
Beaumont
Benalto
Berwyn
Big Valley
Blackfalds
Blackie
Blairmore
Bon Accord
Bonanza
Bowden
Bragg Creek
Bruce
Calgary
11th Avenue
Southland
Calmar
Carbon
Carmangay
Carseland
Cereal
Champion
Chauvin
Chipman
Cleardale
Clive
Coutts
Czar
Delburne
Delia
Devon
Dewberry
Donalda
Duchess
Eaglesham
Eckville
Edberg
Edgerton
Edmonton
Centre 39
Mayfield
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
Minburn
Mirror
Morinville
Morrin
Mulhurst
Mundare
Myrnam
Nampa
New Norway
New Sarepta
Newbrook
Nobleford
Paradise Valley
Peers
Plamondon
Radway
Rainbow Lake
Red Earth Creek
Redcliff
Rockyford
Rolling Hills
Rosemary
Sangudo
Sedgewick
Sexsmith
Standard
Stavely
Stirling
Strome
Swan Hills
Tangent
Thorhild
Tilley
Torrington
Vauxhall
Veteran
Vilna
Wabamun
Wabasca
Wandering River
Wanham
Warburg
Warner
Waskatenau
Wembley
Westerose
Willingdon
Winfield
Worsley
Youngstown



And we'll be well on our way to transforming banking.

By this time next year, we'll be more intentional and consistent in making banking work for *people. We'll continue to be steadfast and responsible in our pursuit of Albertans' greater good. We'll continue to enable our team's visionaries. We'll do what's right. We'll be socially responsible. We'll be here when you need us, like always. And we'll be well on our way to transforming banking.*

IT STARTED WITH A QUESTION:

How can we make banking work for *people?*

Enter the Story. Our leadership worked diligently over the last year to consider the meaning and impact of every single word that told the real story of ATB Financial—the story of who we must be, what we must do, and who we are really working for.

The Story has just 94 words. It starts with the idea that we can transform banking and ends with our commitment to always be more than a bank. It provides the framework for how we can make banking work *for* people—in the big ways and in the many small ways that add up. It challenges every one of our team members to be open in new ways to all possible opportunities for making our customers happy.

The Story puts the customer at the centre of everything we do. It is the tool we'll use to rise to the challenge of creating excellent customer experiences, consistently and intentionally, moment by moment.

From this moment on, we are living the Story.

THE STORY

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.

Management's Discussion and Analysis

MESSAGE FROM OUR CHIEF FINANCIAL OFFICER

I proudly introduce our Management's Discussion and Analysis (MD&A) for 2014–15. Growing profitability while increasing customer loyalty and team member engagement seems tricky, yet we recorded net income of $328.7 million this year, our highest earnings ever, and exceeded past records on customer advocacy and team member engagement. This is truly an indicator of our strong performance and growth as we continue to attract new customers, deposits, and loans during the low-interest-rate environment and slowdown in Alberta's economy.

Thanks to contributions from our net interest income and Investor Services, our operating revenue increased 8.8% to $1.5 billion. As expected, the impact of the decline in oil prices on the Alberta economy affected our provision for credit losses, which increased by $30 million (71.2%) over last year.

As we grow our business, we are pleased that our non-interest expenses increased only 2.1% over last year. Our 8.8% improvement in operating revenue more than offset this unfavourable increase, and our operating leverage—a measure of the rate of revenue growth in comparison to expense growth—was 6.6% for the year, a marked improvement over the 0.6% attained last year.

We continue to strive toward improving our efficiency ratio so we are in line with our peers. This year, we attained a ratio of 66.0%, an achievement that demonstrates our commitment to increasing productivity.

ATB also continues to maintain high-quality capital levels, with a 9.3% Tier 1 and 10.9% total capital ratio in line with the Alberta Superintendent of Financial Institutions *Capital Requirements* guideline. Investor Services, our prime driver of non-interest income, grew assets under management from $11.0 billion to $13.7 billion.

We are pleased to report that all areas of expertise maintained or improved upon last year's results, and contributed to the strong loan and deposit growth we experienced this year.

In fiscal 2015–16, we anticipate that net income will be between $270 million and $300 million, which is a drop in earnings from fiscal 2014–15, with lower-than-expected oil prices impacting Alberta's economy and resulting in an expected increase in loan loss provisions and somewhat more moderate growth.

As we live the ATB Story, embracing the behaviours that will transform banking at all levels of the organization, we believe we will continue to increase customer loyalty and team member engagement. By this time next year, there will be countless stories of how ATB helped Albertans as we focus more consistently on making our customers happy. It is our belief that happier customers and a more engaged team will lead to significant financial benefits.

The MD&A highlights our fiscal 2014–15 results in greater detail and provides our outlook for the upcoming fiscal year.

Jim McKillop

Jim McKillop, CA, ICD.D
Chief Financial Officer

INTRODUCTION

This section of the annual report presents the Management's Discussion and Analysis (MD&A) of the consolidated results of operations and financial position of Alberta Treasury Branches (operating as ATB Financial or ATB) for the year ended and as at March 31, 2015. The MD&A is current as at May 28, 2015. Unless otherwise indicated, all amounts are reported in thousands of Canadian dollars and are derived from the consolidated financial statements prepared in accordance with International Financial Reporting Standards. These statements begin on page 142 of this report.

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

Caution Regarding Forward-Looking Statements

This annual report includes forward-looking statements. ATB may 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.

Readers should not place undue reliance on forward-looking statements, as actual results may differ materially from plans, objectives, and expectations. ATB will not update any forward-looking statements contained in this report.

ABOUT ATB

History and Mandate

ATB was established by the Government of Alberta in 1938 to provide Albertans with an alternative source of credit during the Great Depression. ATB became a provincial Crown corporation on October 8, 1997, under the authority of the *Alberta Treasury Branches 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.

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 (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 the supervision of 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 Management Act*, and *Alberta Public Agencies Governance Act*, as well as applicable legislation governing consumer protection, privacy, and money laundering.

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, 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 *Regulatory 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 a compliance framework is followed. 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 will require us to voluntarily comply with the international capital measurement framework promoted by the Bank of International Settlements, known widely as the Basel Capital framework. ATB has continued toward implementation of the Basel framework for measuring its capital adequacy.

Although we are still regulated and managed under the ASFI *Capital Requirements* guideline, we complete an annual Internal Capital Adequacy Assessment Process (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 amounts of capital required to support ATB's risks, primarily credit, market, operational, and stress event risks subject to our risk appetite
- Completing forward 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 prior to its submission to ASFI.

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

ATB and its subsidiaries place significant emphasis on compliance with all applicable laws and regulations. Every year, ATB provides to the Minister a formal report on compliance pursuant to the *ATB Regulation*.

ECONOMIC OUTLOOK

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

As an Alberta-based financial institution, ATB regularly monitors the provincial, national, and international economies and considers their potential to impact our customers and operations. The recent performance of the Alberta economy is outlined in the table below:

Alberta Economy at a Glance

	Reference period	**Current year**	Previous year
Unemployment *(seasonally adjusted)*	Apr 2015	**5.5%**	5.0%
Housing starts urban areas *(seasonally adjusted, annualized rate)*	Apr 2015	**32,704**	39,955
Building permits *($ in billions, seasonally adjusted)*	Mar 2015	**1.3**	1.3
Manufacturing sales *($ in billions, seasonally adjusted)*	Mar 2015	**5.9**	6.5
New motor vehicle sales *(# vehicles)*	Mar 2015	**21,224**	23,157
Consumer Price Index	Mar 2015	**133.0**	133.1
Retail trade *($ in billions, seasonally adjusted)*	Mar 2015	**6.4**	6.5
Wholesale trade *($ in billions, seasonally adjusted)*	Mar 2015	**7.0**	6.9

Our outlook for the upcoming fiscal year and beyond, prepared as at May 20, 2015, is as follows.

Since the end of last year, the price of crude oil has fallen significantly. Although the price has strengthened in recent weeks, its decline has negatively altered the outlook for Alberta's economy for 2015. Still, even with the drag set to weigh on the economy, an outright contraction remains unlikely.

ATB's Economics and Research team projects real GDP growth of 0.8% in 2015, with gradual recovery in 2016 and beyond.

Economic Challenges

The most significant challenge facing Alberta in 2015 will be the price of oil and competition from increased output by American natural gas and crude producers. If production is expanded in North Dakota and in other parts of the United States, then competition for investment dollars will increase below the border. This could reduce opportunities for Alberta oil. Furthermore, uncertainty in the eurozone could lead to more political instability, and negative movements in financial and commodity markets. Ultimately, such changes might negatively impact Alberta.

Daily Crude Oil Price, West Texas Intermediate

Source: U.S. Energy Information Administration

Energy transportation and access to markets continue to be a concern for Alberta producers. At the end of February, U.S. president Barack Obama vetoed a bill that would have approved construction of the Keystone XL oil pipeline. TransCanada has also delayed the start-up of the Energy East pipeline. In addition, there is still no resolution on the Northern Gateway or TransMountain pipeline projects. With significant pipeline development off the table (for now), rail transportation remains important for transporting Alberta oil.

Despite the severe challenges in the energy sector, other industries in the province might face brighter prospects in 2015. Agriculture, forestry, and tourism all benefit from lower fuel prices. The lower Canadian dollar will also help commodity exporters and tourism operators.

Implications for ATB

Positive migration will continue, but is set to slow over the course of the year. The energy sector slowdown will result in fewer job openings, and improved economic results in Eastern Canada might discourage migration from other provinces to the Prairies. Total net in-migration is likely to fall from over 75,000 in 2014 to closer to 40,000 in 2015, with the most significant drop coming from fewer interprovincial migrants. As a result, housing construction could slow. This might reduce builders' need for financing and cause the retail mortgage market to soften in 2015, especially if both volumes and home prices decline. However, a softer housing market may keep mortgage volumes stable throughout 2015. The prospect of persistently low interest rates and more attractive pricing may attract new home buyers or those looking to buy.

Investment in both conventional and non-conventional crude oil production is expected to drop in 2015, and the export transportation projects in Alberta won't be resolved. That said, increased rail capacity should ensure most projects in our province remain viable. Increasing American crude production and OPEC's decisions to cut or not to cut production will continue to affect the price of oil and remain a key concern for our province's oil producers.

Since the onset of the fall in the price of oil, Canada's dollar has remained weak. The low dollar has made imports more expensive and has lessened the demand to hold our currency. On balance, the decline is good news for Alberta. It will benefit our province's commodity exporters, such as the agriculture and forestry sectors, and should help our oil and gas sector too.

It's evident that energy investment in the province has begun to slow and will continue to do so. Of course, this will affect energy and energy-related businesses. It may also affect those who indirectly benefit from investment spending, such as home builders and retailers. However, despite these challenges, the lower Canadian dollar and lower fuel prices should provide some of the support Alberta needs to bounce back in 2015.

For our daily economic comment, visit The Owl *at atb.com/economics*

FINANCIAL PERFORMANCE OVERVIEW

2014–15 Performance and 2015–16 Objectives

We have achieved or exceeded all the financial targets we set last year, as shown below. Detailed analysis of our 2014–15 consolidated operating results and our financial position as at March 31, 2015, can be found on pages 72 and 106, respectively.

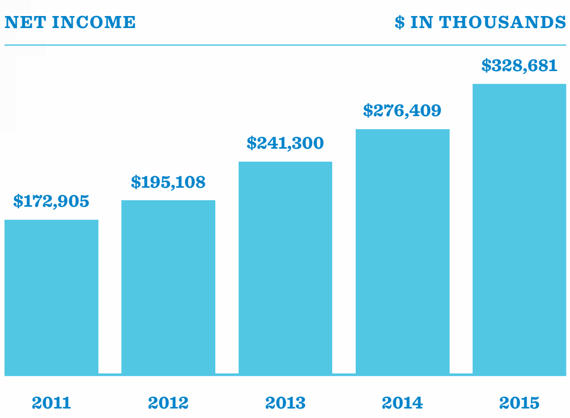
(%)	2014–15 target	2014–15 results		2015–16 target
Return on average assets	0.70–0.90	**0.82**	**target achieved**	0.50–0.60
Operating revenue growth	4.0–6.0	**8.8**	**target exceeded**	6.0–8.0
Efficiency ratio	65.0–69.0	**66.0**	**target achieved**	63.0–67.0
Performing loan growth	7.0–10.0	**11.1**	**target exceeded**	6.0–9.0
Total deposit growth	10.0–12.0	**12.0**	**target achieved**	5.0–7.0
Return on average risk-weighted assets	1.0–1.1	**1.1**	**target achieved**	0.80–1.0
Growth in assets under management	10.0–20.0	**24.1**	**target exceeded**	10.0–20.0

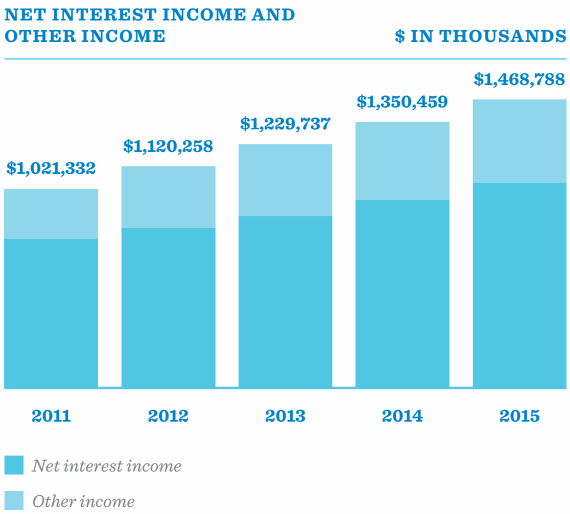
REVIEW OF 2014–15 CONSOLIDATED OPERATING RESULTS

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

Net Income

For the year ended March 31, 2015, ATB earned $328.7 million, up 18.9% from the $276.4 million earned in fiscal 2013–14. The improvement over last year was due to a $64.4-million increase in net interest income and a $53.9-million increase in other income. These positive year-over-year variances were partially offset by a $30.2-million increase in the provision for credit losses and a $20.3-million increase in non-interest expenses.





Fiscal 2015–16 Outlook for Net Income

Overall, we expect net income for fiscal 2015–16 to be between $270 million and $300 million, which represents a decrease from fiscal 2014–15. This is driven by an expected increase in loan losses that is largely due to low oil prices and slower growth than previously expected. Loan losses are expected to cause a decrease in net income. ATB's experts will work closely with our customers to help them through these difficult times, mitigating the impact of loan losses on our expected earnings outlook. Loan and deposit growth are expected to continue at a slightly slower rate than previously expected. However, the recent Bank of Canada rate drop will have an impact on net interest spread, causing some downward pressure on interest income. Operating revenues will continue to grow, with an increased focus on non-interest sources of income. Non-interest expenses will also be managed prudently in fiscal 2015–16, with a very slight increase over fiscal 2014–15, but at a rate in line with growth projections for the rest of Alberta. ATB's efficiency ratio will continue to improve as we work to reach the level of comparably sized financial institutions.

Return on Average Assets

The return on average assets for fiscal 2014–15 was 0.82%, an increase of 0.04% over last year. This was driven by an 18.9% increase in net income compared to a 13.3% increase in average total assets.

($ in thousands)		2015	2015 vs 2014 increase (decrease)			2014 restated
Net income	$	328,681	$ 52,272	18.9%	$	276,409
Average total assets	$	40,301,905	$ 4,743,295	13.3%	$	35,558,610
Return on average assets		0.82%	0.04%	4.9%		0.78%

Fiscal 2015–16 Outlook for Return on Average Assets

We are targeting a return on average assets of between 0.50% and 0.60% for fiscal 2015–16. This target is based on anticipated net income of $270 million to $300 million and average total assets exceeding $43 billion.

Total Operating Revenue

Total operating revenue consists of net interest income and other income. ATB experienced an increase of $64.4 million (6.7%) in net interest income and $53.9 million (14.0%) in other income during the year. The increase in interest income was primarily driven by solid volume growth in our balance sheet across all of our areas of expertise. The increase in other income was driven by an increase in Investor Services (ATBIS) revenue of $28.6 million, an increase in card fee revenue of $9.3 million, and an increase in net gains on financial instruments at fair value revenue of $8.9 million, partially offset by a $5.4-million reduction in net gains on derivative financial instruments.

($ in thousands)		2015	2015 vs 2014 increase (decrease)			2014 restated
Net interest income	$	1,030,432	$ 64,420	6.7%	$	966,012
Other income		438,356	53,909	14.0%		384,447
Operating revenue	$	1,468,788	$ 118,329	8.8%	$	1,350,459

Fiscal 2015–16 Outlook for Operating Revenue

We expect to increase operating revenue 6.0% to 8.0% in fiscal 2015–16. This target reflects an expected increase in net interest income driven by continued growth in our loan portfolio in excess of a decrease in net interest spread due to changes to Bank of Canada rates. An increase in other income will be driven primarily by continued growth in ATBIS and fees in our business and corporate product offerings.

Net Interest Income

Net interest income represents the difference between interest earned on assets, such as loans and securities, and interest paid on liabilities, such as deposits. Net interest income increased by $64.4 million over last year, with $105.9 million of the increase coming from growth in the balance sheet, but was offset by a $41.5-million impact from the decline in interest rates. In other words, we were able to offset the low-interest-rate environment through a solid balance sheet performance.

Changes in Net Interest Income

	2015 vs 2014			2014 vs 2013		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
($ in thousands)	volume	rate	Net change	volume	rate	Net change
Assets						
Interest-bearing deposits with financial institutions, and securities	$ 9,133	$ (2,921)	$ 6,212	$ (3,408)	$ (2,140)	$ (5,548)
Loans						
Business	90,592	(22,041)	68,551	94,965	(3,870)	91,095
Residential mortgages	34,467	(34,648)	(181)	35,818	(32,608)	3,210
Personal	22,595	7,780	30,375	11,529	7,077	18,606
Other	7,046	9,976	17,022	476	496	972
Total loans	154,700	(38,933)	115,767	142,788	(28,905)	113,883
Change in interest income	$ 163,833	$ (41,854)	$ 121,979	$ 139,380	$ (31,045)	$ 108,335
Liabilities						
Deposits						
Demand	$ 8,510	$ (5,587)	$ 2,923	$ (6,609)	$ (3,937)	$ (10,546)
Fixed-term	42,526	11,923	54,449	56,168	(20,467)	35,701
Total deposits	51,036	6,336	57,372	49,559	(24,404)	25,155
Wholesale borrowings	(3,132)	413	(2,719)	451	(11,513)	(11,062)
Collateralized borrowings	12,739	(6,207)	6,532	12,844	(8,866)	3,978
Subordinated debentures	(5,308)	(652)	(5,960)	2,273	(140)	2,133
Capital investment deposits	2,633	(299)	2,334	257	14	271
Change in interest expense	$ 57,968	$ (409)	$ 57,559	$ 65,384	$ (44,909)	$ 20,475
Change in net interest income	$ 105,865	$ (41,445)	$ 64,420	$ 73,996	$ 13,864	$ 87,860

Net Interest Margin and Spread Earned

The net interest margin is the ratio of net interest income to average total assets for the year. Net interest spread is the ratio of net interest income to average interest-earning assets. Both are important measures to ATB.

As a result of the low-interest-rate environment, flat yield curve, and competitive marketplace, both our net interest margin of 2.56% and net interest spread of 2.68% are lower than last year's. The decrease was primarily driven by a combination of lower spreads on our business and mortgage loans, which is a result of the low-interest-rate environment unfavourably impacting our interest income. We have also seen a continued shift in our deposit mix toward more costly but more stable fixed-date deposits, which increases our interest expense.

However, we have benefited from lower funding costs this year as certain longer-term wholesale and collateralized borrowing agreements were refinanced at lower current rates. We also saw an improved interest expense this year as a result of the maturity of our capital investment deposits, a product offered when interest rates were much higher.

Net Interest Income, Margin, and Spread Earned

	Average balances		Interest		Average rate (%)	
($ in thousands)	**2015**	2014 restated	**2015**	2014	**2015**	2014
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 3,035,059**	$ 2,226,453	**$ 34,279**	$ 28,067	**1.1**	1.3
Loans						
Business	**15,896,756**	13,796,206	**685,589**	617,038	**4.3**	4.5
Residential mortgages	**12,500,183**	11,445,907	**408,658**	408,839	**3.3**	3.6
Personal	**6,514,838**	5,976,040	**273,205**	242,830	**4.2**	4.1
Other(1)	**543,955**	507,169	**104,187**	87,165	**19.2**	17.2
Total loans	**35,455,732**	31,725,322	**1,471,639**	1,355,872	**4.2**	4.3
Total interest-earning assets	**38,490,791**	33,951,775	**1,505,918**	1,383,939	**3.9**	4.1
Non-interest-earning assets	**1,811,114**	1,606,835	**-**	-	**-**	-
Total assets	**$ 40,301,905**	$ 35,558,610	**$ 1,505,918**	$ 1,383,939	**3.7**	3.9
Liabilities and equity						
Deposits						
Demand	**$ 16,481,561**	$ 15,031,128	**$ 96,702**	$ 93,779	**0.6**	0.6
Fixed-term	**12,821,231**	10,433,066	**228,308**	173,859	**1.8**	1.7
Total deposits	**29,302,792**	25,464,194	**325,010**	267,638	**1.1**	1.1
Wholesale borrowings	**2,707,313**	2,889,291	**46,599**	49,318	**1.7**	1.7
Collateralized borrowings	**3,715,653**	3,187,992	**89,702**	83,170	**2.4**	2.6
Non-interest-bearing liabilities	**1,394,489**	1,136,468	**-**	-	**-**	-
Capital investment notes	**114,505**	247,641	**4,565**	10,525	**4.0**	4.3
Subordinated debentures	**294,147**	213,549	**9,610**	7,276	**3.3**	3.4
Equity	**2,773,006**	2,419,475	**-**	-	**-**	-
Total liabilities and equity	**$ 40,301,905**	$ 35,558,610	**$ 475,486**	$ 417,927	**1.2**	1.2
Net interest margin			**$ 1,030,432**	$ 966,012	**2.56**	2.72
Net interest spread					**2.68**	2.85

1 This amount includes a one-time adjustment of $7.1 million, which resulted in a higher-than-normal average rate.

Other Income

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

($ in thousands)		2015		2015 vs 2014 increase (decrease)			2014
Investor Services	$	**125,970**	$	28,597	29.4%	$	97,373
Service charges		**67,715**		442	0.7%		67,273
Card fees		**68,239**		9,347	15.9%		58,892
Credit fees		**45,138**		2,795	6.6%		42,343
Insurance		**17,948**		4,753	36.0%		13,195
Foreign exchange		**14,965**		5,086	51.5%		9,879
Net gains on derivative financial instruments		**14,989**		(5,378)	(26.4)%		20,367
Net gains on financial instruments at fair value through net income		**79,596**		8,878	12.6%		70,718
Sundry		**3,796**		(611)	(13.9)%		4,407
Total other income	$	**438,356**	$	53,909	14.0%	$	384,447

Other income was $438.4 million for fiscal 2014–15, an increase of $53.9 million (14.0%) over last year's income of $384.4 million. This increase was largely driven by a $28.6-million increase in ATBIS revenue, a $9.3-million increase in card fee revenue, and an $8.9-million increase in net gains on financial instruments at fair value through net income, partially offset by a reduction of $5.4 million in net gains on derivative financial instruments.

ATBIS revenue grew to $126.0 million, a 29.4% increase over the $97.4 million earned in fiscal 2013–14. This increase was driven by a $2.7-billion (24.1%) growth in assets under management. Most of this growth came in the Compass Portfolio Series, ATB's proprietary fund, resulting in a more profitable asset mix.

Card fee revenue was $68.2 million for the year, representing a $9.3-million (15.9%) increase over the $58.9 million in fee income earned during the prior fiscal year. The year-over-year increase was driven by a combination of a $21.9-million increase in credit card balances over last year and a change in fee structure on certain credit cards.

Net gains on financial instruments at fair value through net income increased by $8.9 million over last year, ending the year at $79.6 million. Most of the growth came from our asset-backed commercial paper portfolio, which has continued to increase in value as it nears maturity.

These positive year-over-year variances were partially offset by a reduction in the net gains on derivative financial instruments, which decreased by $5.4 million from the $20.4-million net gain in fiscal 2013–14. The decrease resulted from a combination of lower activity on our client derivative desk—specifically, lower levels of transactions in client commodity derivatives resulting from lower oil prices—and a change in long-term rates that unfavourably impacted certain interest rate swaps in our corporate and client portfolios.

The ratio of other income to operating revenue was 29.8%, consistent with the prior fiscal year. This ratio is significantly lower than that of the major Canadian banks, as ATB does not generate revenue from trading, investment banking, or major brokerage activities.

Provision for Credit Losses

ATB's results for fiscal 2014–15 include a $72.6-million provision for credit losses compared to $42.4 million for last year. The increase was driven by a $30.1-million increase in the individual provision, with the collective provision consistent with last year's.

($ in thousands)		**2015**		2015 vs 2014 increase (decrease)			2014
Individual provisions	$	**72,646**	$	30,394	71.9%	$	42,252
Recoveries		**(4,426)**		(304)	(7.4)%		(4,122)
Individual provisions for credit losses		**68,220**		30,090	78.9%		38,130
Collective provision		**4,364**		99	2.3%		4,265
Total provision for credit losses	$	**72,584**	$	30,189	71.2%	$	42,395
Credit losses to average loans		**0.20%**		0.07%	51.2%		0.13%

The rapid decline in oil prices this year has resulted in a number of high-value provisions in our business portfolio, predominantly in the energy sector. This is unfavourable compared to last year, where the individual provision included fewer high-value amounts. The low oil prices have also been felt throughout the province, and our loan portfolio was negatively impacted. It deteriorated during the latter part of fiscal 2014–15, as evidenced by the ratio of provision for credit losses to average loans, which increased from 0.13% to 0.20%.

The growth in the loan portfolio resulted in upward pressure on the collective allowance. Although more loans became impaired, the overall quality and volume of the remaining unimpaired portfolio improved, which limited the growth in the collective allowance despite the current state of the economy. We expect further provisions and likely some losses to materialize over fiscal 2015–16.

ATB continues to benefit from the historical strength of the Alberta economy and our emphasis on strong credit and loss-limitation practices, which serve to minimize credit losses. (Refer to the Risk Management section of this report for further details.)

Non-Interest Expenses

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

($ in thousands)	2015	2015 vs 2014 increase (decrease)		2014
Salaries and employee benefits	$ 494,880	$ 13,422	2.8%	$ 481,458
Data processing	101,249	(7,328)	(6.7)%	108,577
Premises and occupancy, including depreciation	87,025	1,228	1.4%	85,797
Professional and consulting costs	51,284	857	1.7%	50,427
Deposit guarantee fee	42,784	5,192	13.8%	37,592
Equipment and software and other intangibles, including depreciation and amortization	62,666	3,686	6.2%	58,980
General and administrative	78,835	47	0.1%	78,788
ATB agencies	9,972	502	5.3%	9,470
Other	40,651	2,649	7.0%	38,002
Total non-interest expenses	$ 969,346	$ 20,255	2.1%	$ 949,091
Efficiency ratio	66.0%	(4.3)%	(6.1)%	70.3%

ATB remains committed to managing expenses in order to bring our efficiency ratio (discussed on page 79) more in line with industry peers. Non-interest expenses rose to $969.3 million, an increase of $20.3 million (2.1%) over last year.

The biggest component of the year-over-year increase is the $13.4-million increase in salaries and employee benefits. While our staffing and full-time-equivalent numbers increased from 5,055 and 4,542, respectively, to 5,299 and 4,746, increased employee compensation from merit increases and incentive pay was a substantial factor in our employee costs. Incentive pay is driven by the performance of the business, which reflects our strong fiscal year.

The deposit guarantee fee increased to $42.8 million, an increase of $5.2 million (13.8%) over last year. This expense is what ATB pays the Province to cover its guarantee on customer deposits. The expense, linked to the amount of deposits outstanding at the end of the year, is a direct result of volume growth.

Equipment and software and other intangibles, including depreciation and amortization expense, increased by $3.7 million (6.2%) over last year. Most of this increase was due to the depreciation of certain computer equipment, offset by lower amortization expenses on certain purchased software.

Other expenses increased to $40.7 million this year, a $2.6-million (7.0%) increase over the $38.0 million incurred last year. This was primarily driven by a one-time adjustment in fiscal 2014–15 for expected fee reimbursements on the Freedom accounts.

These negative variances were partially offset by a $7.3-million (6.7%) decrease in data processing costs as expenses relating to specific projects and initiatives were completed in fiscal 2013–14 and did not impact the current-year results.

Efficiency Ratio

The efficiency ratio was 66.0% in fiscal 2014–15, an improvement over last year's ratio of 70.3% and within our target ratio of 65.0% to 69.0%. This improvement was driven by operating revenue growth outpacing non-interest expense growth during the year, as operating revenue increased by $118.3 million compared to the change in non-interest expenses of $20.3 million.

Fiscal 2015–16 Outlook for Efficiency Ratio

We have set the target efficiency ratio for fiscal 2015–16 at 63.0% to 67.0%. We are committed to driving our efficiency ratio down to a level that is competitive with financial institutions of comparable size. Lower-than-expected loan growth and operating revenue will be offset by diligently managing expenses.

REVIEW OF BUSINESS SEGMENTS

Operating Results by Segment

ATB is organized into four customer-focused areas of expertise: Retail Financial Services (RFS), Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and Investor Services (ATBIS). The following highlights the key aspects of how our business segments are managed and reported:

- RFS includes branches and agencies throughout the province providing financial services, including private banking, to individuals.
- B&Ag provides services to Alberta's small and mid-sized business, farm, and agricultural customers.
- CFS provides services to Alberta's mid-sized to large companies in the energy, commercial, food, forestry, infrastructure project financing, and real estate sectors.
- ATBIS offers its customers integrated wealth management expertise.

The strategic service units consist of corporate or head-office business units that support our four 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.

Year-Over-Year Area of Expertise Results

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

Key Methodologies

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 interline charges, if any, are offset by amounts reported for strategic service units.

We allocate the costs associated with our business segments' day-to-day operations as follows:

- Direct allocations include expenses that segments have influence over, which benefit the segment's operations.
- Other costs that are not directly attributable to the business segment, including indirect expenses, follow specific methodologies based on best-suited cost drivers.

Year-Over-Year Segmented Results

($ in thousands)		Retail Financial Services		Business and Agriculture		Corporate Financial Services		Investor Services		Strategic service units		Total
For the year ended March 31, 2015												
Net interest income	**$**	**417,797**	**$**	**258,637**	**$**	**279,103**	**$**	**441**	**$**	**74,454**	**$**	**1,030,432**
Other income		**89,705**		**69,367**		**61,803**		**133,733**		**83,748**		**438,356**
Total operating revenue		**507,502**		**328,004**		**340,906**		**134,174**		**158,202**		**1,468,788**
Provision for (recovery of) credit losses		**25,129**		**16,484**		**31,921**		**-**		**(950)**		**72,584**
Non-interest expenses		**429,992**		**211,803**		**94,663**		**104,392**		**128,496**		**969,346**
Payment in lieu of tax		**-**		**-**		**-**		**6,850**		**91,327**		**98,177**
Net income (loss)	**$**	**52,381**	**$**	**99,717**	**$**	**214,322**	**$**	**22,932**	**$**	**(60,671)**	**$**	**328,681**
Increase (decrease) from 2014												
Net interest income (loss)	$	43,015	$	33,904	$	18,567	$	72	$	(31,138)	$	64,420
Other income		2,928		3,663		545		28,754		18,019		53,909
Total operating (loss) revenue		45,943		37,567		19,112		28,826		(13,119)		118,329
Provision for (recovery of) credit losses		12,467		8,030		11,498		-		(1,806)		30,189
Non-interest expenses		2,984		15,566		9,366		16,589		(24,250)		20,255
Payment in lieu of tax		-		-		-		6,850		8,763		15,613
Net income (loss)	$	30,492	$	13,971	$	(1,752)	$	5,387	$	4,174	$	52,272
For the year ended March 31, 2014, restated												
Net interest income	$	374,782	$	224,733	$	260,536	$	369	$	105,592	$	966,012
Other income		86,777		65,704		61,258		104,979		65,729		384,447
Total operating revenue		461,559		290,437		321,794		105,348		171,321		1,350,459
Provision for credit losses		12,662		8,454		20,423		-		856		42,395
Non-interest expenses		427,008		196,237		85,297		87,803		152,746		949,091
Payment in lieu of tax		-		-		-		-		82,564		82,564
Net income (loss)	$	21,889	$	85,746	$	216,074	$	17,545	$	(64,845)	$	276,409

Retail Financial Services (RFS)

Most of our customers know ATB through RFS—we are the face of ATB. Responsible for 172 branches and 135 agencies, RFS team members create a strong first impression and ensure that ATB is well represented across Alberta. Our goal is to ensure that ATB is one of the best-run retail financial groups in the world, serving Albertans better than any financial group doing business in the province. We focus on leadership, team members, customers, operations, and execution to contribute to the overall success of the organization—increasing the number of new and active customers, gathering their transactional accounts, and increasing the breadth and depth of customers' ATB connections.

2014–15 Highlights

Productivity

As essential components of a high-performing organization, trust, service, and relationships are at the heart of ATB's work. In fiscal 2014–15, we continued to support a culture of performance within RFS in many ways, including creating learning options for branch team members and establishing an internal, certified team of trainers to further develop our skills.

To be one of the best-run financial groups in the world, we must meet regulatory compliance and manage risk. RFS launched new programs to comply with residential mortgage underwriting guidelines, the U.S. *Foreign Account Tax Compliance Act*, and Canada's anti-spam legislation. We successfully completed a number of internal and external audits during the year, and we implemented enhanced protocols for cash management, outages, and more.

The evolution of Branch Manager 2.0 continued in fiscal 2014–15 with process improvements for branch manager approvals, among other developments. We established a new branch assessment and improved incentive plan scorecards to better reflect connections with customers and outcomes achieved by team members working in our branches. We also improved our internal processes to ensure that customer-related credit, pricing, and service decisions are made in our branches whenever possible.

Market Share

RFS continued to expand its sales force, client access, and fulfilment capacity in fiscal 2014–15. Our agency network grew, particularly in urban areas, and technical upgrades increased capability. A new Group Financial Services team has found early success helping 24 client companies offer competitive banking benefits to their employees, with lower interest rates and service fees, discounted chequing accounts, and group investment plans.

RFS continued efforts to differentiate ATB in the marketplace in fiscal 2014–15 with agile and responsive products for our customers. Noting increased interest in buying U.S. vacation homes, we created the U.S. Property Loan, the only product of its kind available to the mass market in Canada. Other U.S. products include a new U.S.-dollar chequing account and MasterCard, both with strong initial results.

ATB's summer campaign focused on the new MyPic MasterCard—a card with the option of a personally selected image—and more than 9,000 have been issued so far. We also launched the New to Canada Everyday Banking option, as well as a line of credit for apprentices and students in professional programs. Our Clear-Cut Mortgage continues to take the confusion out of buying a home. Most recently, the "Friendship pays with ATB" offer included an incentive for new customers to open a chequing account and to refer friends to do the same.

In the last eight quarters, we have developed an extraordinarily strong story. We're in a better place than we've ever been—not just in earnings but in the number of Albertans who are making the move to ATB Financial. But, even at the top of our game, we know there's much more to be done.

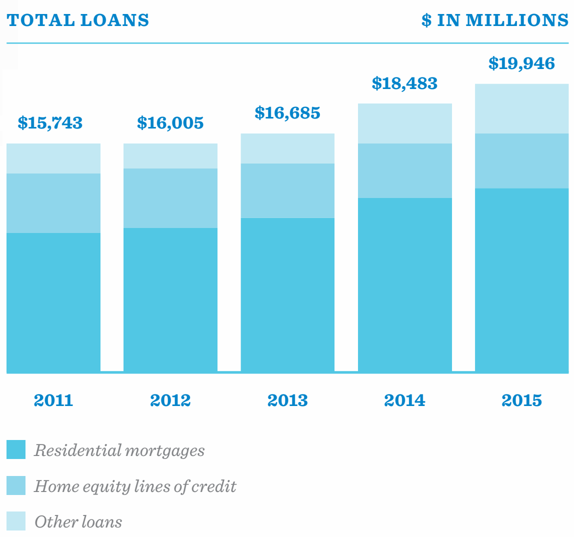
ROB BENNETT

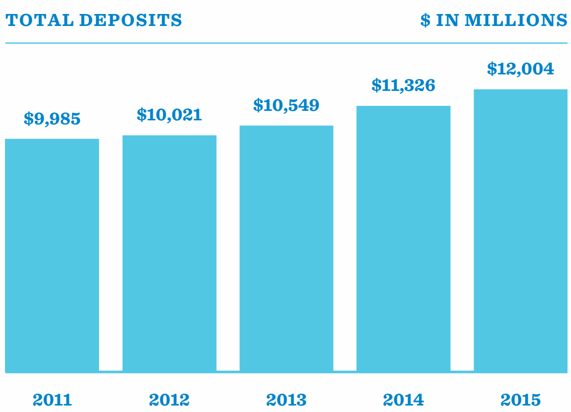
Executive Vice-President,
Retail Financial Services

All of these initiatives contributed to RFS's tremendous progress toward its goal of serving more Albertans, with almost 36,000 new customers joining ATB over the year. Our customer advocacy score, a measure of customer loyalty and engagement, improved to 49 this year, up from 46 last year.

Financial Performance

($ in thousands)		2015		2014 restated
Net interest income	$	**417,797**	$	374,782
Other income		**89,705**		86,777
Operating revenue		**507,502**		461,559
Provision for credit losses		**25,129**		12,662
Non-interest expenses		**429,992**		427,008
Net income	$	**52,381**	$	21,889
Total assets	$	**19,946,326**	$	18,483,339
Total liabilities	$	**12,004,052**	$	11,325,690





In fiscal 2014–15, RFS saw net income improve by $30.5 million (139.3%) to end the year at $52.4 million. The substantial improvement was due to net interest income, which increased by $43.0 million, partially offset by a $12.5-million increase in the provision for credit losses.

An increase in operating revenue was primarily due to an increase in net interest income. A number of factors impacted our performance, including strong balance-sheet growth, particularly in residential mortgage loans, as loans grew by $1.5 billion over last year. Our loan-product mix also shifted toward more short-term, higher-yielding variable-rate products, and we saw a decrease in interest expense on deposits due to the maturity of certain higher-yielding market-linked deposits. In addition, fiscal 2014–15 saw a one-time adjustment of $7.1 million relating to interest on certain personal loans. These favourable changes were slightly offset by a decline in income earned on home equity lines of credit, which was mainly volume driven.

The provision for credit losses increased to $25.1 million, $12.5 million more than in fiscal 2013–14. The increase was driven by a combination of loan portfolio growth and lower losses last year due to a stronger Alberta economy.

Non-interest expenses for fiscal 2014–15 were $430.0 million, consistent with last year's expenditure. The slight increase was the result of an adjustment this year for expected fee reimbursements on Freedom accounts and our new Friendship Pays campaign.

Loans ended the year at $19.9 billion, which is a $1.5-billion (7.9%) increase over last year. The growth is primarily attributed to $942.2-million (7.9%) and $660.2-million (29.6%) increases in residential mortgages and other personal loans, respectively. These increases were slightly offset by a $168.5-million (4.3%) decline in our home equity lines of credit.

Deposits grew by $678.4 million (6.0%) in fiscal 2014–15 to end the year at $12.0 billion. This increase was primarily due to growth in personal retail deposits of $492.6 million (7.8%), which was aided by our new Friendship Pays campaign.

Future Priorities

Our goal is to be respected as one of the best-run retail financial institutions in the world, to transform banking, to reimagine it … to make banking work *for* people. To optimize ATB's financial performance, we will focus on acquiring low-cost deposits, attracting new customers, and connecting clients with ATB experts. For fiscal 2015–16, RFS will focus on the following priorities:

Executing Extraordinary Leadership

We will continue to improve branch productivity, client acquisition, and financial performance, with even greater focus on team member capability, accountability, and proficiency. We will also enhance our leadership review program and make sure we are getting the most out of internal leadership programs.

Maximizing Team Member Contribution

We will place more emphasis on short-term performance and recognition programs to reward results that align with ATB's goals.

Creating Rules That Let Customers Choose

We will remember that the best rules are the ones that let us do our job right and that let our customers, once informed, choose what works best for them.

Being First to Trust

We will develop the competence and authority to think "yes" and do the right thing. This approach enables front-line team members to make on-the-spot decisions for customers.

For more information on RFS, visit atb.com/personal-banking

Business and Agriculture (B&Ag)

B&Ag is reinventing and transforming business banking in Alberta by making it work for entrepreneurs, business owners, farmers, and ranchers. We focus on creating a completely different experience for our customers and a better career for our team members. Our commitment is to have the best professional business bankers in the world, and our Business and Agriculture Centres of Expertise enable us to meet that commitment. Ultimately, we are supporting our customers in unprecedented ways as we continue to innovate in business banking.

2014–15 Highlights

Strengthening the Professional Practice Through Leadership Realignment and Role Clarity

The core of our strategy and business philosophy is simple: business bankers providing professional advice to business owners and agriculture producers. However, to do that most effectively, we need to work differently. To that end, we have now reorganized our sales and support teams.

We have realigned our leadership to flatten the organization and to focus more on growing the small-business market. A complete change management strategy is being executed to make sure the transition goes smoothly and will be fully realized during fiscal 2015–16.

Leveraging the Success of the Business and Agriculture Centres of Expertise

Being experts in business and agriculture is something we take seriously. The Business Centre of Expertise has raised the bar on building more sophisticated solutions that our customers need, which has led to market-leading growth in the "magical middle." The Agriculture Centre of Expertise has differentiated ATB from other financial institutions in the marketplace, and the word is out—ATB is *the* place for farmers and ranchers to go because our professionals *get* agriculture better than anyone.

Using the ATB Business Banking Centre to Serve Mass Market Customers

The ATB Business Banking Centre was launched in summer 2014 and is now serving our mass market customers. In serving our customers through this new channel, we are growing our capabilities—and that is key to creating outstanding customer experiences and to growing our deposit book and other income.

Connecting More Customers With Other ATB Areas of Expertise

In support of the ATB connections strategy, we set specific goals to ensure team members were connecting customers with experts in RFS. Our tremendous success was further supported by a new personal banking offer for business owners and by introducing our Group Financial Services team. This team can give existing B&Ag clients an edge by enabling them to offer their employees comprehensive investment and personal banking solutions with ATB.

B&Ag team members and ATBIS advisors are also working together across Alberta to meet our customers' business and personal wealth-planning needs. Together, they are elevating customer experiences using new solutions, like ATB's unlocking wealth strategy and, ultimately, are improving customer outcomes for ATB.

The Business Centre of Expertise has raised the bar in building more sophisticated solutions that our customers need. The Agriculture Centre of Expertise has differentiated ATB from other financial institutions in the marketplace, and the word is out—ATB is the *place to go for farmers and ranchers because our professionals* get *agriculture better than anyone.*

WELLINGTON HOLBROOK
Executive Vice-President,
Business and Agriculture

Our professionals are introducing customers to CFS's Financial Markets team. As customers grow and go public or need greater lending and cash management solutions, we continue to graduate them to CFS for corporate-level expertise.

Raising ATB's Profile and Showcasing Our Made-in-Alberta Expertise

We are taking a strategic approach to understanding the business market today in Alberta and showcasing that understanding through our quarterly publication, *ATB Business Beat*. By conducting a direct quarterly survey of small and mid-sized Alberta enterprises, we are able to gather unique insights from them. It's proving to be a great opportunity to discover the topics that keep Alberta business leaders up at night and the challenges ATB can help businesses overcome. Twice a year, we also produce *The Feed*, an informative, interactive piece designed specifically for those in agriculture that shows our deep understanding of that market. *ATB Business Beat* and *The Feed* help to raise our profile and demonstrate what sets us apart from the competition.

Sustaining Our High Customer Advocacy Index (CAI) Scores

B&Ag has now recovered and surpassed the CAI levels we had before implementing the new banking system in fiscal 2011–12. To ensure that we continue to perform well, CAI action plans are provided regularly to each of our sales hubs. These plans help our professionals use the quarterly CAI results and comments they receive to create actionable steps to improve relationships, as demonstrated through our improved relationship-managed-customer score. Our non-relationship-managed-customer score has continued to improve as well and has benefited from introducing new customer connection channels like the ATB Business Banking Centre.

Financial Performance

($ in thousands)	**2015**	2014 restated
Net interest income	$ **258,637**	$ 224,733
Other income	**69,367**	65,704
Operating revenue	**328,004**	290,437
Provision for credit losses	**16,484**	8,454
Non-interest expenses	**211,803**	196,237
Net income	$ **99,717**	$ 85,746
Total assets	$ **6,686,117**	$ 5,712,616
Total liabilities	$ **9,167,956**	$ 8,005,506

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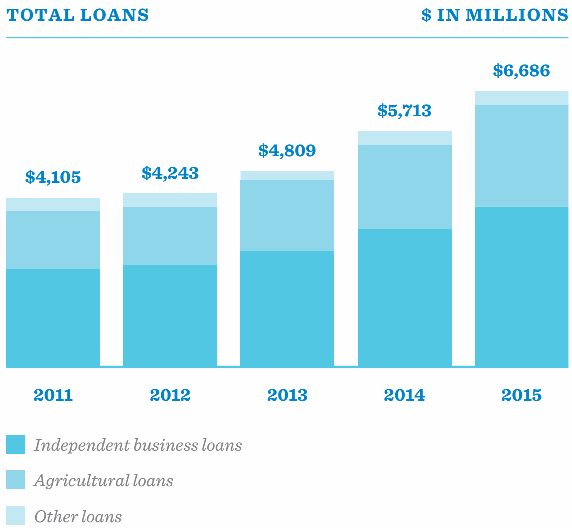
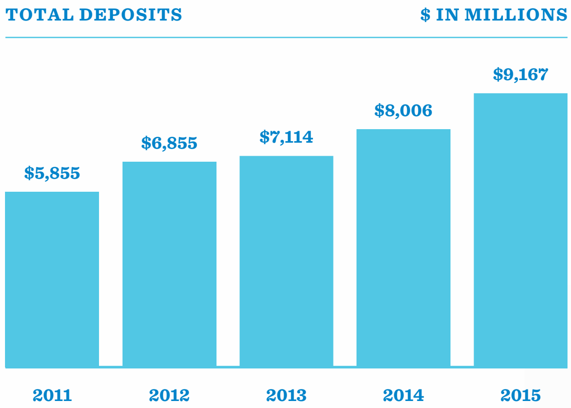




Net income for fiscal 2014–15 was $99.7 million, a $14.0-million improvement over last year's results. This increase was due to the growth in net interest income outpacing the increases in both the provision for credit losses and non-interest expenses.

Operating revenue growth in fiscal 2014–15 was primarily driven by net interest income, which increased by $33.9 million (15.1%). Balance-sheet growth, combined with an increased yield on loan products, contributed to the favourable growth in net interest income over last year. This was partially offset by a decline in deposit spread and an unfavourable product mix within the deposit portfolio.

The provision for credit losses this year was $16.5 million, which is higher than the $8.5 million recorded in fiscal 2013–14. This increase was largely a result of the growth in loan balances and recent changes in the Alberta economy.

Non-interest expenses increased by $15.6 million (7.9%) over last year's $196.2-million expense. The increase is due to a combination of higher employee expenses resulting from a larger expense recorded this year for incentive pay, and the impact of higher deposit, loan, and MasterCard balances.

Loans as at March 31, 2015, stood at $6.7 billion, an increase of $1.0 billion (17.0%) over last year. A $580.4-million (17.4%) increase in independent business loans and a $402.7-million (19.7%) increase in agriculture loans were the primary drivers for loan growth.

Deposits ended the year at $9.2 billion. This is $1.2 billion (14.5%) higher than the same time last year. The increase was driven by business retail and fixed-date deposits, which grew by $905.4 million (14.2%) and $235.1 million (14.5%), respectively.

Future Priorities

Our goal is to continue to elevate our reputation in Alberta as being number one for business banking and to build on the love and respect of our customers. For fiscal 2015–16, B&Ag will focus on the following priorities:

Improving Customer Experiences

Realigning our leadership, sales, and support teams will produce a more nimble area of expertise and enable our team members to spend more time building relationships with their customers.

With the Business Banking Centre now operational, we will grow our capabilities in serving our customers through this new channel, creating outstanding customer experiences.

Through our Business and Agriculture Centres of Expertise, we will raise the bar by building more sophisticated solutions for our business and agriculture customers. This also means helping our customers diversify their businesses, access new markets, and ensure they are positioned to succeed regardless of the present state of the oil and gas market.

Leveraging Our Channels and Payments Solutions and Technology

We will use new technology provided through channels and payments services to offer our entrepreneurial clients enhanced security and innovative products and solutions. We will also continue to look at how we can use information that is available from the banking system to help us run an even better business.

Managing Our Deposit Book

We will continue to develop our expertise in managing our deposit book to maximize growth. This will allow us to fund ATB's asset growth and ensure we have the liquidity required to fund higher-margin loans.

Establishing ATB Capital

We will launch ATB Capital, an initial $25-million fund aimed at injecting capital into established and profitable Alberta companies, to support their opportunities to grow or diversify, or meet their succession requirements. This "blue-collar equity" will fill a gap by allowing these small and mid-sized business owners to access equity without having to give up control of their companies.

Using Data Science

We are learning to use data science to understand and predict customer behaviours, build smarter credit models, provide better insights to our customers, and design a better business. Millions of data points will allow us to get smarter about where we invest and which strategies are most important for achieving higher levels of success.

For more information on B&Ag, visit atb.com/business

Along with a commitment to have the best professional business bankers in the world, the B&Ag Centres of Expertise are enabling us to provide the highest level of professional business advice. Our expertise is also improving in other areas, like the business mass market, small business, equipment financing, and channels and payments. This is enabling us to think "yes" first and create better customer experiences.

WELLINGTON HOLBROOK

Executive Vice-President,
Business and Agriculture

their aspirations closer,

Corporate Financial Services (CFS)

CFS serves the needs of mid- and senior-market businesses with operations in Alberta. We offer wide-ranging business solutions, including credit, deposit, cash management, financial markets, and syndications, and have highly responsive relationships with our clients through industry-expert relationship management teams. Concentrating on sectors that drive Alberta's economy, such as energy, real estate, construction, food, and forestry, ATB is proud to be a financial partner that focuses on the greater good of all Albertans. Through the credit crunch, depressed commodity prices, and global economic turmoil, ATB has remained loyal to our customers while building custom solutions that make banking work *for* people.

2014–15 Highlights

In fiscal 2014–15, CFS made significant progress on these strategic priorities outlined in its business plan:

Leading Change in Alberta and Moving From Relevance to Significance

As the only syndication team based in Western Canada, the CFS Syndication Group can provide local expertise and in-depth market understanding that is transformative in the mid-market segment. In the second quarter, this team achieved a major milestone, ranking second in the bank league tables, based on the number of lead-mandated energy transactions won in the quarter. These tables compare financial institutions against the competition and, with the support of our clients, CFS continues to climb in these rankings.

During the third quarter, CFS and AltaCorp Capital hosted the third-annual investor conference in Toronto, showcasing clients from various industries to the investment community. This year's conference achieved record attendance and attracted among the industry's best private-equity firms, institutional investors, and media partners. We are proud to be part of this world-class platform to showcase the expertise of our team members, our partners, and, most importantly, our clients, all toward Alberta's greater good.

Expanding the CFS Presence

Our commitment to delivering world-class banking continued with the launch of two new specialized teams: Equipment Finance and Project Finance. We have seen rapid market adoption of the Equipment Finance team, who have also had success with our partners in B&Ag.

On the Project Finance front, Alberta continues to be the centre of enormous capital projects that are important to the growing needs of Albertans and Canadians. Our new Project Finance team offers subject matter experts who facilitate highly specialized and complicated financing structures to support funding of these projects.

These two groups demonstrate our commitment to delivering on strategies that increase the breadth and depth of our relationships, and client solutions that ensure that ATB remains a leader in our market.

Actively Developing Our Business

CFS went through an organizational realignment geared toward making banking work *for* our clients. We are now organized into three clear units—Client Relationships; Client Solutions, Technology, and Operations; and CFS Services—to make sure we have the best tools, processes, and overall banking platform to allow our teams to deliver unmatched client experiences.

We are in business to support our clients and marketplace. By connecting our exceptional teams with the right solutions, tools, and processes, we will sustain our high level of client advocacy—creating raving fans with each and every client interaction.

IAN WILD

Executive Vice-President,
Corporate Financial Services

How will we do this?

Leveraging the Banking System Technology

We continue to leverage our banking platform by developing products and improved integration with clients. In the second quarter, we launched One-Off Payments, a convenient, cost-effective, and secure way to manage certain payments that can help clients improve cash forecasting and reduce risk exposure.

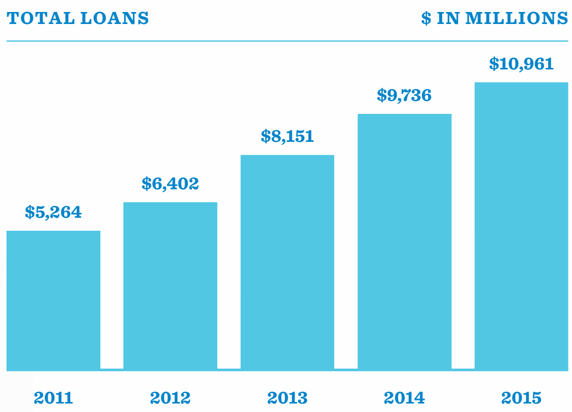
Throughout the year, we saw team members increasingly use our customer relationship management system. Further integration of this system will allow CFS to execute on the ATB-wide connections strategy and ensure that we are surrounding our clients with the experts they need from across ATB.

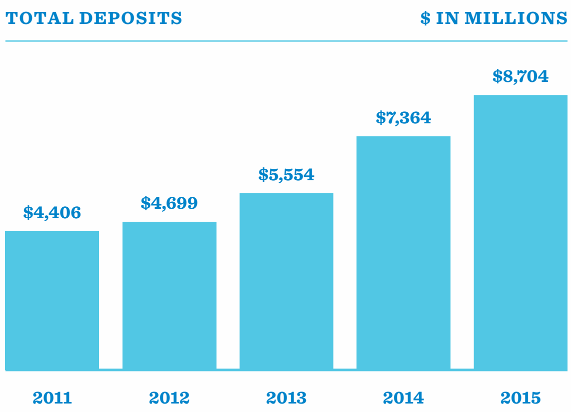
Demonstrating Strong Customer Advocacy

Despite a significant slowdown in Alberta's economy, our customer advocacy score remained extremely strong over fiscal 2014–15. The results make CFS the top-performing institution in customer advocacy among major commercial and corporate banks operating in Alberta.

Financial Performance

($ in thousands)		2015		2014 restated
Net interest income	$	279,103	$	260,536
Other income		61,803		61,258
Operating revenue		340,906		321,794
Provision for credit losses		31,921		20,423
Non-interest expenses		94,663		85,297
Net income	$	214,322	$	216,074
Total assets	$	10,961,281	$	9,735,770
Total liabilities	$	8,704,341	$	7,364,220





CFS contributed net income of $214.3 million, consistent with last year. The current year saw an $18.6-million increase in net interest income, but it was offset by a higher provision for credit losses and higher non-interest expenses.

Operating revenue of $340.9 million was $19.1 million (5.9%) higher than last year's revenue of $321.8 million. The increase in operating revenue was primarily driven by net interest income, which was favourably impacted by strong balance sheet growth, but was partially offset by higher interest expenses resulting from a shift in our deposit mix. Other income was consistent over last year as improved credit fee and service charge income was offset by lower income earned from our client trading desk. The low oil price impacted the current year's $31.9-million provision for credit losses, which was $11.5 million (56.3%) higher than last year's $20.4-million provision.

Loan balances improved by $1.2 billion (12.6%) over last year, primarily driven by loan growth in real estate, drilling, and services sectors. Our deposits balance at March 31, 2015, was $8.7 billion, a $1.3-billion (18.2%) increase over last year. Fixed-date deposits, which increased by $986.2 million (23.2%), and business retail deposits, which increased by $378.4 million (12.4%), were primary drivers for the year-over-year growth.

Future Priorities

CFS's goal is to become significant in its markets while being a focused and substantial contributor to ATB's corporate strategy. In support of enterprise financial performance, CFS will focus on optimizing its portfolio and, in concert with Treasury, increasing the quality and quantity of our deposits to secure required liquidity. For fiscal 2015–16, CFS has outlined a number of priorities, including:

Investing in Personal Equity and Extraordinary Leadership

We will execute on strategies that develop, support, and inspire our teammates and align with our plan to be *the* place to work. Together with People and Culture, we will deliver best-in-class programs to CFS leaders that are designed to further develop excellence in client relations, market building, and influence.

Continuing to Develop Industry Specialization

We will continue to develop new industry specializations and increasingly concentrate on renewable and clean energy, technology, project finance, and financial services sectors. We will pursue these industries, while striving to be number one in each sector that drives Alberta's economy, and further expand our focus on sectors that support our strategy.

Leveraging Channels and Payments Technology and Shared Connections

As we continue to leverage our banking system, we will connect our teams and deliver new cash-management solutions for our clients, which will include more robust payment solutions and cash-pool capabilities. By connecting our exceptional teams with the right solutions, tools, processes, and experts, we will sustain our high level of client advocacy.

Expanding the CFS Presence and Capturing More

We will deliver on strategies that deepen our relationships and make ATB a leader in our market. As we develop new capabilities, such as the ATB Equipment Finance team, we will aggressively pursue both client and prospect markets throughout Alberta. We will lead more syndicated transactions for Alberta-based companies and position ourselves to lead the entire spectrum of client solutions, not just capital requirements.

For more information on CFS, visit atb.com/business/CFS

Investor Services (ATBIS)

ATBIS is the wealth management division of ATB, offering our customers world-class investments—including our award-winning Compass Portfolio Series—as well as savings, insurance, tax planning, and estate planning. In fiscal 2014–15, ATBIS had our best year ever, growing assets under management to $13.7 billion and operating revenue to $134.2 million.

2014–15 Highlights

In fiscal 2014–15, these key areas of focus helped us to get where we are today:

Demonstrating Mastery

In the past year, we grew the mastery development program (which is based on video observation, expert coaching, deep practice, and access to our video library of masterful advisor-client interactions) to include 85% of our financial advisors and investment counsellors. At the end of fiscal 2014–15, 97% of ATBIS advisors were meeting or exceeding mastery expectation levels.

Providing Online Advice

Last year was the first fiscal year with our Online Advice tool, which was officially launched late in fiscal 2013–14. We went through growing pains early on, but we took the opportunity to make technological improvements to the tool's usability. We also reconnected the goal-planning advisors to the branch locations to re-establish strong connections with our partners in the other areas of expertise. By the end of the year, these enhancements resulted in noticeable improvements that reversed negative trends and resulted in adding 1,100 new accounts in fiscal 2014–15.

Expanding Partnerships With Other Areas of Expertise

A great deal of work has been done in the past year to strengthen our connections with our partners in the other areas of expertise. Most significantly, we worked with our partners in RFS and B&Ag to develop a brand new Group Investment Plan as part of ATB's new Group Financial Services offering. We also modified compensation to reward our advisors for expanding their partnerships and created a variety of workshops and committees to develop new opportunities.

Helping Advisors Spend More Time With Clients and Less Time With Documents

Last year, we continued to focus on cost- and time-saving opportunities in our business. We introduced advisors and employees to a digital signature tool and launched the first phase of our new client portal, which will give clients access to electronic statements. Both of these initiatives will be made available to our clients in fiscal 2015–16. They will reduce paper and storage costs and save significant time for both our team members and our clients.

Helping Albertans With Cross-Border Living

Many of our clients own homes or spend considerable time in the warm southern states. While this lifestyle provides a wonderful opportunity for them, it involves many complexities, such as taxation rules, immigration laws, and currency transfers, to name a few. In the past, due to compliance regulations, it also created gaps in the service we could provide to those clients when they were out of province. In fiscal 2014–15, we became registered nationally in the U.S. so we can maintain seamless, uninterrupted service for our Canadian clients who live cross-border lives.

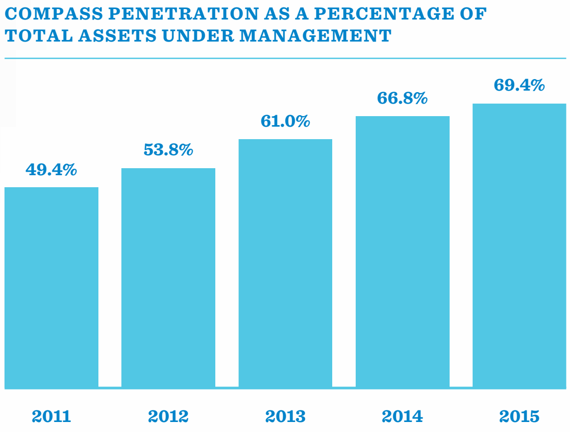
Our success is due to the fact that we have done things differently and better for our clients. We need to keep innovating and widening that gap moving forward, as the capabilities that are an advantage for us today may become the norm a few years from now.

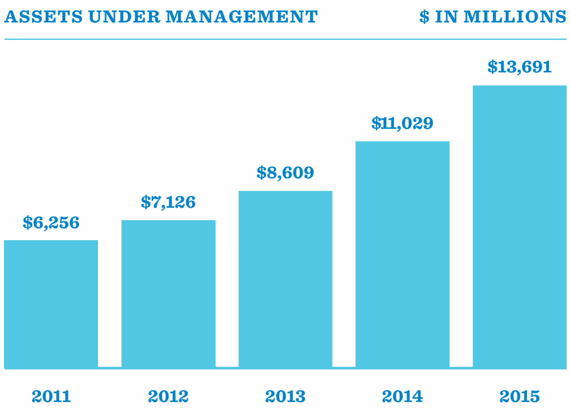
CHRIS TURCHANSKY
President,
Investor Services

Financial Performance

($ in thousands)		2015		2014 restated
Net interest income	$	441	$	369
Other income		133,733		104,979
Operating revenue		134,174		105,348
Non-interest expenses		104,392		87,803
Net income before payment in lieu of tax		29,782		17,545
Payment in lieu of tax[1]		6,850		-
Net income	$	22,932	$	17,545
Total assets	$	149,115	$	136,604
Total liabilities	$	118,033	$	97,454

[1] As of April 1, 2014, Investor Services is proportionally allocated its share of the payment in lieu of tax expense.





ATBIS income before payment in lieu of tax for fiscal 2014–15 was $29.8 million, an increase of $12.2 million (69.8%) over last year. The increase was primarily due to an increase in managed assets early in the year that resulted in higher core revenues, which caused revenue growth (27.4%) to outpace expense growth (18.9%).

The Compass Portfolio is currently 69.4% of the overall assets under management balance, which is an improvement of 2.6% over the 66.8% penetration at the same time last year.

Assets under management ended the year at $13.7 billion, which is $2.7 billion (24.1%) greater than the $11.0 billion held at the same time last year. Almost two-thirds of the growth this year was driven by new assets.

Future Priorities

ATBIS is committed to achieving ATB's goals of being *the* place to work and of being loved and respected by Albertans, while continuing our drive to be number one in the markets we are in. To optimize financial performance, ATBIS will focus on acquiring new customers and non-margin fee income. For fiscal 2015–16, ATBIS's priorities are as follows:

Coaching Through Mastery Evolution

To ensure that our advisors continue to develop their competencies, we will provide one-on-one coaching and group learning workshops. This effort will result in high client retention, larger wallet share, and referrals from satisfied customers. We will also introduce new program content to coach advisors to think and act strategically and set effective short- and long-term goals that will help them drive more business by working smarter, not harder. A focus on competency development and coaching support will also be important.

Growing Connections

We will use data to identify opportunities for surrounding our clients with experts and to increase awareness of the expertise that exists at ATBIS. With support from RFS and B&Ag, we will launch Group Investment Services (GIS), a part of ATB's new Group Financial Services offering, which will allow employers to set up registered savings plans for employees. GIS will attract over a thousand new clients to ATB this year, along with significant new assets. We will continue to work closely with the Alberta Private Client group to surround our high-net-worth clients with specialized services and products. By growing connections, we will bring in new clients and increase assets, increasing our market share.

Improving Our Tools and Processes

To achieve our productivity goals, we will continue to improve processes, tools, and technology. Driven by client feedback, we will make it easier for clients to access information that's important to them, when and how they want it. ATBIS accounts will be included on ATB TrackIt, and our outdated Investor Connect site will be replaced with a new online client portal with improved functionality to allow clients to choose electronic statements.

Enhancing the Online Advice Channel (Mass Market)

We will improve our Online Advice tool by changing the organizational structure of the Mass Market team. We are introducing proactive initiatives to attract new clients and retain existing clients, as our team of goal-planning advisors re-establishes relationships with specific branches and strengthens our connections. In addition, our mastery strategy will be introduced to the mass market channel to ensure we understand what is required to deliver a first-class client experience.

For more information on ATBIS, including the Online Advice tool, visit advice.atb.com

Strategic Service Units (SSUs)

ATB's SSUs include corporate business units whose results are not directly attributable to an operating segment or are strictly corporate in nature. Each SSU is made up of a mosaic of professionals in specific fields who provide their know-how to help the four areas of expertise efficiently meet their strategic and operational goals.

CFO Portfolio

The CFO Portfolio includes ATB's finance, accounting, legal, treasury, real estate, and facilities functions. Our purpose is to deliver insight, provide solutions, and excel in the foundational processes we own and operate. Building on momentum we've created this year—most notably the significant reduction of our month-end close from twelve days to five—we will make advancements in financial management information and further sophisticate our capital and liquidity management practices in fiscal 2015–16. Along with continuing to focus on talent management, we will enhance productivity by improving our financial planning and payroll processes. Having completed the reengineering of our workspace for major corporate facilities in Edmonton and Calgary, we will develop an estimated 10 new agency locations to support RFS. Given the material drop in oil prices and the uncertain direction of the economy in the short term, we are prepared to adjust our priorities as the needs of the business evolve.

People and Culture (P&C)

P&C's primary role is to be strategic partners with our business, providing advice about the culture of the organization and all aspects of each team member's journey, from attracting, selecting, onboarding, rewarding, engaging, and developing to ultimately exiting team members. P&C spearheads three strategic differentiators that enable team members at every level to thrive: our work environment and tools and resources allow all team members to contribute their very best, outstanding leadership development produces great (not perfect) ATB leaders, and we enable each team member to build his or her own personal equity. In the next fiscal year, we expect to focus our energy on leading cultural change through every corner of the organization.

Reputation and Brand (R&B)

R&B plays a key role in building ATB's reputation, attracting and retaining customers, and keeping all team members well informed. We are made up of the teams who are responsible for company-wide brand and marketing initiatives, corporate social responsibility, community investment and specific community initiatives, media and story, internal communications, government relations, customer relations, and economics and research. With award-winning talent and creative ideas, we champion the company-wide understanding and adoption of the ATB Story and support the achievement of ATB's goals. For 2015–16, our focus will be on revitalizing ATB's brand to reflect our story, building our presence in the marketplace, redesigning tools so team members can easily access the information they need, and expanding our focus on digital and social marketing.

It's a challenging time not only with Alberta's economy but with the changing competitive landscape for banking. More than ever before, ATB has to distinguish itself in the marketplace and build our reputation as a trusted partner and a great place to do business. That starts with ATB's new Story and our commitment to transform banking and make banking work for *people, not the other way around. It's our time to show that ATB is more than a bank.*

PEGGY GARRITTY

Senior Vice-President,
Reputation and Brand

Risk Management

Risk Management's primary focus is to ensure that ATB follows a disciplined and systematic approach to proactively identifying, measuring, managing, controlling, and reporting on all significant credit, market, liquidity, legal, regulatory, operational, strategic, and reputational risks inherent in its operations. For fiscal 2015–16, we will continue to strive to be a competitive advantage for ATB and to provide both our internal and external customers with an exceptional and memorable experience. We are focused on building and reinforcing a culture of caring, through a set of guiding principles that will be consistently displayed and followed by our team members every day. We will also continue to ensure ATB's safety and soundness, with a particular focus on helping guide the company and our customers through the challenges that may surface as a result of recent declines in oil prices.

Strategy and Operations (S&O)

S&O creates value for our internal and external customers by applying our expertise to understand and anticipate their strategic needs, ultimately helping to accelerate performance at ATB. S&O includes the following business units: Information Technology and Service Delivery, Back-Office Operations, the Strategy Group, Channels and Payments, the MasterCard business, the Operational Excellence program, the Emerging Innovation team, the Customer Care Centre, and a fraud and risk team. For fiscal 2015–16, our focus is on transforming our tools and processes so we can live the ATB Story and achieve our goals.

ATB's really always had the customer at the centre of our strategies. There's lots we've aspired to, but we've not delivered everywhere, every time, or consistently. We've never really been as intentional about what focusing on the customer means. Now we've created the Story and the ATBs—what we need to do every day to demonstrate that. It's exciting. It gives us a much better road map to the promised land.

BOB MANN
Chief Risk Officer

QUARTERLY OPERATING RESULTS AND TREND ANALYSIS

Review of 2014–15 Fourth-Quarter Operating Results

Summarized Consolidated Statement of Income

For the three months ended ($ in thousands)	2015 Q4 Mar 31/15	Q3 Dec 31/14	Q2 Sep 30/14	Q1 Jun 30/14	2014 Q4 Mar 31/14	Q3 Dec 31/13	Q2 Sep 30/13	Q1 Jun 30/13
Interest income	$ 384,375	$ 385,959	$ 371,573	$ 364,011	$ 357,029	$ 355,173	$ 341,904	$ 329,833
Interest expense	117,337	121,141	121,999	115,009	108,893	111,061	99,961	98,012
Net interest income	267,038	264,818	249,574	249,002	248,136	244,112	241,943	231,821
Other income	115,187	114,615	103,030	105,524	98,987	95,248	97,288	92,924
Operating revenue	382,225	379,433	352,604	354,526	347,123	339,360	339,231	324,745
Provision for credit losses	33,127	18,780	10,272	10,405	2,185	7,434	16,144	16,632
Non-interest expenses	256,067	241,854	236,216	235,209	265,227	235,026	226,220	222,618
Net income before payment in lieu of tax	93,031	118,799	106,116	108,912	79,711	96,900	96,867	85,495
Payment in lieu of tax	21,396	27,324	24,407	25,050	18,334	22,287	22,279	19,664
Net income	$ 71,635	$ 91,475	$ 81,709	$ 83,862	$ 61,377	$ 74,613	$ 74,588	$ 65,831

Net Income

For the quarter ended March 31, 2015, ATB earned net income of $71.6 million, an increase from the $61.4 million earned in the same quarter last year. This was driven by a $35.1-million increase in operating revenue and a $9.2-million decrease in non-interest expenses, partially offset by a $30.9-million year-over-year increase in the provision for credit losses. Compared to the third quarter of fiscal 2014–15, net income decreased by $19.8 million (21.7%), primarily due to higher provision for credit losses and non-interest expenses ($14.3 million and $14.2 million, respectively).

Operating Revenue

Operating revenue was $382.2 million in the fourth quarter of fiscal 2014–15, an increase of $35.1 million over the same quarter last year. This improvement was driven by a number of factors, but was primarily due to an $18.9-million (7.6%) increase in net interest income, driven by our year-over-year growth in loans and deposits ($3.8 billion and $3.3 billion, respectively), and a $6.7-million (24.8%) increase in Investor Services (ATBIS) revenue, mainly driven by the growth in our award-winning Compass Portfolio, a significant portion of our assets under management. We also saw a $3.2-million (18.3%) increase in net gains on financial instruments at fair value, due to the fair value increase on our asset-backed commercial paper, partially offset by lower realized and unrealized gains on treasury bills and bonds, and a $2.0-million (20.3%) increase in credit fees, primarily driven by the increase in our loan portfolio.

Operating revenue was consistent with the third quarter of this year, with the slight increase driven by a $2.2-million (0.8%) increase in net interest income. The increase in net interest income can be attributed to movement in overall loan and deposit balances, as net interest spread did not change—it was 2.70% for both quarters. Other income was consistent over last quarter, as increases in insurance and foreign-exchange revenue ($2.8 million and $1.4 million, respectively) were offset by a $1.8-million decline in card fees and a $1.6-million decline in net gains on derivative financial instruments.

Provision for Credit Losses

The quarter saw a $33.1-million provision for credit losses, an increase of $30.9 million (1,416.4%) over the same quarter last year. Compared to the third quarter of this year, the provision increased by $14.3 million (76.4%). The significant increase in the fourth-quarter provision was caused by the combination of loan growth and a sharp decline in oil prices.

Non-Interest Expenses and Efficiency Ratio

Non-interest expenses for the quarter were $256.1 million, a decrease of $9.2 million compared to the same quarter last year. The primary drivers for the decrease were an $8.5-million (6.3%) decrease in salary and employee benefits relating to pension costs and certain employee benefits, and a $3.1-million (19.5%) decrease in other expenses due to a lower fair value increase recorded on our Achievement Notes, offset by a $2.5-million (10.2%) increase in general and administrative expenses, primarily due to the new Friendship Pays campaign in RFS.

Quarter over quarter, non-interest expenses increased by $14.2 million (5.9%). This was mostly driven by an increase of $9.3 million (51.1%) in general and administrative expenses, which was partially due to the Friendship Pays campaign and the timing of certain expenditures falling in the fourth quarter compared to other quarters, along with an increase of $5.1 million (66.9%) in other expenses due to the current-quarter fair value increase recorded on our Achievement Notes.

ATB's efficiency ratio, measured as total non-interest expenses divided by total operating revenue, increased (worsened) from 63.7% in the third quarter of fiscal 2014–15 to 67.0% this quarter. This is, however, better than the 76.4% at the same time last year.

Trend Analysis

Operating revenue continues to increase steadily each quarter. Net interest income has benefited from the positive contribution made by all areas of expertise in growing our loan portfolio. This outweighed the unfavourable impact of the low-interest-rate environment and the increasingly competitive market for deposits, which has led to a decline in net interest spread. ATBIS revenue, which has improved each quarter owing in large part to the growth in the Compass Portfolio and assets under management, is the main driver for the improved results in other income.

The provision for credit losses has fluctuated over each quarter, owing to a number of factors. The first and second quarters of the prior fiscal year were impacted by the flood in Southern Alberta, with the third and fourth quarters of fiscal 2013–14 impacted by the subsequent recovery on certain provisions taken earlier in the year. The first two quarters of this fiscal year were driven more by loan growth than the overall quality of the portfolio, which has strengthened over the quarters. The increasing uncertainty caused by the slowdown in the economy has impacted the loan portfolio, which led to the increase in the final two quarters of fiscal 2014–15.

Non-interest expenses have increased quarter over quarter, which is reasonable given ATB's growth over the past two fiscal years. While our non-interest expenses have grown, we have monitored and worked on improving our efficiency ratio over this period; the efficiency ratio last year was 70.3% compared to the current-year ratio of 66.0%.

REVIEW OF CONSOLIDATED FINANCIAL POSITION

All references to years in this section are to fiscal years, unless otherwise stated.

Total Assets

Our total assets at March 31, 2015, were $43.1 billion, an increase of $5.4 billion (14.2%) over last year, driven by an 11.2% increase in loans. This is another year of record growth for ATB as we eclipsed the $4.6-billion increase last year, which was also a record year.

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)		2015		2015 vs 2014 increase (decrease)			2014
Cash	$	**383,791**	$	(55,126)	(12.6)%	$	438,917
Interest-bearing deposits with financial institutions		**812,253**		(330,875)	(28.9)%		1,143,128
Liquid securities		**1,895,092**		1,701,221	877.5%		193,871
Cash and liquid securities	$	**3,091,136**	$	1,315,220	74.1%	$	1,775,916
As a percentage of total assets		**7.2%**		2.5%	52.4%		4.7%

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. Securities and interest-bearing deposits with financial institutions increased over last year due to the inclusion of bonds and securities purchased under reverse repurchase agreements. These increases are largely due to the management of ATB's liquidity position. (Refer to the Risk Management section of this report for more 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 6 and 23 to the statements for more details.)

Asset-Backed Commercial Paper (ABCP)

($ in thousands)		2015		2015 vs 2014 increase (decrease)			2014
Asset-backed commercial paper	$	**740,174**	$	11,716	1.6%	$	728,458
As a percentage of total assets		**1.7%**		(0.2)%	(11.1)%		1.9%

ATB holds ABCP, which consists of third-party restructured notes under the Montreal Accord (Master Asset Vehicle notes, or MAV notes) and outside the Montreal Accord, and bank-sponsored ABCP restructured under separate agreements. As at March 31, 2015, the face value of the restructured notes of the MAV conduits and the other restructured notes is $815,268 (2014: $880,526). The current fair value of these notes is $740,174 (2014: $728,458), with $739,902 (2014: $728,084) designated at fair value through profit and loss, and the remainder designated as available for sale. The decrease in holdings from last year was a result of a significant maturity. ATB is not purchasing any new ABCP, but is holding on to its existing investment until it matures. (Refer to note 7 to the statements for more details.)

Loans

($ in thousands)	2015	2015 vs 2014 increase (decrease)		2014
Gross loans	$ 37,853,289	$ 3,836,754	11.3%	$ 34,016,535
Less: individual allowances	(90,568)	(32,642)	(56.4)%	(57,926)
Loans, net of individual allowances	37,762,721	3,804,112	11.2%	33,958,609
Less: collective allowances	(77,829)	(4,364)	(5.9)%	(73,465)
Net loans	$ 37,684,892	$ 3,799,748	11.2%	$ 33,885,144

Net loans grew by 11.2% during the year, a $3.8-billion increase over the $33.9-billion balance at the same time last year. The growth in net loans was driven primarily by a $1.2-billion increase in commercial loans in CFS, a $942.2-million and $660.2-million increase in residential mortgages and certain personal loans in RFS, and $580.4-million and $402.7-million increases in business and agriculture loans in B&Ag. The allowances increased by $37.0 million, with the collective allowance increasing by $4.4 million while individual allowances increased by $32.6 million. The increases in the collective and individual allowances were driven primarily by loan growth, as well as the decline in oil prices. Our loan portfolio and the related allowances for credit losses are discussed in greater detail in the Risk Management section.

ATB's performing loan growth of 11.1% in fiscal 2014–15 exceeded our targeted growth of 7.0% to 10.0%.

Fiscal 2015–16 Outlook for Performing Loan Growth

We are targeting overall growth in our performing loan balance of 6.0% to 9.0% in fiscal 2015–16, based primarily on our expectation of continued loan growth in our business loan portfolio and mortgages.

Remaining Assets

($ in thousands)	2015	2015 vs 2014 increase (decrease)		2014 restated
Derivative financial instruments	$ 684,694	$ 254,917	59.3%	$ 429,777
Property and equipment	369,351	9,451	2.6%	359,900
Software and other intangibles	280,424	14,323	5.4%	266,101
Prepaid expenses and other receivables	135,276	(872)	(0.6)%	136,148
Accrued interest receivable	71,966	(25,491)	(26.2)%	97,457
Other	17,010	(8,564)	(33.5)%	25,574
Total remaining assets	$ 1,558,721	$ 243,764	18.5%	$ 1,314,957

ATB's remaining assets are composed primarily of derivative financial instruments, property and equipment, software and other intangibles, and other assets. (Refer to notes 10, 11, 12, and 13 to the statements for more details.)

Derivative financial instruments increased by $254.9 million, largely due to a combined $228.2-million increase in the fair value of our corporate and client interest rate swap portfolios. This change was primarily driven by the reduction in long-term rates that favourably impacted the portfolio. We also saw a $76.6-million increase in the fair value of client-related trades from last year. These increases were offset by a $52.9-million decrease in the fair value of our market-linked deposits, resulting from the maturity of certain market-linked deposits this year. Changes in our client-related trades and market-linked deposits are consistent with the changes in the related liability account, with client derivatives' fair value increasing by $65.5 million and market-linked liability decreasing by $53.3 million.

Software and other intangibles increased by $14.3 million compared to fiscal 2013–14. This increase is due to the maintenance and upgrades to our banking system and human resources system. Property and equipment increased by $9.5 million compared to the prior fiscal year due to relocating our data centre and moving to our corporate space in Calgary Eighth Avenue Place.

Other assets comprise accrued interest, prepayments, and other receivables. These decreased by $34.9 million, mostly due to a lower balance of interest receivable on loans.

Fiscal 2015–16 Outlook for Capital Expenditures

Our major capital expenditure for 2015–16 is our investment of $40 million in application development and upgrades, including projects related to channels and payments strategies, customer relationship management, and product development.

We also expect to invest in facilities construction and renovations, with $22 million in expected capital spending. This includes the Calgary Eighth Avenue Place corporate office space and branch, expected to open in the fall of 2015, along with two branch relocations in La Crete and Pincher Creek, expected to happen this fiscal year.

Other investments include $27 million in IT infrastructure and $11 million in other projects related to Investor Services and regulatory requirements.

Total Liabilities

Total liabilities ended the year at $40.1 billion. This 14.1% increase over last year was driven by an increase in deposits.

Deposits

($ in thousands)	Payable on demand	Payable on fixed date	Total	Percentage of total
2015				
Personal	**$ 7,718,957**	**$ 4,926,354**	**$ 12,645,311**	**41.3%**
Business and other	**10,781,754**	**7,162,290**	**17,944,044**	**58.7%**
Total deposits	**$ 18,500,711**	**$ 12,088,644**	**$ 30,589,355**	**100.0%**
Percentage of total	**60.5%**	**39.5%**	**100.0%**	
2014				
Personal	$ 7,035,138	$ 4,805,311	$ 11,840,449	43.3%
Business and other	9,472,974	6,003,015	15,475,989	56.7%
Total deposits	$ 16,508,112	$ 10,808,326	$ 27,316,438	100.0%
Percentage of total	60.4%	39.6%	100.0%	

ATB's principal source of funding is customer deposits, which consist of personal and business deposits.

Deposits grew from $27.3 billion last year to $30.6 billion, a 12.0% increase. The growth resulted from fixed-date and business retail deposits by all areas of expertise, which grew by $1.4 billion and $1.3 billion, respectively. This increase is mostly due to strong relationships with our customers and successful promotional campaigns undertaken to attract more deposits.

ATB also achieved its targeted deposit growth of 10.0% to 12.0%.

Fiscal 2015–16 Outlook for Deposit Growth

We are targeting a deposit growth rate of 5.0% to 7.0% in fiscal 2015–16. Although competition for available deposits continues to be significant, strategic initiatives that focus on business deposit growth, such as cash management solutions, are expected to attract new business. Although our ongoing efforts to bring in new customers will continue to grow the deposit base, our existing deposit base will face pressure as individuals and businesses feel the impact of lower oil prices.

Remaining Liabilities

($ in thousands)	2015	2015 vs 2014 increase (decrease)		2014 restated
Wholesale borrowings	$ 3,044,130	$ 349,969	13.0%	$ 2,694,161
Collateralized borrowings	4,274,180	862,828	25.3%	3,411,352
Derivative financial instruments	488,867	126,956	35.1%	361,911
Accounts payable and accrued liabilities	949,917	436,639	85.1%	513,278
Accrued interest payable	99,932	1,420	1.4%	98,512
Payment in lieu of tax payable	98,177	15,613	18.9%	82,564
Accrued pension-benefit liability	86,931	21,653	33.2%	65,278
Achievement Notes	47,028	9,562	25.5%	37,466
Deposit guarantee fee payable	42,784	5,192	13.8%	37,592
Due to clients, brokers, and dealers	34,096	11,390	50.2%	22,706
Subordinated debentures	311,339	82,564	36.1%	228,775
Capital investment notes	-	(250,508)	(100.0)%	250,508
Total remaining liabilities	$ 9,477,381	$ 1,673,278	21.4%	$ 7,804,103

ATB's remaining liabilities are composed primarily of wholesale borrowings, collateralized borrowings, derivative financial instruments, accounts payable and accrued liabilities, accrued pension-benefit liability, capital investment notes, and subordinated debentures. (Refer to notes 10, 15, 16, 17, 18, and 20 to the statements for more 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 notes, floating-rate notes, and mid-term notes issued on ATB's behalf by the Government of Alberta. The balance outstanding can swing significantly over each year to compensate for fluctuations in our customer deposit balances. Wholesale borrowings increased by $350.0 million over the prior fiscal year due to the issuance of two $200.0-million mid-term notes and $250.0 million in bearer deposit notes. These issuances were offset by the maturity of $300.0 million in floating-rate notes.

Collateralized borrowings increased by $862.8 million due to additional issuances that did not replace maturing bonds during the year.

Derivative financial instruments increased by $127.0 million over last year primarily due to a combination of a $115.5-million increase in the fair value of our client and corporate interest rate swap portfolio and a $65.5-million increase in the fair value of client-related trades, partially offset by a $53.3-million decrease in the fair value of market-linked products.

Accounts payable and accrued liabilities increased by $436.6 million, mainly due to fair value movement on matured but not settled client-related trades. The accrued pension liability increased by $21.9 million compared to the prior fiscal year as a result of actuarial losses on ATB's registered pension plan.

Subordinated debentures increased by $82.6 million as we converted last year's liability for payment in lieu of tax to a five-year subordinated debenture with the province.

These increases were offset by the $250.5-million decrease in capital investment notes, as the five-year non-redeemable guaranteed notes, offered in fiscal 2009–10, matured in September 2014.

Regulatory Capital

ATB measures and reports capital to ensure that it meets the minimum levels set out by its regulator, the Alberta Superintendent of Financial Institutions, while supporting the continued growth of its business and building value for its owner.

As a Crown corporation, ATB and its subsidiaries operate under a regulatory framework established pursuant to the *Alberta Treasury Branches Act* and associated regulation and guidelines. The capital adequacy requirements for ATB are defined in a guideline authorized by the Government of Alberta's President of Treasury Board and Minister of Finance, which was modelled after guidelines governing other Canadian deposit-taking institutions. 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, notional (or deemed) capital (which reduces quarterly by 25.0% of net income), eligible portions of the collective allowance for credit losses, subordinated debentures, and capital investment notes (to a maximum of $500 million).

Regulatory Capital and Capital Ratios

($ in thousands)	2015	2015 vs 2014 increase (decrease)		2014 restated
Tier 1 capital				
Retained earnings	$ 2,920,375	$ 328,681	12.7%	$ 2,591,694
Tier 2 capital				
Eligible portions of:				
Subordinated debentures	145,096	20,296	16.3%	124,800
Collective allowance for credit losses	77,829	4,364	5.9%	73,465
Notional capital	282,344	(82,171)	(22.5)%	364,515
Total Tier 2 capital	505,269	(57,511)	(10.2)%	562,780
Total regulatory capital	$ 3,425,644	$ 271,170	8.6%	$ 3,154,474
Total risk-weighted assets	$ 31,349,283	$ 3,982,167	14.6%	$ 27,367,116
Risk-weighted capital ratios				
Tier 1 capital ratio	9.3%	(0.2)%	(1.6)%	9.5%
Total regulatory capital ratio	10.9%	(0.6)%	(5.2)%	11.5%
Assets-to-capital multiple	12.6	0.6	5.2%	12.0

Our Tier 1 capital ratio was 9.3%, and our total regulatory capital ratio was 10.9% of risk-weighted assets as at March 31, 2015.

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:

Risk-Weighted Assets

($ in thousands)	Risk-weighted percentage	2015 On- or off-balance-sheet value	2015 Risk-weighted value	2015 vs 2014 Risk-weighted value increase (decrease)		2014 restated On- or off-balance-sheet value	2014 restated Risk-weighted value
Balance sheet amounts							
Cash resources	0–20	$ 1,196,044	$ 162,451	$ (73,085)	(31.0)%	$ 1,582,045	$ 235,536
Securities	0–100	2,635,266	1,240,268	511,810	70.3%	922,329	728,458
Residential mortgages	0–100	12,939,260	3,457,668	161,401	4.9%	11,995,769	3,296,267
Other loans	0–100	24,745,632	23,178,522	2,739,633	13.4%	21,889,375	20,438,889
Other assets	20–100	1,558,721	1,532,968	256,444	20.1%	1,314,957	1,276,524
Total balance sheet amounts		$ 43,074,923	$ 29,571,877	$ 3,596,203	13.8%	$ 37,704,475	$ 25,975,674
Off-balance-sheet amounts							
Guarantees and letters of credit	0–100	18,378,119	1,428,141	372,181	35.2%	14,420,441	1,055,960
Derivative financial instruments	0–50	25,197,927	349,265	13,783	4.1%	19,769,364	335,482
Total off-balance-sheet amounts		$ 43,576,046	$ 1,777,406	$ 385,964	27.7%	$ 34,189,805	$ 1,391,442
Total risk-weighted assets		$ 86,650,969	$ 31,349,283	$ 3,982,167	14.6%	$ 71,894,280	$ 27,367,116

Return on Risk-Weighted Assets

ATB achieved a 1.1% return on risk-weighted assets during the year, driven by the increase in net income over the year.

Fiscal 2015–16 Outlook for Return on Average Risk-Weighted Assets

We are targeting a return on average risk-weighted assets in fiscal 2015–16 between 0.8% and 1.0%.

Fiscal 2015–16 Outlook for Regulatory Capital

Over fiscal 2015–16, 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.

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 recorded at amounts different from the full notional or contract amount. These transactions include:

Assets Under Management

Assets under management consist of client investments managed by ATB's subsidiary entities, commonly known as Investor Services. Client accounts under management increased from $11.0 billion to $13.7 billion during the year. (Refer to the Investor Services (ATBIS) section of this MD&A on page 96.)

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 and commodity 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, it is the fair value and not the notional amount that 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 10 to the statements for more 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, credit card authorized limits, and so forth. To the extent that a customer's authorized limit on a facility exceeds the outstanding balance drawn as at March 31, 2015, 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 that have extended commitment terms. (Refer to note 23 to the statements for more details.)

Contractual Obligations

During its normal daily operations, ATB enters into various contractual obligations to make future payments in respect of certain purchase transactions and operating leases. (Refer to note 23 to the statements for details.) We are also obligated to make future interest payments in respect of our collateralized borrowings, subordinated debentures, and wholesale borrowings. (Refer to notes 15, 18, and 22 to the statements for more details.)

Guarantees

In the normal course of operations, ATB enters into guarantee arrangements that satisfy the definition of guarantees established by IAS 39 *Financial Instruments: Recognition and Measurement*. The principal types of guarantees are standby letters of credit and performance guarantees. (Refer to note 23 to the statements for more details.)

MAV Margin-Funding Facility

MAV 1 note holders are required to provide a margin-funding facility (MFF) to cover possible collateral calls on the leveraged super-senior trades underlying the individual notes. (Refer to note 7 to the statements for more details.) Advances under this facility are expected to bear interest at a rate based on the bankers' acceptance rate. If ATB fails to fund any collateral under this facility, the notes held by ATB could be terminated or exchanged for subordinated notes. ATB's share of the MFF credit commitment is $551.5 million, for which ATB will not receive a fee. To recognize the fair value of this commitment, $7.7 million has been recorded in other liabilities. As at March 31, 2015, no amount has been funded under the MFF.

Securitization

ATB participates in the Canada Mortgage Bond program. Under this program, ATB pledges qualifying mortgages to Canada Housing Trust (CHT), a special-purpose entity set up by 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 to the statements, beginning on page 150 of this report, for specific 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 that are inherently uncertain. It is possible that 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 Credit Losses

The allowance for credit losses adjusts the net carrying value of loan assets to reflect evidence of impairment as a result of one or more events (a "loss event") that occurred after the initial recognition of the asset and that have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The allowance for credit losses consists of individually assessed allowances for impaired loans and collectively assessed allowances for credit losses.

In assessing credit losses incurred, 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 credit losses. (Refer to the Risk Management section of this MD&A and note 9 to the statements for more details.)

Depreciation of Premises, Equipment, and Software

The expense recognized for the depreciation of premises and equipment 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 expense could increase or decrease in future years. (Refer to notes 11 and 12 to the statements for more details.)

Assumptions Underlying the Accounting for Employee Future Benefits

ATB engages actuarial consultants in the valuation of 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 include 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 to the statements for more 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 holding of asset-backed commercial paper and derivative financial instruments. (Refer to notes 7 and 10 to the statements for more 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 shaded areas presented on pages 120–128 represent a discussion of risk management policies and procedures relating to credit, market, and liquidity risks as 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, 2015.

ATB provides comprehensive financial services to individuals, independent businesses, agriculture producers, and corporate borrowers, as well as wealth management solutions. 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.

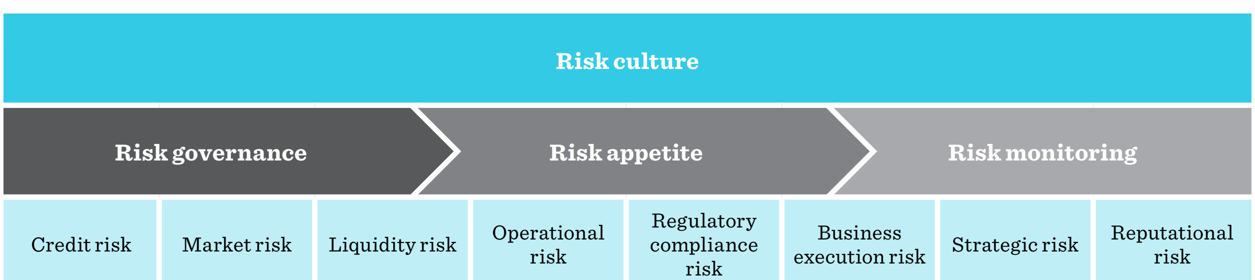
The effects of the recent plunge in oil prices have shown that the volatility of energy prices, particularly oil prices, is a profound risk to both the Alberta economy and ATB. Alberta is Canada's largest oil-producing province, and ATB is geographically bound by its mandate to operate predominantly in this province. ATB is committed to supporting Albertans during the difficult time caused by the drop in oil prices, and we continue to work closely with customers to mitigate this risk.

ATB continues to have a strong commitment to managing risk strategically with the objective of protecting and managing owner value. Effective governance mitigates risk and provides opportunities to create value, supporting ATB's goals while ensuring that it remains a safe and sound financial institution.

Risk Culture

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 a three-lines-of-defence governance model
- Developing and implementing an enterprise risk appetite framework



Every team member is an integral part of our risk culture, and is responsible for managing risk in a prudent and appropriate manner. Risk management activity is built into strategic plans and decision making and is operationalized through our Risk Appetite Statement.

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. ERM is applied in a strategy setting and across the enterprise. It is designed to identify potential events that may affect ATB, manage risk within our risk appetite, and provide reasonable assurance regarding the achievement of our objectives. ERM includes coordinated activities to direct and control ATB's enterprise-wide risk for the purpose of increasing our short- and long-term value for our owner.

ATB's ERM framework:

- Aligns ERM processes with industry-leading standards
- Establishes common risk language and direction related to risk management
- Outlines how ERM processes are deployed across the enterprise
- Clearly defines 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 Risk Appetite Statement. Our framework recognizes that ERM is an iterative process, which encourages and facilitates continuous improvement in decision making across the organization.

Risk Management Governance and Structure

Ultimate responsibility for risk management lies with ATB's board of directors, according to the three-tier risk governance framework. The graphic below 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 three lines of defence.

Risk governance and strategic direction	**Board of directors**				
	Risk Committee		Audit Committee		
Risk oversight and control	**Chief executive officer and Corporate Management Committee**				
	Asset Liability Committee	Credit Committee	Operational Risk Committee	Executive Risk Management Committee	Compliance Committee
Risk management and reporting	**Three lines of defence**				
	First line: Business Operations • Areas of expertise • Strategic service units • Treasury • Information technology	Second line: Risk Management • Credit risk • Market risk • Enterprise risk management • Stress testing • Operational risk and business continuity • Legal • Compliance	Third line: Assurance • Internal Audit • External auditors		

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 Risk and Audit committees.

Risk Oversight and Control

Chaired by the CEO, the Corporate Management Committee 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 review and approve policies and procedures designed to maintain risk within our risk appetite. The Corporate Management Committee delegates risk oversight to the Asset and Liability Committee, Credit Committee, Operational Risk Committee, Executive Risk Management Committee, and Compliance Committee.

Board Committees and Management Committees

Board committees and management committees have the following risk governance responsibilities:

Board committees	
Risk Committee	Responsible for overseeing risk management throughout ATB. Reviews and recommends for the board's approval all major risk policies, approves ATB's Risk Appetite Statement, and regularly reviews ATB's performance in relation to approved risk tolerance levels.
Audit Committee	Principally responsible for overseeing financial reporting, but also responsible for monitoring and overseeing the adequacy and effectiveness of internal controls.
Management committees	
Asset and Liability Committee	Oversees the direction and management of market risk and liquidity risk, as well as ATB's funding and capital positions. Chaired by the chief financial officer.
Credit Committee	Adjudicates credit within prescribed limits, and establishes operating guidelines, business rules, and internal policies to support the management of credit risk throughout ATB. Chaired by the senior vice-president, Credit.
Operational Risk Committee	Provides oversight and direction on operational risks from an enterprise-wide perspective. Chaired by the chief risk officer.
Executive Risk Management Committee	Sets overall direction and makes key decisions relating to enterprise risk management activities across ATB and guides the design, execution, and assessment of results from ATB's enterprise risk management program. Chaired by the chief risk officer.
Compliance Committee	Oversees ATB's compliance with applicable legal and regulatory requirements and its internal compliance management program. Chaired by the chief risk officer.

Risk Management

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

- The first line of defence 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.

- The second line of defence is the Risk Management group, which establishes policies, practices, limits, and authorities throughout ATB. It is responsible for monitoring and reporting on risk management activities, as appropriate, to both senior management and the board Risk Committee.
- The third line of defence, assurance, monitors the activities of management and provides independent assurance to the board of directors regarding the effectiveness of, and adherence to, risk management policies, procedures, and internal controls.

Risk Appetite Statement and Risk Appetite Framework

ATB's governance structure, ERM framework, and board-approved risk policies reflect a risk philosophy and a risk profile appropriate to our structure, size, and regional nature. Our overall enterprise risk appetite is conservative and balanced. We will:

- Ensure that we fully understand and effectively manage the risks in all of our business activities
- Aim to build strong company value and will not "bet the bank" on any new product, service, or strategy
- Hold ourselves to the highest ethical standard possible and consider reputational risk, and impact to our brand, in all that we do

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

Our Risk Appetite Statement, which has been approved by the board, is an internal document that reflects the nature and extent of risks that we are willing to accept in pursuit of our business 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 regulatory compliance risk, credit risk, market risk, liquidity risk, operational risk, business and execution risk, strategic risk, and reputational risk.

The level of risk appetite within ATB may change over time, and consequently the Risk Appetite Statement is regularly revisited and formally reviewed at least annually. We report our exposures against our risk appetite to the board Risk Committee on a quarterly basis.

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.

Stress-Testing

Stress-testing is an indispensable component of 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, and where the impact of a stress test exceeds ATB's risk appetite, the company pursues development of mitigating action.

Credit Risk

Credit risk is the risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB. Examples of typical products bearing credit risk include retail and commercial loans, guarantees, letters of credit, and derivatives. Credit risk typically poses the greatest inherent risk of financial loss to lending institutions.

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. The Credit group, 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 Audit 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 any credit risk exposures produced through daily lending and investment operations. This model satisfies the parameters of our credit risk appetite.

The amounts shown in the table below best represent ATB's maximum exposure to credit risk:

($ in thousands)	2015	2014 restated
Financial assets[1]	$ 42,106,105	$ 36,860,248
Other commitments and off-balance-sheet items	18,378,119	14,420,618
Total credit risk	$ 60,484,224	$ 51,280,866

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

Credit Risk Appetite

ATB Financial 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 high-quality loan portfolio by applying prudent lending limits and practices. Our credit risk appetite requires that ATB's credit-granting operations:

- 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
- 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 credit loss provisions and loan losses within established tolerances
- Maintain a diversified loan portfolio, which shall not expose ATB to excessive risk concentrations

- Maintain a high-quality loan portfolio, with a risk performance consistently at or above industry average when compared to our peer group, excluding periods of economic stress
- Execute lending activities that reward us appropriately for the credit risks undertaken
- Conduct residential mortgage underwriting and management practices consistent with the guidance outlined in OSFI's B-20 *Residential Mortgage Underwriting Practices and Procedures*

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 broad 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 exposures permitted under the *ATB Regulation*

2015 Industry Concentration Risk

As at March 31, 2015, no single industry segment represented more than 23.1% of the total gross business loans, and no single borrower represented more than 0.22% of the total gross loan portfolio.

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)				2015			2014
Residential mortgages	Insured	$	6,294,149	48.6%	$	5,847,738	48.7%
	Uninsured		6,653,475	51.4%		6,164,716	51.3%
Total residential mortgages			12,947,624	100.0%		12,012,454	100.0%
Home equity lines of credit	Uninsured		3,734,331	100.0%		3,914,809	100.0%
Total home equity lines of credit			3,734,331	100.0%		3,914,809	100.0%
Total	**Insured**	$	6,294,149	37.7%	$	5,847,738	36.7%
	Uninsured	$	10,387,806	62.3%	$	10,079,525	63.3%

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

	2015	2014
< 25 years	67.4%	62.3%
25–30 years	22.2%	19.1%
30–35 years	10.4%	18.4%
35–40 years	-	0.2%
> 40 years	-	-
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:

	2015	2014 restated
Residential mortgages	**0.68**	0.67
Home equity lines of credit	**0.56**	0.55

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 mortgages and low loan-to-value ratio.

Credit Risk Management Strategy

In striving to balance loan growth against maintaining credit risk exposures 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 corporate risk management policy are essential to our long-term success.

ATB's credit risk management strategy recognizes that ATB operates in a historically volatile economy and must manage and moderate the potential variability of credit losses over a full economic cycle by:

- Using validated credit score models for adjudication and behavioural monitoring
- Having accurate and supportable estimation processes and models for establishing credit loss allowances
- 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, and desired tolerances
- Ensuring accountability for managing credit risk throughout ATB in accordance with our three-lines-of-defence model (i.e., areas of expertise operations, credit risk management, and Internal Audit assurance)

CREDIT RISK MANAGEMENT STRATEGY

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 exposure 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

Market risk is the risk that ATB may incur a loss 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 condition due to changes in market interest rates.

Asset/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 will depend on several factors, including the size and rate of change in interest rates, the size and maturity of the assets and liabilities, and the observed lending and deposit behaviour of our customers versus expectations. ATB uses derivative financial instruments, such as interest rate swaps, and other capital markets alternatives to manage our interest rate risk position.

Asset/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
- Monitoring and reporting interest rate risk exposure to the Asset and Liability Committee monthly and to the board 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 more 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 the use of foreign-exchange forward contracts.

Equity and Commodity Price Risks

Equity price risk arises when ATB offers deposit products where the rate of return is linked to changes in the value of equity securities or equity market indices. We use equity derivatives to hedge our associated risk exposure on these products. We have no material net exposure as at March 31, 2015.

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 10 to the statements for more details.)

Use of Derivatives

ATB has traditionally used 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, options, equity- and commodity-linked options and foreign-exchange forward contracts. We refer to these contracts as our corporate derivative portfolio.

All derivative transactions are reviewed and managed within the policies approved by the board. 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 on a daily basis, and the Asset and 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 to generate trading income through active assumption of market risk, but rather is used to meet 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, we may incorporate them into our own foreign-exchange position.

The Market Risk group within Risk Management provides control oversight and reports to ATB's Asset and Liability Committee and the board Risk Committee on ATB's market risk exposures against board-approved limits. The ERM framework gives the board Risk Committee a view of the market risk profile compared to the approved market risk appetite.

Liquidity Risk

Liquidity risk is the risk of ATB's being unable to meet its financial commitments under all circumstances, in a timely manner at reasonable prices. ATB manages liquidity risk in order to ensure that it has timely access to cost-effective funds to meet its financial obligations as they become due, in both routine and crisis situations. Managing this risk involves 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 the Treasury group, under the supervision of the Asset and Liability Committee, in accordance with the framework of approved policies and limits that are reviewed regularly.

The liquidity risk management policy and limit framework is designed to be broadly compliant with global liquidity standards announced by the Bank for International Settlements in December 2010, known as the Basel III framework. We measure liquidity primarily through two metrics designed to capture liquidity risks over differing time horizons:

- The short-term available funding (STAF) minimum coverage ratio, which compares our cash and highly liquid securities balances to a scenario-based measure of the maximum cash outflows that may occur over a near-term (14-calendar-day) horizon, and which is comparable to the liquidity coverage ratio under Basel III
- The intermediate-term available funding (ITAF) minimum coverage ratio, which compares our available, highly reliable external funding sources (primarily our wholesale borrowing agreement with the Province of Alberta) to a scenario-based measure of the maximum liquidity outflows that may occur over an intermediate-term 12-month horizon, and which is comparable to the net stable funding ratio under Basel III and the Canada-specific net cumulative cash flow measure

The liquidity coverage ratio (LCR) and the net cumulative cash flow as defined in the OSFI *Liquidity Adequacy Requirements* guideline will replace ATB's proprietary liquidity measurements and will be phased in by April 2017.

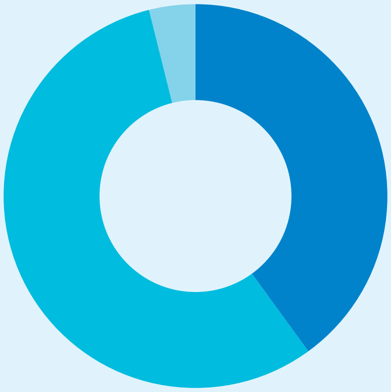
On March 31, 2015, the LCR was 207% versus a board-approved minimum level of 60%, and the ITAF minimum coverage ratio was 89.7% (2014: 124.2%), versus a board-approved minimum level of 80%.

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 provide 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
- 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:

($ in thousands)		2015		2014
Wholesale borrowings	$	3,044,130	$	2,694,161
Collateralized borrowings		4,274,180		3,411,352
Subordinated debentures		311,339		228,775
Capital investment notes		-		250,508
Total long-term funding	$	7,629,649	$	6,584,796



LONG-TERM DEBT – FUNDING MIX BY PRODUCT

40% *Wholesale borrowings* **56%** *Collateralized borrowings* **4%** *Subordinated debentures*

Contractual Maturities

Contractual maturities of certain on-balance-sheet financial liabilities as at March 31 were 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
March 31, 2015							
Deposits	**$ 27,498,011**	**$ 2,536,538**	**$ 213,069**	**$ 193,971**	**$ 147,766**	**$ -**	**$ 30,589,355**
Wholesale borrowings	**249,872**	**899,153**	**998,639**	**497,954**	**199,261**	**199,251**	**3,044,130**
Collateralized borrowings	**792,587**	**470,002**	**-**	**724,981**	**1,186,191**	**1,100,419**	**4,274,180**
Capital investment notes	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Subordinated debentures	**38,075**	**59,298**	**58,280**	**73,122**	**82,564**	**-**	**311,339**
March 31, 2014							
Deposits	$ 24,651,079	$ 1,141,245	$ 1,242,009	$ 107,172	$ 174,933	$ -	$ 27,316,438
Wholesale borrowings	299,999	-	898,589	998,224	497,349	-	2,694,161
Collateralized borrowings	1,323,730	307,262	470,068	-	724,962	585,330	3,411,352
Capital investment notes	250,508	-	-	-	-	-	250,508
Subordinated debentures	-	38,075	59,298	58,280	73,122	-	228,775

Contractual maturities of certain off-balance-sheet financial liabilities as at March 31 were 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
March 31, 2015							
Guarantees and letters of credit[1]	**$ 523,742**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 523,742**
Commitments to extend credit[2]	**17,854,377**	**-**	**-**	**-**	**-**	**-**	**17,854,377**
Purchase obligations	**52,367**	**29,980**	**21,248**	**5,227**	**1,972**	**5,411**	**116,205**
March 31, 2014							
Guarantees and letters of credit[1]	$ 550,658	$ -	$ -	$ -	$ -	$ -	$ 550,659
Commitments to extend credit[2]	13,869,959	-	-	-	-	-	13,869,959
Purchase obligations	132,623	37,968	13,603	8,803	3,096	7,020	203,113

[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 non-compliance, business disruption, information security breaches and exposure related to outsourcing, and damage to physical assets.

Operational risk is inherent in all 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 operating 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 is consistent 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.

Governance

The Operational Risk Committee, a subcommittee of the Corporate Management Committee, is the governance committee for ORM matters and has responsibility for the oversight of operational risk strategy, management, and governance, consistent with our operational risk appetite. The Operational Risk Committee also oversees the development of policies and framework that provide the governing principles and processes for effective management of operational risk. The Operational Risk Committee includes senior leaders representing all business units and is chaired by the chief risk officer.

Risk and Control Assessment (RCA)

RCA is a process 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 that 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 risk assessment process improves risk awareness throughout ATB and will allow 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 that preventative and corrective action can be taken where appropriate.

Business Continuity Management (BCM)

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

Insurance

ATB's corporate insurance program provides further mitigation of certain operational risk exposures. We look to industry benchmarks as well as legal, regulatory, and contractual requirements when deciding on types of coverage and limits. Insurance coverage is placed at limits considered appropriate for our size, structure, and type of operations. We review our program annually to ensure that it remains well suited to ATB as well as 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 Risk

As we increasingly come to rely on digital and Internet-based technologies, cyber risk has become a top risk to financial institutions. Events such as unauthorized access to systems for the purpose of stealing assets, accessing sensitive information, corrupting data, or causing operational disruption are becoming more prevalent.

The consequences of such an event to ATB could be very significant in terms of loss of confidential customer information, significant remediation costs, loss of revenue, and legal and reputational damage. The costs and resources needed to manage the risks continue to increase as the attacks broaden and intensify.

ATB has put in place an information security framework to ensure that enforced enterprise measures protect information assets and implement technologies, policies, and practices to protect our systems and data.

Regulatory Compliance Risk

Regulatory compliance risk is the risk of non-compliance with applicable regulatory requirements, including those in the *Alberta Treasury Branches Act*, *Alberta Treasury Branches Regulation*, and associated guidelines, as well as other laws, rules, regulations, and prescribed practices applicable to ATB in any jurisdiction in which it operates. These include anti-money-laundering and anti-terrorist regulatory requirements and privacy regulatory requirements.

Failure to properly manage regulatory compliance risks may result in civil litigation, criminal or regulatory proceedings being 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 it does 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 have responsibility for managing regulatory compliance risks in their daily operations. They do this primarily through implementation of policies, processes, procedures, and controls and by ensuring appropriate staffing in business operations.

Board of directors		
Code of Conduct and Ethics Sets the tone at the top for a culture of integrity within ATB	**Compliance and Legal Services**	
	Compliance Identifies, accesses, and manages legal and regulatory requirements, using a risk-based approach	**Areas of expertise and strategic service units** Manage legal and regulatory compliance risks
The chair of the board Monitors compliance with the Code of Conduct and Ethics by members of the board	**Legal Services** Provides legal strategies and advice on the performance of legal obligations and manages litigation that involves or impacts ATB or its subsidiaries	

The Compliance group has established a regulatory compliance management framework to identify, assess, and manage legal and regulatory requirements, using a risk-based approach.

The Legal Services group 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.

In addition, ATB's Code of Conduct and Ethics outlines the principles and standards of conduct that should guide the conduct of every ATB director and team member. The Code of Conduct and Ethics sets the tone at the top for a culture of integrity within ATB.

The board chair is ultimately responsible for monitoring board members' compliance with the Code of Conduct and Ethics. The board, with the assistance of the Governance and Conduct Review Committee, oversees ATB team members' compliance with the Code of Conduct and Ethics.

Strategic and Business Execution Risks

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. 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 implementing decisions inadequately.

Innovation Risk

Innovation risk is the strategic risk associated with failing to adapt to changing customer needs or having others deliver creative new ways of meeting those needs. This may involve a competitor or a firm from a seemingly unrelated industry providing faster, cheaper, or simpler ways for clients to get the job done and as a result seriously impacting the ATB business model. ATB has engaged our Innovation and Emerge teams to develop new and innovative strategies and products.

Key Talent Risk

Key talent risk is the risk that ATB will not be able to attract, retain, and leverage the key talent necessary to achieve its strategic goals. In the emerging era of talent scarcity, growing competition, and increasing customer expectations, ATB continues to 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. Vibrant people and culture programs have a strong focus on recognition, learning, and leadership, which will enable ATB to continue to attract, acquire, engage, develop, and retain key talent.

Reputational Risk

Reputational risk is the risk that negative stakeholder impressions about ATB's business practices, actions, or inaction, whether true or not, will or may 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.

COMPENSATION DISCUSSION AND ANALYSIS

ATB's compensation programs are designed to attract, retain, and motivate the high-calibre talent needed in a competitive marketplace. They are based on the following key principles:

- Align with strategic goals of the enterprise
- Align with owner expectation by being relevant to Albertans and creating ongoing financial value and sustainability
- Compensate team members in a fully transparent fashion for demonstrated performance within acceptable risk practices and tolerances
- Provide total rewards programs that are internally equitable and externally competitive

ATB has both unionized and non-unionized team members. Unionized team member compensation is outlined in our collective agreement with the Alberta Union of Provincial Employees. Non-unionized team member compensation is based on ATB's overall compensation philosophy.

Role of the Human Resources Committee

The board's Human Resources Committee governs and oversees any significant change to ATB's total rewards programs, and acts as the approval body for the appointment, performance evaluation, and compensation of the CEO and other designated executive officers.

The other accountabilities of the Human Resources Committee are:

- Executive succession and development
- Philosophy and principles for enterprise-wide compensation programs
- Pension plan funding, administration, governance, and major design changes

Components of Total Rewards

ATB's compensation program has several key components.

Base Salary

Base salary forms the foundation of ATB's compensation framework. For non-unionized roles, salary ranges for all pay grades consist of a minimum, market reference, and maximum rate. The market reference point for each salary grade is set at a competitive rate, based on median annual survey data from comparable markets.

The annual salary review process has two elements: reviewing the ATB salary range (pay grade) structure and determining an overall budget for the aggregate of base salary increases for team members.

Pension

Pension benefits are also an important part of ATB's total rewards programs. ATB recently introduced a new, innovative, and highly competitive flexible pension plan for management team members. A small number of team members remain in the defined benefit pension plan, while all others participate in the Public Service Pension Plan.

Benefits

Health, wellness, and benefit programs provide security and contribute to the quality of life of ATB's team members and their families. Group insurance plans, as well as illness and special leave provisions, give team members income protection in the event of illness or unexpected absences from the workforce. Vacation is also an important component of health and wellness, allowing time to re-energize and to balance work and family. All of these benefits are measured and benchmarked in line with the total rewards programs to ensure that ATB remains competitive with comparable organizations.

Discounted Banking Products

As a financial institution, we encourage team members to use ATB products by offering special interest rates and lower fees for various deposit and loan accounts. Using our products and services makes team members more knowledgeable about our offerings, which helps them promote those offerings to existing and prospective customers.

Short-Term Incentive Pay

The objective of the short-term incentive plan (STIP) is to recognize the achievement of objectives over the fiscal year for all team members. Corporate net income is the primary metric for STIP plans. This vital metric acts as a circuit breaker, in that a minimum of 50% of the target corporate net income must be achieved for any payout to occur.

Each short-term incentive plan is based on achieving target financial measures (revenue generation and operational effectiveness), customer measures, and employee engagement scores. Each plan uses quantitative performance measurements in three payout categories:

- Achievement of the threshold measures results in minimal payouts.
- Achievement of the target measures generally pays out at 100%.
- Achievement at the highest level pays out at 150% in most non-executive plans.

Payouts in between these points are generally based on a sliding scale.

Certain front-line sales roles, such as branch managers, sales staff, and ATBIS team members, participate in other sales incentive programs. These plans are structured to mitigate risk and to reinforce sustainable performance.

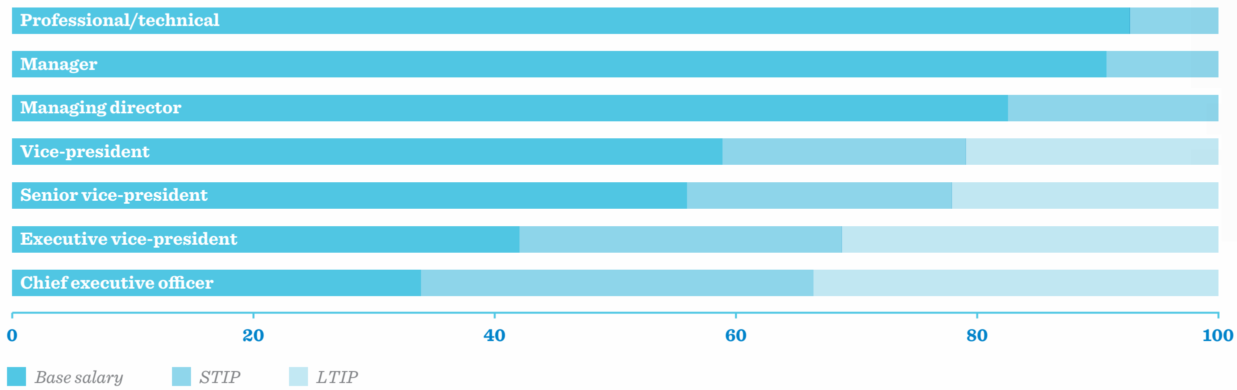
The executive team's short-term incentive has a maximum payout of 200%, which is based on quantitative performance measurements similar to non-executive plans and an individual performance multiplier within the context of results.

Long-Term Incentive Pay

The objective of the long-term incentive plan (LTIP) is to recognize contributions to achieving longer-term goals. Participants in the plan are primarily executives. The LTIP grant is based on pay grade and expressed as a percentage of salary set at 75% to 100% for senior executives and 20% to 55% for other executives. A separate discretionary non-executive pool of LTIP funds is allocated annually for executives to use to retain and reward senior team members. The discretionary LTIP portion granted to senior team members is a dollar amount (with a suggested guideline of 10% of base salary).

The LTIP grants vest over a three-year term and appreciate or depreciate based on actual return on equity (ROE) performance, after payment in lieu of tax, measured against an ROE target determined by the board in advance.

The combination of base pay plus incentive pay varies depending on the level of accountability. The following graph represents the targeted combination for various levels of accountability. Base salary for senior executives is a much smaller percentage of overall compensation than for front-line team members and non-executive leaders. As a result, overall compensation for senior executives includes more pay at risk due to heavier weighting on incentive pay that depends on ATB's results. Overall compensation for non-executives is more stable due to the heavier weighting on base salary.



SUPPLEMENTARY FINANCIAL INFORMATION

Five-Year Statistical Review

Summarized Consolidated Statement of Financial Position

($ in thousands)	2015	2014[(1)]	2013[(1)]	2012	2011
Assets					
Cash resources and securities	**$ 3,831,310**	$ 2,504,374	$ 2,341,992	$ 3,132,359	$ 3,297,275
Loans, net of allowances for credit losses:					
Business	**17,530,954**	15,167,687	12,732,228	10,426,401	9,134,397
Residential mortgages	**12,947,624**	12,012,454	10,705,908	10,228,030	9,920,694
Personal	**6,700,854**	6,184,463	5,744,958	5,562,053	5,589,507
Credit card	**673,857**	651,931	598,256	599,431	624,539
Allowance for credit losses	**(168,397)**	(131,391)	(122,889)	(107,102)	(112,485)
	37,684,892	33,885,144	29,658,461	26,708,813	25,156,652
Other assets	**1,558,721**	1,314,957	1,140,345	1,178,568	1,049,770
Total assets	**$ 43,074,923**	$ 37,704,475	$ 33,140,798	$ 31,019,740	$ 29,503,697
Liabilities and equity					
Deposits					
Personal	**$ 12,645,311**	$ 11,840,449	$ 11,100,357	$ 10,785,376	$ 10,576,800
Business and other	**17,944,044**	15,475,989	12,631,014	11,435,656	10,422,053
	30,589,355	27,316,438	23,731,371	22,221,032	20,998,853
Other liabilities	**9,166,042**	7,324,820	6,753,696	6,386,082	6,351,910
Capital investment deposits	**-**	250,508	244,617	237,701	230,972
Subordinated debentures	**311,339**	228,775	155,653	113,362	67,467
Equity	**3,008,187**	2,583,934	2,255,461	2,061,563	1,854,495
Total liabilities and equity	**$ 43,074,923**	$ 37,704,475	$ 33,140,798	$ 31,019,740	$ 29,503,697

[1] Amounts restated. See note 28 to the statements for more details.

Summarized Consolidated Statement of Income

($ in thousands)	**2015**	2014	2013	2012	2011
Interest income	**$ 1,505,918**	$ 1,383,939	$ 1,275,604	$ 1,237,792	$ 1,180,501
Interest expense	**475,486**	417,927	397,452	422,417	410,295
Net interest income	**1,030,432**	966,012	878,152	815,375	770,206
Other income	**438,356**	384,447	351,585	304,883	251,126
Operating revenue	**1,468,788**	1,350,459	1,229,737	1,120,258	1,021,332
Provision for credit losses	**72,584**	42,395	45,923	23,255	61,856
Non-interest expenses	**969,346**	949,091	869,392	843,616	727,273
Net income before payment in lieu of tax	**426,858**	358,973	314,422	253,387	232,203
Payment in lieu of tax	**98,177**	82,564	73,122	58,279	59,298
Net income	**$ 328,681**	$ 276,409	$ 241,300	$ 195,108	$ 172,905

Summarized Key Performance Indicators

(%)	**2015**	2014	2013	2012	2011
Return on average assets	**0.82**	0.78	0.75	0.63	0.63
Operating revenue growth	**8.8**	9.8	9.8	9.7	N/A
Efficiency ratio	**66.0**	70.3	70.7	75.3	71.2
Performing loan growth	**11.1**	14.4	11.1	6.1	4.2
Total deposit growth	**12.0**	15.1	6.8	5.8	5.1
Return on average risk-weighted assets	**1.1**	1.1	1.0	0.89	0.83
Growth in assets under management	**24.1**	28.1	20.8	13.9	21.5

Quarterly Results – Summarized Financial Results

Summarized Consolidated Statement of Financial Position

($ in thousands)	2015 Q4 Mar 31/15	2015 Q3 Dec 31/14 restated	2015 Q2 Sep 30/14 restated	2015 Q1 Jun 30/14 restated	2014 restated Q4 Mar 31/14	2014 restated Q3 Dec 31/13	2014 restated Q2 Sep 30/13	2014 restated Q1 Jun 30/13
Assets								
Cash resources and securities	$ 3,831,310	$ 2,979,730	$ 3,882,511	$ 3,474,525	$ 2,504,374	$ 2,693,748	$ 2,311,362	$ 2,016,243
Loans, net of allowances for credit losses:								
Business	17,530,954	16,749,083	15,445,018	15,136,742	15,167,687	14,296,076	13,750,864	13,215,983
Residential mortgages	12,947,624	12,745,564	12,488,144	12,286,787	12,012,454	11,861,295	11,516,593	11,041,384
Personal	6,700,854	6,629,113	6,566,497	6,413,899	6,184,463	6,041,465	6,007,456	5,921,334
Credit card	673,857	690,211	688,141	678,126	651,931	673,852	657,040	638,421
Allowance for credit losses	(168,397)	(141,423)	(127,288)	(123,394)	(131,391)	(144,769)	(145,040)	(134,977)
	37,684,892	36,672,548	35,060,512	34,392,160	33,885,144	32,727,919	31,786,913	30,682,145
Other assets	1,558,721	1,448,683	1,151,118	1,279,503	1,314,957	1,055,996	1,175,983	1,096,937
Total assets	$ 43,074,923	$ 41,100,961	$ 40,094,141	$ 39,146,188	$ 37,704,475	$ 36,477,663	$ 35,274,258	$ 33,795,325
Liabilities and equity								
Deposits								
Personal	$ 12,645,311	$ 12,319,808	$ 12,176,549	$ 11,904,850	$ 11,840,449	$ 11,633,948	$ 11,336,320	$ 11,115,811
Business and other	17,944,044	17,488,130	17,633,482	16,735,409	15,475,989	14,922,424	13,611,492	12,967,266
	30,589,355	29,807,938	29,810,031	28,640,259	27,316,438	26,556,372	24,947,812	24,083,077
Other liabilities	9,166,042	8,133,311	7,234,800	7,289,108	7,324,820	6,925,160	7,428,726	6,928,937
Capital investment deposits	-	-	-	249,995	250,508	250,850	251,351	243,555
Subordinated debentures	311,339	311,339	311,339	311,339	228,775	228,775	228,775	228,775
Equity	3,008,187	2,848,373	2,737,971	2,655,487	2,583,934	2,516,506	2,417,594	2,310,981
Total liabilities and equity	$ 43,074,923	$ 41,100,961	$ 40,094,141	$ 39,146,188	$ 37,704,475	$ 36,477,663	$ 35,274,258	$ 33,795,325

Consolidated Statement of Changes in Equity

For the three months ended ($ in thousands)	2015 Q4 Mar 31/15	2015 Q3 Dec 31/14	2015 Q2 Sep 30/14	2015 Q1 Jun 30/14	2014 Q4 Mar 31/14	2014 Q3 Dec 31/13	2014 Q2 Sep 30/13	2014 Q1 Jun 30/13
Retained earnings								
Balance at beginning of the period	$ 2,848,740	$ 2,757,265	$ 2,675,556	$ 2,591,694	$ 2,530,317	$ 2,455,704	$ 2,381,116	$ 2,315,285
Net income	71,635	91,475	81,709	83,862	61,377	74,613	74,588	65,831
Balance at end of the period	$ 2,920,375	$ 2,848,740	$ 2,757,265	$ 2,675,556	$ 2,591,694	$ 2,530,317	$ 2,455,704	$ 2,381,116
Accumulated other comprehensive (loss) income								
Balance at beginning of the period	(367)	(19,294)	(20,069)	(7,760)	(13,811)	(38,110)	(70,135)	(59,824)
Other comprehensive income (loss)	88,179	18,927	775	(12,309)	6,051	24,299	32,025	(10,311)
Balance at end of the period	$ 87,812	$ (367)	$ (19,294)	$ (20,069)	$ (7,760)	$ (13,811)	$ (38,110)	$ (70,135)
Equity as at end of the period	$ 3,008,187	$ 2,848,373	$ 2,737,971	$ 2,655,487	$ 2,583,934	$ 2,516,506	$ 2,417,594	$ 2,310,981

Consolidated Statement of Cash Flows

For the three months ended *($ in thousands)*	2015 Q4 Mar 31/15	Q3 Dec 31/14	Q2 Sep 30/14	Q1 Jun 30/14 restated	2014 Q4 Mar 31/14 restated	Q3 Dec 31/13	Q2 Sep 30/13	Q1 Jun 30/13
Cash flows from operating activities:								
Net income	$ 71,635	$ 91,475	$ 81,709	$ 83,862	$ 61,377	$ 74,613	$ 74,588	$ 65,831
Adjustments for non-cash items and others:								
Provision for credit losses	33,127	18,780	10,272	10,405	2,185	7,434	16,144	16,632
Depreciation and amortization	28,029	23,174	22,570	21,969	19,847	21,441	21,254	20,579
Net gains on financial instruments at fair value through net income	(20,942)	(21,609)	(18,624)	(18,421)	(17,700)	(14,760)	(14,402)	(23,856)
Adjustments for net change in operating assets and liabilities:								
Loans	(1,006,303)	(1,582,920)	(630,762)	(462,824)	(1,132,754)	(927,448)	(1,098,638)	(1,018,837)
Deposits	782,346	(634)	1,171,449	1,325,823	762,652	1,611,823	861,590	354,967
Derivative financial instruments	(16,507)	(4,145)	(3,820)	11,138	2,316	408	(3,418)	2,303
Prepayments and other receivables	38,914	(42,372)	20,180	(15,850)	(33,898)	25,066	(21,620)	(18,928)
Due to clients, brokers, and dealers	20,847	(16,744)	(2,450)	9,737	6,927	(66,812)	26,295	28,874
Deposit guarantee fee payable	11,287	10,869	10,375	(27,338)	11,385	9,780	8,849	(21,459)
Accounts payable and accrued liabilities	39,269	424,504	25,047	(42,621)	97,268	19,534	17,681	(34,422)
Liability for payment in lieu of tax	21,396	27,324	24,407	(57,513)	18,333	22,287	22,279	(53,458)
Net interest receivable and payable	14,231	(23,775)	26,179	10,276	21,731	2,113	23,200	8,804
Change in accrued pension-benefit liability	(5,239)	7,681	(1,535)	20,746	13,273	(24,669)	(36,950)	(24,418)
Others, net	(22,672)	(23,401)	(35,158)	(48,008)	(39,498)	66,552	(16,098)	14,846
Net cash (used in) provided by operating activities	(10,582)	(1,111,793)	699,839	821,381	(206,556)	827,362	(119,246)	(682,542)
Cash flows from investing activities:								
Change in securities measured at fair value through net income	(309,476)	(60,967)	(405,667)	(433,979)	552,443	(597,885)	248,186	(242,751)
Change in securities purchased under reverse repurchase agreements	(500,094)	750,143	(333,008)	(417,135)	-	249,613	(249,613)	100,007
Change in interest-bearing deposits with financial institutions	(9,516)	120,427	278,257	(58,293)	(249,751)	(267,005)	(75,725)	252,438
Purchases and disposals of property and equipment, and software and other intangibles	(49,085)	(26,553)	(19,122)	(24,756)	(85,541)	(27,928)	(15,929)	(4,344)
Net cash (used in) provided by investing activities	(868,171)	783,050	(479,540)	(934,163)	217,151	(643,205)	(93,081)	105,350
Cash flows from financing activities:								
Change in wholesale borrowings	449,550	452	419	(100,452)	(124,353)	(448,659)	374,299	297,163
Change in capital investment notes	-	-	(249,995)	(513)	(343)	(501)	(446)	(1,061)
Change in collateralized borrowings	460,458	233,952	(23,553)	191,971	227,470	32,082	56,339	(8,031)
Issuance of subordinated debentures	-	-	-	82,564	-	-	-	73,122
Net cash provided by (used in) financing activities	910,008	234,404	(273,129)	173,570	102,774	(417,078)	430,192	361,193
Net increase (decrease) in cash	31,255	(94,339)	(52,830)	60,788	113,369	(232,921)	217,865	(215,999)
Cash at beginning of period	352,536	446,875	499,705	438,917	325,548	558,469	340,604	556,603
Cash at end of period	$ 383,791	$ 352,536	$ 446,875	$ 499,705	$ 438,917	$ 325,548	$ 558,469	$ 340,604
Net cash (used in) provided by operating activities includes:								
Interest paid	$ (98,467)	$ (154,417)	$ (100,387)	$ (120,795)	$ (91,195)	$ (111,875)	$ (93,190)	$ (91,053)
Interest received	$ 379,736	$ 395,460	$ 376,140	$ 380,073	$ 361,061	$ 358,100	$ 350,091	$ 331,678

Quarterly Segmented Results

Consolidated Statement of Income

For the three months ended ($ in thousands)	Net interest income	Other income	Operating revenue	Provision for (recovery of) credit losses	Non-interest expenses	Net income before payment in lieu of tax	Payment in lieu of tax	Net income (loss)	Total assets	Total liabilities
March 31, 2015										
Retail Financial Services	$ 108,274	$ 22,392	$ 130,666	$ 7,570	$ 114,025	$ 9,071	$ -	$ 9,071	$ 19,946,326	$ 12,004,052
Business and Agriculture	67,770	17,250	85,020	8,582	58,528	17,910	-	17,910	6,686,117	9,167,956
Corporate Financial Services	75,575	16,801	92,376	20,175	26,287	45,914	-	45,914	10,961,281	8,704,341
Investor Services	109	35,472	35,581	-	26,519	9,062	2,084	6,978	149,115	118,033
Strategic service units	15,310	23,272	38,582	(3,200)	30,708	11,074	19,312	(8,238)	5,332,084	10,072,354
Total	$ 267,038	$ 115,187	$ 382,225	$ 33,127	$ 256,067	$ 93,031	$ 21,396	$ 71,635	$ 43,074,923	$ 40,066,736
December 31, 2014										
Retail Financial Services	$ 108,463	$ 21,417	$ 129,880	$ 6,261	$ 107,157	$ 16,462	$ -	$ 16,462	$ 19,711,253	$ 11,764,798
Business and Agriculture	67,369	18,150	85,519	1,304	52,784	31,431	-	31,431	6,590,302	9,229,456
Corporate Financial Services	70,487	17,477	87,964	11,410	20,592	55,962	-	55,962	10,363,361	8,181,607
Investor Services	101	34,099	34,200	-	27,174	7,026	1,616	5,410	120,957	88,853
Strategic service units	18,398	23,472	41,870	(195)	34,147	7,918	25,708	(17,790)	4,315,088	8,987,874
Total	$ 264,818	$ 114,615	$ 379,433	$ 18,780	$ 241,854	$ 118,799	$ 27,324	$ 91,475	$ 41,100,961	$ 38,252,588
September 30, 2014, restated										
Retail Financial Services	$ 101,756	$ 24,004	$ 125,760	$ 4,074	$ 103,035	$ 18,651	$ -	$ 18,651	$ 19,365,053	$ 11,575,020
Business and Agriculture	63,943	17,332	81,275	5,143	50,387	25,745	-	25,745	6,270,696	9,243,011
Corporate Financial Services	65,911	12,001	77,912	(614)	25,584	52,942	-	52,942	9,412,697	8,373,036
Investor Services	126	33,009	33,135	-	25,911	7,224	1,662	5,562	128,646	98,802
Strategic service units	17,838	16,684	34,522	1,669	31,299	1,554	22,745	(21,191)	4,917,049	8,066,301
Total	$ 249,574	$ 103,030	$ 352,604	$ 10,272	$ 236,216	$ 106,116	$ 24,407	$ 81,709	$ 40,094,141	$ 37,356,170
June 30, 2014, restated										
Retail Financial Services	$ 99,304	$ 21,892	$ 121,196	$ 7,224	$ 105,775	$ 8,197	$ -	$ 8,197	$ 18,950,675	$ 11,391,700
Business and Agriculture	59,555	16,635	76,190	1,455	50,104	24,631	-	24,631	6,007,664	8,897,559
Corporate Financial Services	67,130	15,524	82,654	950	22,200	59,504	-	59,504	9,326,190	7,729,483
Investor Services	105	31,153	31,258	-	24,788	6,470	1,488	4,982	128,443	96,823
Strategic service units	22,908	20,320	43,228	776	32,342	10,110	23,562	(13,452)	4,733,216	8,375,136
Total	$ 249,002	$ 105,524	$ 354,526	$ 10,405	$ 235,209	$ 108,912	$ 25,050	$ 83,862	$ 39,146,188	$ 36,490,701
Year ended March 31, 2015	$ 1,030,432	$ 438,356	$ 1,468,788	$ 72,584	$ 969,346	$ 426,858	$ 98,177	$ 328,681	$ 43,074,923	$ 40,066,736

Consolidated Statement of Income (continued)

For the three months ended ($ in thousands)	Net interest income	Other income	Operating revenue	Provision for (recovery of) credit losses	Non-interest expenses	Net income (loss) before payment in lieu of tax	Payment in lieu of tax	Net income (loss)	Total assets	Total liabilities
March 31, 2014, restated										
Retail Financial Services	$ 92,465	$ 23,135	$ 115,600	$ 256	$ 108,727	$ 6,617	$ -	$ 6,617	$ 18,483,339	$ 11,325,690
Business and Agriculture	57,025	16,618	73,643	2,975	53,013	17,655	-	17,655	5,712,616	8,005,506
Corporate Financial Services	70,307	12,137	82,444	2,282	24,240	55,922	-	55,922	9,735,770	7,364,220
Investor Services	104	28,924	29,028	-	23,599	5,429	-	5,429	136,604	97,454
Strategic service units	28,235	18,173	46,408	(3,328)	55,648	(5,912)	18,334	(24,246)	3,636,146	8,327,671
Total	$ 248,136	$ 98,987	$ 347,123	$ 2,185	$ 265,227	$ 79,711	$ 18,334	$ 61,377	$ 37,704,475	$ 35,120,541
December 31, 2013, restated										
Retail Financial Services	$ 92,812	$ 22,741	$ 115,553	$ 3,554	$ 105,343	$ 6,656	$ -	$ 6,656	$ 18,194,780	$ 11,071,227
Business and Agriculture	56,682	17,058	73,740	1,948	48,415	23,377	-	23,377	5,598,469	8,162,675
Corporate Financial Services	67,712	14,839	82,551	3,281	20,337	58,933	-	58,933	8,904,300	6,618,427
Investor Services	94	26,876	26,970	-	21,992	4,978	-	4,978	122,961	79,240
Strategic service units	26,812	13,734	40,546	(1,349)	38,939	2,956	22,287	(19,331)	3,657,153	8,029,588
Total	$ 244,112	$ 95,248	$ 339,360	$ 7,434	$ 235,026	$ 96,900	$ 22,287	$ 74,613	$ 36,477,663	$ 33,961,157
September 30, 2013, restated										
Retail Financial Services	$ 95,564	$ 19,782	$ 115,346	$ 1,486	$ 106,051	$ 7,809	$ -	$ 7,809	$ 17,785,086	$ 10,768,526
Business and Agriculture	55,838	16,111	71,949	1,467	47,132	23,350	-	23,350	5,239,631	7,878,840
Corporate Financial Services	62,610	18,392	81,002	9,015	20,310	51,677	-	51,677	8,744,332	5,644,467
Investor Services	92	25,259	25,351	-	21,235	4,116	-	4,116	204,228	172,272
Strategic service units	27,839	17,744	45,583	4,176	31,492	9,915	22,279	(12,364)	3,300,981	8,392,559
Total	$ 241,943	$ 97,288	$ 339,231	$ 16,144	$ 226,220	$ 96,867	$ 22,279	$ 74,588	$ 35,274,258	$ 32,856,664
June 30, 2013, restated										
Retail Financial Services	$ 93,941	$ 21,119	$ 115,060	$ 7,366	$ 106,887	$ 807	$ -	$ 807	$ 17,189,756	$ 10,644,704
Business and Agriculture	55,188	15,917	71,105	2,064	47,677	21,364	-	21,364	5,029,583	7,626,086
Corporate Financial Services	59,907	15,890	75,797	5,845	20,410	49,542	-	49,542	8,417,258	5,272,178
Investor Services	79	23,920	23,999	-	20,977	3,022	-	3,022	160,595	129,763
Strategic service units	22,706	16,078	38,784	1,357	26,667	10,760	19,664	(8,904)	2,998,133	7,811,613
Total	$ 231,821	$ 92,924	$ 324,745	$ 16,632	$ 222,618	$ 85,495	$ 19,664	$ 65,831	$ 33,795,325	$ 31,484,344
Year ended March 31, 2014, restated	$ 966,012	$ 384,447	$ 1,350,459	$ 42,395	$ 949,091	$ 358,973	$ 82,564	$ 276,409	$ 37,704,475	$ 35,120,541

Consolidated Financial Statements

For the year ended March 31, 2015 ($ in thousands)

STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Alberta Treasury Branches (ATB Financial or ATB) and all other information contained in the annual report, including the 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 Audit 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 Audit 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 their audit, including any findings as to the integrity of ATB's financial reporting processes and the adequacy of our systems of internal controls.

Brian Hesje
Chair of the Board
Edmonton, Alberta
May 28, 2015

Dave Mowat
President and Chief Executive Officer
Edmonton, Alberta
May 28, 2015

Jim McKillop
Chief Financial Officer
Edmonton, Alberta
May 28, 2015

INDEPENDENT AUDITOR'S REPORT

AUDITOR GENERAL
Alberta

To the President of Treasury Board and Minister of Finance

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of ATB Financial, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ATB Financial as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General
May 28, 2015
Edmonton, Alberta

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31 *($ in thousands)*	Note	2015	2014 restated (*note 28*)
Assets			
Cash resources	6		
Cash		$ 383,791	$ 438,917
Interest-bearing deposits with financial institutions		812,253	1,143,128
		1,196,044	1,582,045
Securities	7		
Securities measured at fair value through net income		2,134,900	921,955
Securities available for sale		272	374
		2,135,172	922,329
Securities purchased under reverse repurchase agreements		500,094	-
Loans	8		
Business		17,530,954	15,167,687
Residential mortgages		12,947,624	12,012,454
Personal		6,700,854	6,184,463
Credit card		673,857	651,931
		37,853,289	34,016,535
Allowance for credit losses	9	(168,397)	(131,391)
		37,684,892	33,885,144
Other assets			
Derivative financial instruments	10	684,694	429,777
Property and equipment	11	369,351	359,900
Software and other intangibles	12	280,424	266,101
Other assets	13	224,252	259,179
		1,558,721	1,314,957
Total assets		$ 43,074,923	$ 37,704,475
Liabilities and equity			
Liabilities			
Deposits	14		
Personal		$ 12,645,311	$ 11,840,449
Business and other		17,944,044	15,475,989
		30,589,355	27,316,438
Other liabilities			
Wholesale borrowings	22	3,044,130	2,694,161
Collateralized borrowings	15	4,274,180	3,411,352
Derivative financial instruments	10	488,867	361,911
Other liabilities	16	1,358,865	857,396
		9,166,042	7,324,820
Capital investment notes	17	-	250,508
Subordinated debentures	18	311,339	228,775
Total liabilities		40,066,736	35,120,541
Equity			
Retained earnings		2,920,375	2,591,694
Accumulated other comprehensive income (loss)		87,812	(7,760)
Total equity		3,008,187	2,583,934
Total liabilities and equity		$ 43,074,923	$ 37,704,475

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

Approved by the board:

Brian Hesje
Chair of the Board

Barry James
Chair of the Audit Committee

CONSOLIDATED STATEMENT OF INCOME

For the year ended March 31 *($ in thousands)*	Note	2015	2014
Interest income			
Loans		$ 1,471,639	$ 1,355,872
Interest-bearing deposits with financial institutions		10,521	8,962
Securities measured at fair value through net income		23,758	19,105
		1,505,918	1,383,939
Interest expense			
Deposits		325,010	267,638
Wholesale borrowings		46,599	49,318
Collateralized borrowings		89,702	83,170
Capital investment notes		4,565	10,525
Subordinated debentures		9,610	7,276
		475,486	417,927
Net interest income		1,030,432	966,012
Other income			
Investor Services		125,970	97,373
Service charges		67,715	67,273
Card fees		68,239	58,892
Credit fees		45,138	42,343
Insurance		17,948	13,195
Foreign exchange		14,965	9,879
Net gains on derivative financial instruments		14,989	20,367
Net gains on financial instruments at fair value through net income		79,596	70,718
Sundry		3,796	4,407
		438,356	384,447
Operating revenue		1,468,788	1,350,459
Provision for credit losses	9	72,584	42,395
Non-interest expenses			
Salaries and employee benefits	19, 20	494,880	481,458
Data processing		101,249	108,577
Premises and occupancy, including depreciation		87,025	85,797
Professional and consulting costs		51,284	50,427
Deposit guarantee fee	14	42,784	37,592
Equipment, including depreciation		23,283	21,355
Software and other intangibles amortization	12	39,383	37,625
General and administrative		78,835	78,788
ATB agencies		9,972	9,470
Other		40,651	38,002
		969,346	949,091
Net income before payment in lieu of tax		426,858	358,973
Payment in lieu of tax	21	98,177	82,564
Net income		$ 328,681	$ 276,409

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)*		2015		2014
Net income	$	328,681	$	276,409
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Unrealized net gains on available-for-sale financial assets:				
Unrealized net gains arising during the period		57		63
Net gains reclassified to net income		(38)		(42)
Unrealized net gains on derivative financial instruments designated as cash flow hedges:				
Unrealized net gains arising during the period		171,070		26,979
Net gains reclassified to net income		(56,444)		(36,427)
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plan liabilities		(19,073)		61,491
Other comprehensive income		95,572		52,064
Comprehensive income	$	424,253	$	328,473

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)*		2015		2014
Retained earnings				
Balance at beginning of the year	$	2,591,694	$	2,315,285
Net income		328,681		276,409
Balance at end of the year		2,920,375		2,591,694
Accumulated other comprehensive income (loss)				
Available-for-sale financial assets				
Balance at beginning of the year		(152)		(173)
Other comprehensive income		19		21
Balance at end of the year		(133)		(152)
Derivative financial instruments designated as cash flow hedges				
Balance at beginning of the year		46,457		55,905
Other comprehensive income (loss)		114,626		(9,448)
Balance at end of the year		161,083		46,457
Defined benefit plan liabilities				
Balance at beginning of the year		(54,065)		(115,556)
Other comprehensive (loss) income		(19,073)		61,491
Balance at end of the year		(73,138)		(54,065)
Accumulated other comprehensive income (loss)		87,812		(7,760)
Equity	$	3,008,187	$	2,583,934

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31 *($ in thousands)*		2015		2014 restated
Cash flows from operating activities:				
Net income	**$**	**328,681**	$	276,409
Adjustments for non-cash items and others:				
Provision for credit losses		**72,584**		42,395
Depreciation and amortization		**95,742**		83,121
Net gains on financial instruments at fair value through net income		**(79,596)**		(70,718)
Adjustments for net changes in operating assets and liabilities:				
Loans		**(3,682,809)**		(4,177,677)
Deposits		**3,278,984**		3,591,032
Derivative financial instruments		**(13,334)**		1,609
Prepayments and other receivables		**872**		(49,380)
Due to clients, brokers, and dealers		**11,390**		(4,716)
Deposit guarantee fee payable		**5,193**		8,555
Accounts payable and accrued liabilities		**446,199**		100,061
Liability for payment in lieu of tax		**15,614**		9,441
Net interest receivable and payable		**26,911**		55,848
Change in accrued pension-benefit liability		**21,653**		(72,764)
Others, net		**(129,239)**		25,802
Net cash provided by (used in) operating activities		**398,845**		(180,982)
Cash flows from investing activities:				
Change in securities measured at fair value through net income		**(1,210,089)**		(40,007)
Change in securities purchased under reverse repurchase agreements		**(500,094)**		100,007
Change in interest-bearing deposits with financial institutions		**330,875**		(340,043)
Purchases and disposal of property and equipment, software, and other intangibles		**(119,516)**		(133,742)
Net cash used in investing activities		**(1,498,824)**		(413,785)
Cash flows from financing activities:				
Change in wholesale borrowings		**349,969**		98,450
Change in capital investment notes		**(250,508)**		(2,351)
Change in collateralized borrowings		**862,828**		307,860
Issuance of subordinated debentures		**82,564**		73,122
Net cash provided by financing activities		**1,044,853**		477,081
Net decrease in cash		**(55,126)**		(117,686)
Cash at beginning of period		**438,917**		556,603
Cash at end of period	**$**	**383,791**	$	438,917
Net cash (used in) provided by operating activities includes:				
Interest paid	**$**	**(474,066)**	$	(387,313)
Interest received	**$**	**1,531,409**	$	1,400,930

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015 ($ in thousands)

1. Nature of Operations

Alberta Treasury Branches (ATB) is an agent of the Crown in right of Alberta and operates under the authority of the *Alberta Treasury Branches 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.

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the provincial government designed to be in lieu of such a charge. (Refer to note 21.) ATB is an Alberta-based financial services provider engaged in retail and commercial banking, credit card services, wealth management, and investment management services.

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 28, 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments, derivative financial instruments, other financial assets and liabilities held for trading, financial assets and liabilities designated at fair value through profit or loss, 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 has the ability to 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 the purpose of 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

Significant Accounting Judgments, Estimates, and Assumptions

In the process of applying ATB's accounting policies, management has exercised judgment and has made estimates in determining amounts recognized in the consolidated financial statements. The most significant judgments and estimates made include the allowance for credit losses, the fair value of financial instruments, and 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, 2015, provide additional information in the following notes:

- Note 2(c): Financial instruments – fair value
- Note 2(d): Impairment of financial assets – for the establishment of allowance for credit losses
- Note 7: Securities – for establishing fair value of asset-backed commercial paper notes
- Note 20: Employee benefits – description of assumptions used

Translation of Foreign Currencies

Financial 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 – Recognition and Measurement

Financial assets and liabilities are classified based on their characteristics and the intention of management upon their acquisition. ATB classifies financial assets as either financial assets at fair value through net income, 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 net income or financial liabilities at amortized cost.

All financial assets and liabilities are initially recognized on the trade date. This is the date that ATB becomes a party to the contractual provisions of the instrument.

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 the 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 expire.

Financial Assets

Financial Assets at Fair Value Through Net Income

This category comprises two subcategories: financial assets held for trading and financial assets designated by ATB at fair value through net income 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 are reported as net gains on derivative financial instruments.

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 are reported as net gains on financial instruments at fair value through net income. 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 net income (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 risk managed and 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. The fair value option is also applied to structured instruments that include embedded derivatives. Fair value changes relating to financial assets designated at fair value through net income are recognized in net gains on financial instruments at fair value through net income.

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 net income or available for sale
- Those 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 securities purchased under reverse repurchase agreements or loans. Interest on items classified as loans and receivables is included in the Consolidated Statement of Income and is 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 credit losses.

Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates, or equity prices, or that are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through net income.

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 other comprehensive income, except for impairment losses and foreign-exchange gains and losses, until the financial asset is derecognized.

If an available-for-sale financial asset is determined to be 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.

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 has the intention and ability 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. ATB did not hold any instrument in this category at the reporting date.

Financial Liabilities

Financial Liabilities at Fair Value Through Net Income

This category comprises two subcategories: financial liabilities held for trading and financial liabilities designated by ATB as fair value through net income 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 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 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 are reported as net gains on derivative financial instruments.

Financial liabilities classified as designated as fair value through net income 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 net income 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 that 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 net income are included in the Consolidated Statement of Income and are reported as net gains on financial instruments at fair value through net income. Interest expenses on financial liabilities held for trading are included in net interest income. As at March 31, 2015, ATB has no financial liabilities classified as fair value through net income.

Other Liabilities Measured at Amortized Cost

Financial liabilities not classified as fair value through net income 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, capital investment notes, wholesale borrowings, subordinated debentures, collateralized borrowings, and other liabilities.

c. Financial Instruments – Fair Value

Financial assets and financial liabilities can be measured at fair value or amortized cost, depending on their classification.

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, and 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 of 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, Subordinated Debentures, and Capital Investment Notes

The fair values of wholesale borrowings, collateralized borrowings, subordinated debentures, and capital investment notes are estimated by discounting contractual cash flows using market reference rates currently offered for debt instruments with similar terms and credit risk ratings.

d. 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 as a result of 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 that ATB uses to determine that there is objective evidence of an impairment loss include:

a. Significant financial difficulty of the issuer or obligor
b. A breach of contract, such as a default or significant delinquency in interest or principal payments

c. 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
d. An assessed probability that the borrower will enter bankruptcy or other financial reorganization
e. The disappearance of an active market for that financial asset because of financial difficulties
f. 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:
    i. Adverse changes in the payment status of borrowers in the portfolio
    ii. 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 credit 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.

e. 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. No securities sold under repurchase agreements exist at the reporting date.

f. 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, options and futures, equity and commodity options, 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- and commodity-related exposures arising from its portfolio of investments and loan assets and deposit obligations.

ATB's client derivative portfolio is not used to generate trading income through active assumption of market risk, but rather is used 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 as held for trading 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 other comprehensive income (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 on an ongoing basis. 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 derivatives to manage risk relating to the variability of cash flows from certain loans and deposits. 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 income in the same period that the underlying hedged item affects net 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. 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. No fair value hedges exist at the reporting date.

Embedded 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 if 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 and commodity-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.

g. 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. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets. 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

- Computer equipment – Up to 4 years
- Other equipment – 5 years
- Leasehold improvements – Lease term plus first renewal period, if applicable

Depreciation rates, 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.

h. Software and Other Intangibles

Software and other intangibles are carried at cost less accumulated amortization and are amortized on a straight-line basis over their estimated useful lives. 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.

i. 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 or changes in circumstances 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.

j. 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 are treated as a reduction of rental expense and are also 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.

k. 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.

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 actuarial 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.

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 are 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, 2013. 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.)

l. Provisions

Provisions are recognized when it is probable that an outflow of economic benefits will 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 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.

m. 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 obligations.

n. Securitization

Securitization of residential mortgage loans guaranteed by the Canada Mortgage and Housing Corporation through the Canada Mortgage Bond program 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, the credit card receivables and mortgage loans are not derecognized and remain in the Consolidated Statement of Financial Position, and are carried at amortized cost. The risks associated with credit card receivables and residential mortgage loans 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.

o. Segmented Information

A segment is a distinguishable component of ATB engaged in providing products or services (business segment) that is subject to risks and returns that are different from those of other business segments. The Corporate Management Committee regularly reviews operating activity by business segments. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in strategic service units. Income and expenses directly associated with each segment are included in determining business segment performance.

p. Revenue Recognition

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 considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit 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.

Fees and Commission Income and Expenses

Fees and commission income and expense 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 account servicing fees, investment management fees, card fees, commitment fees, and placement fees, 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.

3. Summary of Accounting Policy Changes

Changes in Accounting Policies and Disclosures

IAS 32 *Offsetting Financial Assets and Financial Liabilities*

On April 1, 2014, ATB adopted the amendment to IAS 32 *Financial Instruments: Presentations*. The amendments clarify the criteria for offsetting a financial asset and a financial liability. They clarify that the right of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and bankruptcy or insolvency of all the counterparties to the contract, including the reporting entity itself, and that the right of set-off must not be contingent on a future event. There was no impact on ATB's financial results.

IAS 36 *Impairment of Assets*

On April 1, 2014, ATB adopted the amendments to IAS 36 *Impairment of Financial Assets*. The amendments clarify the disclosure requirements of the recoverable amount of an asset or cash-generating unit when the recoverable amount is based on fair value less costs of disposal. There was no impact on ATB's financial results.

IAS 39 *Financial Instruments: Recognition and Measurement*

On April 1, 2014, ATB adopted the amendments to IAS 39 *Financial Instruments: Recognition and Measurement*. According to these amendments, hedge accounting should be continued when a derivative financial instrument designated as a hedging instrument is novated from one counterparty to a central counterparty or an entity acting in that capacity and certain conditions are met. There was no impact on ATB's financial results.

Future Accounting Policy Changes

IAS 19 *Employee Benefits*

On November 21, 2013, the IASB published *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)*. The amendments clarify the accounting requirements that relate to how contributions from employees (or third parties) that are linked to service should be attributed to periods of service.

ATB is currently assessing the impact of the amendments, which must be applied retrospectively for annual periods beginning on or after July 1, 2014.

IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*

On May 12, 2014, the IASB issued amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The amendments provide additional guidance on how the depreciation or amortization of property, plant, and intangible assets should be calculated.

ATB is currently assessing the impact of the amendments, which must be applied prospectively for annual periods beginning on or after January 1, 2016.

IFRS 15 *Revenue From Contracts With Customers*

In May 2014, the IASB issued IFRS 15 *Revenue From Contracts With Customers*, which replaces all existing IFRS revenue requirements. The standard clarifies the principles for recognizing revenue and cash flows arising from contracts with customers.

ATB is currently assessing the impact of the amendments, which must be applied retrospectively for annual periods beginning on or after January 1, 2017.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. The final version includes guidance on the classification and measurement of financial assets and liabilities, impairment, and hedge accounting.

The standard uses a single business model approach to determine whether a financial asset is measured at amortized cost or fair value. Financial assets will be measured at fair value through profit or loss unless certain conditions are met for measurement at amortized cost or at fair value through other comprehensive income. The classification and measurement of liabilities remain mostly unchanged from IAS 39.

A new single impairment model is introduced on all financial instruments subject to impairment accounting. The expected credit loss model replaces the current "incurred" loss model and is based on a forward-looking approach. The model first requires the recognition of credit losses based on a 12-month time horizon where there has not been a significant increase in credit risk since initial recognition. It also requires an amount equal to the lifetime expected losses where there has been a significant increase in credit risk since initial recognition.

IFRS 9 also introduces a new hedge accounting model that expands on the scope of hedge and hedging items to which hedge accounting can be applied. The new model changes the effectiveness testing requirements and does not allow for voluntarily hedge de-designation.

ATB is currently assessing the impact of the standard, which is effective for annual periods beginning on or after January 1, 2018.

IAS 1 *Presentation of Financial Statements*

On December 18, 2014, the IASB published the *Disclosure Initiative* (Amendments to IAS 1). The amendments ensure that entities use judgment when presenting their financial reports by clarifying the materiality guidance for the Statement of Financial Position and Profit or Loss and Other Comprehensive Income, and the notes to the financial statements.

ATB is currently assessing the impact of adopting this amendment, which is effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

4. Financial Instruments

Classification and Carrying Value

The following tables summarize ATB's financial instrument classifications and provide their carrying value as at March 31:

As at March 31, 2015
($ in thousands)

	Carrying value						
	Held-for-trading assets and liabilities measured at fair value	Designated at fair value through net income	Available-for-sale instruments measured at fair value	Loans and receivables measured at amortized cost	Financial liabilities measured at amortized cost	Derivatives designated for hedge accounting	Total carrying value
Financial assets							
Cash	$ -	$ -	$ -	$ 383,791	$ -	$ -	$ 383,791[(1)]
Interest-bearing deposits with financial institutions	-	812,253	-	-	-	-	812,253[(1)]
Securities	-	2,134,900	272	-	-	-	2,135,172[(1)]
Securities purchased under reverse repurchase agreements	-	-	-	500,094	-	-	500,094[(1)]
Loans							
Business	-	-	-	17,530,954	-	-	17,530,954
Residential mortgages	-	-	-	12,947,624	-	-	12,947,624
Personal	-	-	-	6,700,854	-	-	6,700,854
Credit card	-	-	-	673,857	-	-	673,857
Allowance for credit losses	-	-	-	(168,397)	-	-	(168,397)
	-	-	-	37,684,892	-	-	37,684,892[(2)]
Other							
Derivative financial instruments	474,568	-	-	-	-	210,126	684,694
Other assets	-	-	-	88,232	-	-	88,232
	474,568	-	-	88,232	-	210,126	772,926[(1)]
Financial liabilities							
Deposits							
Personal	-	-	-	-	12,645,311	-	12,645,311
Business and other	-	-	-	-	17,944,044	-	17,944,044
	-	-	-	-	30,589,355	-	30,589,355[(3)]
Other							
Wholesale borrowings	-	-	-	-	3,044,130	-	3,044,130[(4)]
Collateralized borrowings	-	-	-	-	4,274,180	-	4,274,180[(5)]
Derivative financial instruments	457,583	-	-	-	-	31,284	488,867[(1)]
Other liabilities	-	-	-	-	1,238,232	-	1,238,232[(1)]
	457,583	-	-	-	8,556,542	31,284	9,045,409
Capital investment notes	-	-	-	-	-	-	-
Subordinated debentures	-	-	-	-	311,339	-	311,339[(6)]

[1] Fair value estimated to equal carrying value.
[2] Fair value of loans estimated to be $39,544,112.
[3] Fair value of deposits estimated to be $30,582,731.
[4] Fair value of wholesale borrowings estimated to be $3,094,929.
[5] Fair value of collateralized borrowings estimated to be $4,441,804.
[6] Fair value of subordinated debentures estimated to be $332,216.

As at March 31, 2014 *($ in thousands)*	Carrying value						
	Held-for-trading assets and liabilities measured at fair value	Designated at fair value through net income	Available-for-sale instruments measured at fair value	Loans and receivables measured at amortized cost	Financial liabilities measured at amortized cost	Derivatives designated for hedge accounting	Total carrying value
Financial assets							
Cash	$ -	$ -	$ -	$ 438,917	$ -	$ -	$ 438,917[1]
Interest-bearing deposits with financial institutions	-	1,143,128	-	-	-	-	1,143,128[1]
Securities	-	921,955	374	-	-	-	922,329[1]
Securities purchased under reverse repurchase agreements	-	-	-	-	-	-	-[1]
Loans							
Business	-	-	-	15,167,687	-	-	15,167,687
Residential mortgages	-	-	-	12,012,454	-	-	12,012,454
Personal	-	-	-	6,184,463	-	-	6,184,463
Credit card	-	-	-	651,931	-	-	651,931
Allowance for credit losses	-	-	-	(131,391)	-	-	(131,391)
	-	-	-	33,885,144	-	-	33,885,144[2]
Other							
Derivative financial instruments[8]	367,279	-	-	-	-	62,498	429,777
Other assets	-	-	-	122,076	-	-	122,076
	367,279	-	-	122,076	-	62,498	551,853[1]
Financial liabilities							
Deposits							
Personal	-	-	-	-	11,840,449	-	11,840,449
Business and other	-	-	-	-	15,475,989	-	15,475,989
	-	-	-	-	27,316,438	-	27,316,438[3]
Other							
Wholesale borrowings	-	-	-	-	2,694,161	-	2,694,161[4]
Collateralized borrowings	-	-	-	-	3,411,352	-	3,411,352[5]
Derivative financial instruments[8]	361,748	-	-	-	-	163	361,911[1]
Other liabilities	-	-	-	-	759,892	-	759,892[1]
	361,748	-	-	-	6,865,405	163	7,227,316
Capital investment notes	-	-	-	-	250,508	-	250,508[6]
Subordinated debentures	-	-	-	-	228,775	-	228,775[7]

1 Fair value estimated to equal carrying value.
2 Fair value of loans estimated to be $35,108,338.
3 Fair value of deposits estimated to be $27,187,021.
4 Fair value of wholesale borrowings estimated to be $2,704,044.
5 Fair value of collateralized borrowings estimated to be $3,464,854.
6 Fair value of capital investment notes estimated to be $254,136.
7 Fair value of subordinated debentures estimated to be $241,111.
8 Amounts restated. See Note 28.

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 that use 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.

The categories of financial instruments whose fair values are classified at Level 3 consist of the following:

- Securities designated at fair value through net income—investments in asset-backed commercial paper (ABCP). Valuation techniques are disclosed in note 7.
- Securities available for sale—investments in ABCP. Valuation techniques are disclosed in note 7.
- Embedded derivatives relating to interest rate options on certain residential mortgages. Valuation techniques are disclosed in note 2(c).

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, 2015 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions				
Designated at fair value through net income	$ -	$ 812,253	$ -	$ 812,253
Securities				
Designated at fair value through net income	1,394,998	-	739,902	2,134,900
Available for sale	-	-	272	272
Other assets				
Derivative financial instruments	-	684,694	-	684,694
Total financial assets	$ 1,394,998	$ 1,496,947	$ 740,174	$ 3,632,119
Financial liabilities				
Other liabilities				
Derivative financial instruments	-	488,867	-	488,867
Total financial liabilities	$ -	$ 488,867	$ -	$ 488,867

As at March 31, 2014 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions				
Designated at fair value through net income	$ -	$ 1,143,128	$ -	$ 1,143,128
Securities				
Designated at fair value through net income	193,871	-	728,084	921,955
Available for sale	-	-	374	374
Other assets				
Derivative financial instruments[(1)]	-	429,777	-	429,777
Total financial assets	$ 193,871	$ 1,572,905	$ 728,458	$ 2,495,234
Financial liabilities				
Other liabilities				
Derivative financial instruments[(1)]	143	361,768	-	361,911
Total financial liabilities	$ 143	$ 361,768	$ -	$ 361,911

[1] Amounts restated. See Note 28.

ATB performs a sensitivity analysis for fair value measurements classified at Level 3, substituting one or more reasonably possible alternative assumptions for the unobservable inputs. These sensitivity analyses are detailed in note 7 for the ABCP investments designated at fair value through net income. The sensitivity analysis for the available-for-sale ABCP resulted in an insignificant change in fair value.

The following tables present the changes in fair value of Level 3 financial instruments:

($ in thousands)		Securities available for sale		Securities designated at fair value through net income
Fair value as at March 31, 2014	**$**	**374**	**$**	**728,084**
Total realized and unrealized gains included in net income		**38**		**80,181**
Total realized and unrealized gains included in other comprehensive income		**(19)**		**-**
Sales and settlements[1]		**(121)**		**(68,363)**
Fair value as at March 31, 2015	**$**	**272**	**$**	**739,902**
Change in unrealized gains included in income with respect to financial instruments held as at March 31, 2015	**$**	**-**	**$**	**76,364**

($ in thousands)		Securities available for sale		Securities designated at fair value through net income
Fair value as at March 31, 2013	$	469	$	773,050
Total realized and unrealized gains included in net income		42		73,514
Total realized and unrealized gains included in other comprehensive income		(21)		-
Sales and settlements[1]		(116)		(118,480)
Fair value as at March 31, 2014	$	374	$	728,084
Change in unrealized gains included in income with respect to financial instruments held as at March 31, 2014	$	-	$	57,632

[1] There were no purchases or issuances made during the year.

The Consolidated Statement of Income line item for net gains on financial instruments at fair value through net income includes realized and unrealized fair value movements on all financial instruments designated at fair value and realized gains on securities available for sale.

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:

- The 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, 2015 ($ 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 purchase agreements	$ 500,094	$ -	$ 500,094	$ -	$ -	$ 500,094
Derivative financial instruments	684,694	-	684,694	183,023	446,587	55,084
Amounts receivable from clients and financial institutions	107,000	-	107,000	74,751	-	32,249
	$ 1,291,788	$ -	$ 1,291,788	$ 257,774	$ 446,587	$ 587,427
Financial liabilities						
Derivative financial instruments	$ 488,867	$ -	$ 488,867	$ 183,023	$ -	$ 305,844
Amounts payable to clients and financial institutions	104,153	-	104,153	74,751	-	29,402
	$ 593,020	$ -	$ 593,020	$ 257,774	$ -	$ 335,246

As at March 31, 2014 ($ 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 purchase agreements	$ -	$ -	$ -	$ -	$ -	$ -
Derivative financial instruments[2]	429,777	-	429,777	81,123	-	348,654
Amounts receivable from clients and financial institutions	487,888	-	487,888	487,888	-	-
	$ 917,665	$ -	$ 917,665	$ 569,011	$ -	$ 348,654
Financial liabilities						
Derivative financial instruments[2]	$ 361,911	$ -	$ 361,911	$ 81,123	$ 128,300	$ 152,488
Amounts payable to clients and financial institutions	487,888	-	487,888	487,888	-	-
	$ 849,799	$ -	$ 849,799	$ 569,011	$ 128,300	$ 152,488

[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.
[2] Amounts restated. See Note 28.

5. Financial Instruments – Risk Management

ATB has included certain disclosures required by IFRS 7 in shaded sections of the Management's Discussion and Analysis (MD&A). These shaded sections of the Risk Management section of the MD&A relating to credit, market, and liquidity risks are an integral part of the 2015 consolidated financial statements.

6. 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 other financial institutions have been classified as designated at fair value through net income, and are recorded at fair value. Interest income on interest-bearing deposits is recorded on an accrual basis. Cash has been classified as loans and receivables for financial instruments purposes.

The carrying value as at March 31, 2015, of interest-bearing deposits with financial institutions consists of $812,253 (2014: $1,143,128) classified as designated at fair value through net income.

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 awaiting payment to their respective investors and deposits held in interest reinvestment accounts in connection with ATB's participation in the Canada Mortgage Bond program. The amount of restricted cash as at March 31, 2015, is $89,471 (2014: $64,021).

7. Securities

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

As at March 31, 2015 *($ in thousands)*	Within 1 year	1–5 years	Over 5 years	Total carrying value
Securities available for sale				
Commercial paper				
Third-party-sponsored ABCP	$ -	$ 272	$ -	$ 272
Total securities available for sale	-	272	-	272
Securities measured at fair value through net income				
Issued or guaranteed by the Canadian federal or provincial governments	280,794	1,114,204	-	1,394,998
Commercial paper				
Third-party-sponsored ABCP	-	703,861	-	703,861
Bank-sponsored ABCP	-	36,041	-	36,041
Total securities measured at fair value through net income	280,794	1,854,106	-	2,134,900
Total securities	$ 280,794	$ 1,854,378	$ -	$ 2,135,172

As at March 31, 2014 *($ in thousands)*	Within 1 year	1–5 years	Over 5 years	Total carrying value
Securities available for sale				
Commercial paper				
Third-party-sponsored ABCP	$ -	$ 374	$ -	$ 374
Total securities available for sale	-	374	-	374
Securities measured at fair value through net income				
Issued or guaranteed by the Canadian federal or provincial governments	193,871	-	-	193,871
Commercial paper				
Third-party-sponsored ABCP	-	694,119	-	694,119
Bank-sponsored ABCP	-	33,965	-	33,965
Total securities measured at fair value through net income	193,871	728,084	-	921,955
Total securities	$ 193,871	$ 728,458	$ -	$ 922,329

The total carrying value of securities in the preceding schedule includes securities denominated in U.S. funds totalling $23,578 as at March 31, 2015 (2014: $23,824).

Gross unrealized gains (losses) on securities available for sale are presented in the following table:

As at March 31, 2015 *($ in thousands)*		Cost or amortized cost		Gross unrealized gains		Gross unrealized losses		Carrying value
Securities available for sale								
Third-party-sponsored ABCP	$	406	$	-	$	(133)	$	272
Total securities available for sale	$	406	$	-	$	(133)	$	272

As at March 31, 2014 *($ in thousands)*		Cost or amortized cost		Gross unrealized gains		Gross unrealized losses		Carrying value
Securities available for sale								
Third-party-sponsored ABCP	$	526	$	-	$	(152)	$	374
Total securities available for sale	$	526	$	-	$	(152)	$	374

Asset-Backed Commercial Paper (ABCP)

As at March 31, 2015, ATB held ABCP with a total face value of $815,268 (2014: $880,526). ABCP is considered an unconsolidated structured entity. During the year, ATB received principal payments of $68,484 (2014: $118,596) and interest payments of $11,984 (2014: $13,243) on these investments.

ATB's holdings can be divided into three general types:

- Third-party ABCP restructured under the Montreal Accord (Master Asset Vehicle notes, or MAV notes)
- Third-party ABCP restructured outside of the Montreal Accord
- Bank-sponsored ABCP restructured under separate agreements

All are debt instruments with underlying exposure to a range of financial instruments, including residential mortgages, commercial loans, and credit default swaps.

These investments were short term when first purchased by ATB, but as a result of the general credit crisis that occurred in fiscal 2007–08, they were restructured into longer-term floating-rate notes with maturity dates that more closely match the maturities of the underlying assets, as detailed in the following table:

As at March 31, 2015 *($ in thousands)*		Cost	Coupon	Expected principal repayment	Credit rating
Third-party ABCP					
MAV 1					
Class A-1	$	263,771	0.30%[1]	Dec 2016	AA (low)
Class A-2		384,920	0.30%[1]	Dec 2016	A
Class B		65,624	0.30%[1]	Dec 2016	BBB (low)
Class C		26,967	20.0%[1]	Dec 2016	None
Total MAV 1		**741,282**			
MAV 3					
Tracking notes for traditional assets		405	Floating[2]	Sept 2016	None
Total MAV 3		**405**			
Other		**34,770**	1.55%[1]	Dec 2016	BBB (high)
Total third-party ABCP		**776,457**			
Bank-sponsored ABCP		**38,811**	0%–0.35%[1]	Sept 2016	BBB–AA (low)
Total ABCP	$	**815,268**			

[1] Spread over bankers' acceptance rate.
[2] Coupon rate floats based on the yield of the underlying assets.

All the ABCP investments have been designated as fair value through net income, except for the MAV 3 notes, which have been classified as securities available for sale.

MAV Notes

The MAV 1 notes are supported in whole or in part by the originally pledged collateral and synthetic (or derivative-type) assets. These notes are subject to risk of loss and potential additional collateral calls relative to the leveraged super-senior trades included in the synthetic assets. The notes have different levels of subordination relative to potential losses and principal and interest payments. Specifically, C notes absorb the first realized losses, followed by B notes, A-2 notes, and A-1 notes. In addition, interest on C notes is cumulative and payable only when the principal and interest for the A-1, A-2, and B notes is settled in full. Interest on B notes is cumulative and payable only when the principal and interest for the A-1 and A-2 notes is settled in full. The structure is designed to ensure that the lowest-ranking notes, C and B, absorb the first losses, thereby reducing the risk of loss on the A-1 and A-2 notes.

MAV 1 note holders are required to provide a margin-funding facility (MFF) to cover possible collateral calls on the leveraged super-senior trades underlying the A-1, A-2, B, and C notes. Advances under this facility are expected to bear interest at a rate based on the bankers' acceptance rate. If ATB fails to fund any collateral under this facility, the notes held by ATB could be terminated or exchanged for subordinated notes. In order to continue to participate in MAV 1 and self-fund the MFF, ATB will have to maintain a credit rating equivalent to AA (high) with at least two of four credit-rating agencies. If ATB does not maintain the required credit rating, it will be required to provide collateral or obtain the required commitment through another entity with a sufficiently high credit rating. ATB's share of the MFF credit commitment is $551,500, for which ATB will not receive a fee. To recognize the fair value of this commitment, $7,748 (2014: $12,188) has been recorded in other liabilities. As at March 31, 2015, no amount has been funded under the MFF.

The Montreal Accord restructuring included an 18-month post-closing moratorium period, during which time margin calls could not be made. The moratorium period expired in July 2010, and, as a result, ATB is now exposed to collateralization triggers.

In addition to the MFF, there was also a senior funding facility, supported by the governments of Canada, Quebec, Alberta, and Ontario, to cover possible shortfalls in the MFFs under MAV 1. This facility matured in August 2010. ATB and all other investors must continue to pay a fee to cover the cost of this facility until December 2016.

ATB's MAV 3 notes are supported exclusively by traditional assets, with interest and maturity directly linked to the return and maturities of the underlying assets.

During the year, certain MAV 1 notes were terminated, but not yet repaid. These trades, while terminated, are still held by ATB at March 31, 2015.

Other Third-Party ABCP

ATB holds one non-MAV third-party note, White Knight, with exposure to leveraged super-senior trades. There are no potential collateral calls relative to this note, although if losses were to occur, the result would be significant based on the amount of leverage on the underlying exposure.

Bank-Sponsored ABCP

ATB holds two bank-sponsored notes: one issued by Apex Trust and one issued by Superior Trust. These notes have exposure to a combination of commercial mortgages and leveraged super-senior trades.

Establishing Fair Value

As at March 31, 2015, there is no observable market price for the various ABCP notes; accordingly, ATB has estimated the fair value of the various notes using a valuation technique. The table below provides a breakdown of the composition and fair value of ATB's ABCP holdings as at March 31, 2015 and 2014:

($ in thousands)	2014 cost	2014 estimated fair value	Note redemptions	Foreign-exchange impact[1]	**2015 cost**	**2015 estimated fair value**
MAV 1	$ 806,055	$ 666,096	$ (67,999)	$ 3,226	**$ 741,282**	**$ 673,255**
MAV 3	526	374	(121)	-	**405**	**272**
Other third-party-sponsored ABCP	34,770	28,023	-	-	**34,770**	**30,606**
Bank-sponsored ABCP	39,175	33,965	(364)	-	**38,811**	**36,041**
Total ABCP	$ 880,526	$ 728,458	$ (68,484)	$ 3,226	**$ 815,268**	**$ 740,174**

[1] MAV 1 includes securities with a carrying value of $23,578 (2014: $23,824) denominated in U.S. funds.

MAV Notes – Fair Value

ATB has estimated the fair value of the MAV 1 A-1, A-2, B, and C notes using a discounted cash flow model. The key assumption in this model is the market discount rate. The market discount rate is based on the CDX.IG index tranches adjusted by a 2.70% premium, where an increase in this premium would result in a decrease in fair value on certain notes held, to reflect the lack of liquidity inherent in these notes. The coupon rates, term to maturity, and anticipated cash flows have been based on the expected terms of each note.

The value of the MAV 1 tracking notes for ineligible assets and the MAV 3 tracking notes for traditional assets has been estimated based on a review of the underlying assets.

ATB has recognized a $71,932 increase in fair value on the MAV 1 notes and a $19 increase in the value of the MAV 3 notes this year (2014: MAV 1 $64,697, MAV 3 $21).

Other Third-Party ABCP

ATB holds an investment of $34,770 in third-party-sponsored ABCP restructured outside the Montreal Accord. DBRS currently rates this investment as BBB (high). This is an increase over last year, when the investment was rated as BBB (low). ATB continues to estimate the fair value of this investment based on a review of the underlying assets in the trust.

The estimated fair value of the other third-party-sponsored ABCP notes increased by $2,583 (2014: $1,848). This valuation was based on a review of the underlying assets in the trust.

Bank-Sponsored ABCP

ATB also holds investments in certain bank-sponsored commercial paper that were restructured similarly to the Montreal Accord notes. The valuation of these notes was based on a review of the underlying assets in each of the trusts. The estimated fair value of these notes increased by $2,440 (2014: $4,799) during the year. This increase in value during the year was due to an improvement in the credit quality of the notes.

During the year, the DBRS increased the rating on the Superior Trust Series G investment to AA (low). This is an increase over last year, when the investment was assigned an A rating.

Income Impact

Because of the measurement uncertainty, ATB recognizes interest income on B notes, C notes, and the tracking notes in MAV 1 and MAV 3 only as it is received—no accruals are recorded.

In addition to the $11,984 (2014: $13,243) in interest income recognized on its ABCP during the year, ATB also recognized $4,440 (2014: $4,440) in other income, representing the accretion of the MFF deferral. ATB recorded an $80,218 adjustment to the fair value of the ABCP portfolio, compared to the $73,556 recognized in 2014.

Measurement Uncertainty

Uncertainty remains regarding the amount and timing of cash flows and the value of the assets that underlie ATB's ABCP. Consequently, the ultimate fair value of these assets may vary significantly from current estimates, and the magnitude of any such difference could be material to ATB's financial results. The most significant input into the estimate of value is the market discount rate. A 1% increase in the discount rate will decrease the value of ATB's ABCP notes by approximately $12,147 (2014: $19,457).

8. Loans

Credit Quality

Loans consist of the following:

As at March 31, 2015 ($ in thousands)		Gross loans	Allowances assessed Individually		Allowances assessed Collectively		Net carrying value
Business	$	**17,530,954**	$	**68,741**	$	**36,593**	$ **17,425,620**
Residential mortgages		**12,947,624**		**2,870**		**5,494**	**12,939,260**
Personal		**6,700,854**		**18,957**		**19,455**	**6,662,442**
Credit card		**673,857**		**-**		**16,287**	**657,570**
Total	$	**37,853,289**	$	**90,568**	$	**77,829**	$ **37,684,892**

As at March 31, 2014 ($ in thousands)		Gross loans	Allowances assessed Individually		Allowances assessed Collectively		Net carrying value
Business	$	15,167,687	$	39,291	$	35,125	$ 15,093,271
Residential mortgages		12,012,454		4,580		12,104	11,995,770
Personal		6,184,463		14,055		14,829	6,155,579
Credit card		651,931		-		11,407	640,524
Total	$	34,016,535	$	57,926	$	73,465	$ 33,885,144

The total net carrying value of the above loans includes loans denominated in U.S. funds, totalling $772,807 as at March 31, 2015 (2014: $783,050). The amount of foreclosed assets held for resale as at March 31, 2015, is $8,234 (2014: $6,054).

Loans Past Due

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

As at March 31, 2015 *($ in thousands)*	Residential mortgages	Business	Personal	Credit card[1]	Total
Up to 1 month	$ 91,480	$ 40,398	$ 43,349	$ 26,467	$ 201,694
Over 1 month up to 2 months	37,287	121,410	32,551	7,137	198,385
Over 2 months up to 3 months	6,388	7,898	5,199	2,935	22,420
Over 3 months	296	4,454	288	4,451	9,489
Total past due but not impaired	$ 135,451	$ 174,160	$ 81,387	$ 40,990	$ 431,988

As at March 31, 2014 *($ in thousands)*	Residential mortgages	Business	Personal	Credit card[1]	Total
Up to 1 month	$ 97,139	$ 40,853	$ 42,816	$ 28,687	$ 209,495
Over 1 month up to 2 months	24,902	33,567	16,251	6,190	80,910
Over 2 months up to 3 months	8,357	4,068	3,450	2,440	18,315
Over 3 months	1,242	6,919	2,481	3,339	13,981
Total past due but not impaired	$ 131,640	$ 85,407	$ 64,998	$ 40,656	$ 322,701

[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.

Impaired Loans

Impaired loans, including the related allowances, are as follows:

As at March 31, 2015 *($ in thousands)*	Gross impaired loans	Allowances individually assessed	Net carrying value
Business	$ 148,635	$ 68,741	$ 79,894
Residential mortgages	46,793	2,870	43,923
Personal	52,199	18,957	33,242
Total	$ 247,627	$ 90,568	$ 157,059

As at March 31, 2014 *($ in thousands)*	Gross impaired loans	Allowances individually assessed	Net carrying value
Business	$ 64,307	$ 39,291	$ 25,016
Residential mortgages	63,255	4,580	58,675
Personal	36,478	14,055	22,423
Total	$ 164,040	$ 57,926	$ 106,114

Industry Concentration

ATB is inherently exposed to significant concentrations of credit risk as its customers all participate in the Alberta economy, which in the past has shown strong growth and occasional sharp declines. ATB manages its credit risk by diversifying its credit portfolio, limiting concentrations in single borrowers, industries, and geographic regions of Alberta. As at March 31, 2015, no single industry segment represents more than 23.1% (2014: 23.2%) of total gross business loans, and no single borrower represents more than 0.22% (2014: 0.43%) of the total gross loan portfolio.

9. Allowance for Credit Losses

The allowance for credit losses is maintained at a level management considers adequate to absorb credit-related losses for all items in its credit portfolio.

The continuity of the allowance for credit losses is as follows:

As at March 31 *($ in thousands)*	2015	2014
Collectively assessed		
Balance at beginning of the year	$ 73,465	$ 69,200
Provision for credit losses	4,364	4,265
Balance at end of the year	77,829	73,465
Individually assessed		
Balance at beginning of the year	$ 57,926	$ 53,689
Writeoffs and recoveries	(35,578)	(33,893)
Provision for credit losses	68,220	38,130
Balance at end of the year	90,568	57,926
Total	$ 168,397	$ 131,391

10. Derivative Financial Instruments

The majority 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 and client derivative portfolio to manage exposure to interest rate fluctuations, primarily arising from the investment, loan, and deposit portfolios.
- Cross-currency swaps are foreign-exchange transactions in which ATB exchanges interest and principal payments in different currencies. These are used in the corporate and client portfolio to manage ATB's foreign-exchange risk.

Options

Options are OTC contractual agreements in which the party that writes an option contract charges the buyer a premium in exchange for the right, but not the obligation, to either buy or sell a specified amount of currency or financial instruments at a specified price on a future date or within a specified time period. ATB buys specialized forms of option contracts, such as interest rate caps, collars, and swap options, as well as equity- and commodity-linked options direct from counterparties in the OTC market (i.e., not purchased on market exchanges). These are used in the corporate derivative portfolio to manage exposure to interest rate and equity and commodity market fluctuations, primarily arising from the loan and deposit portfolios. ATB also buys and sells (or writes) similar option contracts relating to energy commodities in the client derivative portfolio.

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 security at a specific price or within a specified time period. 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 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:

	2015		2014	
As at March 31 ($ in thousands)	Favourable position	Unfavourable position	Favourable position	Unfavourable position
Contracts ineligible for hedge accounting				
Interest rate contracts				
Swaps	$ 58,687	$ (71,713)	$ 5,433	$ (9,925)
Futures	-	-	-	(143)
Other	35,791	(28,946)	18,813	(18,830)
	94,478	(100,659)	24,246	(28,898)
Embedded derivatives				
Equity- and commodity-linked deposits	-	(10,728)	-	(38,220)
	-	(10,728)	-	(38,220)
Foreign-exchange contracts				
Forwards	31,691	(29,594)	5,855	(6,598)
Cross-currency swaps	24,976	(23,871)	12,701	(11,380)
Equity contracts				
Options[1]	22,060	(11,386)	75,274	(37,246)
Forward contracts				
Commodities	301,363	(281,345)	249,203	(239,406)
Total fair value ineligible contracts	380,090	(346,196)	343,033	(294,630)
Contracts eligible for hedge accounting				
Interest rate contracts				
Swaps	210,126	(31,284)	62,498	(163)
Total fair value eligible contracts	210,126	(31,284)	62,498	(163)
Total fair value	$ 684,694	$ (488,867)	$ 429,777	$ (361,911)
Less impact of master netting agreements[1]	(183,023)	183,023	(81,123)	81,123
Less impact of financial institution counterparty collateral held/posted	(446,587)	-	-	128,300
Residual credit exposure on derivatives to ATB	$ 55,084	$ (305,844)	$ 348,654	$ (152,488)

[1] Amounts restated. See note 28.

The residual credit exposure presented above includes contracts with financial institution and client counterparties. For the residual amounts above, $55,084 (2014: $256,661) of the derivative asset and $276,576 (2014: $97,424) of the derivative liability exposure relates to client counterparties.

The amount of other comprehensive income expected to be reclassified to the Consolidated Statement of Income over the next 12 months on de-designated hedges is $465 (2014: $179). ATB has recognized in profit and loss during the year $3,633 (2014: $802) relating to ineffectiveness arising from its cash flow hedges.

The following table presents the expected maturity dates on which hedged cash flows will be recognized in the Consolidated Statement of Income:

As at March 31 *($ in thousands)*	**2015**	2014 restated
Within 1 year	$ **192,810**	$ 127,361
1–2 years	**163,693**	112,395
2–3 years	**129,245**	101,796
3–4 years	**101,209**	88,064
4–5 years	**76,542**	37,237
Over 5 years	**191,967**	83,771
Total	$ **855,466**	$ 550,624

The non-trading interest rate risk, which is hedged with interest rate swaps, has a maximum maturity of 10 years as at March 31, 2015 (2014: 10 years).

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:

			Residual term of contract				
As at March 31, 2015 *($ in thousands)*	Ineligible for hedge accounting	Eligible for hedge accounting	Within 3 months	3–12 months	1–5 years	Over 5 years	Total
Over-the-counter contracts							
Interest rate contracts							
Swaps	$ 10,475,866	$ 7,801,000	$ 1,879,000	$ 4,085,000	$ 10,127,456	$ 2,185,410	$ 18,276,866
Other	814,414	-	260,574	38,177	298,442	217,221	814,414
Embedded derivatives							
Equity- and commodity-linked deposits	54,345	-	6,916	47,429	-	-	54,345
Foreign-exchange contracts							
Forwards	2,656,527	-	1,631,047	747,204	278,276	-	2,656,527
Cross-currency swaps	240,872	-	-	-	85,010	155,862	240,872
Equity contracts							
Options	188,009	-	42,875	145,134	-	-	188,009
Forward contracts							
Commodities	3,220,685	-	187,667	1,769,070	1,214,623	49,325	3,220,685
Exchange-traded contracts							
Interest rate contracts							
Futures	-	-	-	-	-	-	-
Total	$ 17,650,718	$ 7,801,000	$ 4,008,079	$ 6,832,014	$ 12,003,807	$ 2,607,818	$ 25,451,718

As at March 31, 2014 *($ 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	$ 7,562,635	$ 4,496,000	$ 425,000	$ 2,430,603	$ 8,324,975	$ 878,057	$ 12,058,635
Other	967,120	-	15,293	115,064	633,946	202,817	967,120
Embedded derivatives							
Equity- and commodity-linked deposits	182,339	-	23,250	104,744	54,345	-	182,339
Foreign-exchange contracts							
Forwards	1,703,345	-	1,267,495	391,403	44,447	-	1,703,345
Cross-currency swaps	338,200	-	-	-	290,172	48,028	338,200
Equity contracts							
Options(1)	611,237	-	74,402	348,826	188,009	-	611,237
Forward contracts							
Commodities	4,442,903	-	188,278	2,545,798	1,708,827	-	4,442,903
Exchange-traded contracts							
Interest rate contracts							
Futures	84,900	-	84,900	-	-	-	84,900
Total	$ 15,892,679	$ 4,496,000	$ 2,078,618	$ 5,936,438	$ 11,244,721	$ 1,128,902	$ 20,388,679

[1] Amounts restated. See note 28.

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 $28,662 as at March 31, 2015 (2014: $444,720).

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 believed 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 any 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 markets 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:

As at March 31 *($ in thousands)*	**2015** Replacement cost	**2015** Credit equivalent amount	**2015** Risk-adjusted balance	2014 Replacement cost	2014 Credit equivalent amount	2014 Risk-adjusted balance
Contracts ineligible for hedge accounting						
Interest rate contracts						
Swaps	**$ 58,687**	**$ 92,265**	**$ 18,453**	$ 5,433	$ 36,014	$ 7,203
Other	**35,791**	**40,540**	**19,675**	18,813	29,801	12,091
Foreign-exchange contracts						
Forwards	**31,691**	**69,387**	**21,396**	5,855	24,666	7,132
Cross-currency swaps	**24,976**	**32,171**	**10,355**	12,701	21,405	6,264
Equity contracts						
Options[1]	**22,060**	**29,320**	**5,864**	75,274	101,470	20,294
Forward contracts						
Commodities	**301,363**	**650,191**	**184,925**	249,203	727,669	286,176
Contracts eligible for hedge accounting						
Interest rate contracts						
Swaps	**210,126**	**259,967**	**51,993**	62,498	86,716	17,343
Total	**$ 684,694**	**$ 1,173,841**	**$ 312,661**	$ 429,777	$ 1,027,741	$ 356,503

[1] Amounts restated. See note 28.

11. Property and Equipment

($ in thousands)	Leasehold improvements	Computer equipment	Buildings	Other equipment	Leasehold improvements under construction	Computer equipment under development	Buildings under finance lease	Land	Total
Cost									
Balance as at April 1, 2013	$ 200,029	$ 95,236	$ 94,579	$ 59,261	$ 11,001	$ 15,701	$ 156,529	$ 7,380	$ 639,716
Acquisitions	6,949	14,059	3,841	7,366	26,902	30,284	48,951	-	138,352
Disposals	(9,208)	(54)	(441)	(4,627)	(6,726)	(15,053)	(3,447)	(8)	(39,564)
Balance as at March 31, 2014	$ 197,770	$ 109,241	$ 97,979	$ 62,000	$ 31,177	$ 30,932	$ 202,033	$ 7,372	$ 738,504
Balance as at April 1, 2014	**$ 197,770**	**$ 109,241**	**$ 97,979**	**$ 62,000**	**$ 31,177**	**$ 30,932**	**$ 202,033**	**$ 7,372**	**$ 738,504**
Acquisitions	**33,083**	**29,679**	**3,339**	**18,498**	**16,252**	**18,828**	**2,026**	**-**	**121,705**
Disposals	**(964)**	**(77,139)**	**(312)**	**(4,069)**	**(31,083)**	**(25,460)**	**(4,491)**	**-**	**(143,518)**
Balance as at March 31, 2015	**$ 229,889**	**$ 61,781**	**$ 101,006**	**$ 76,429**	**$ 16,346**	**$ 24,300**	**$ 199,568**	**$ 7,372**	**$ 716,691**
Depreciation									
Balance as at April 1, 2013	$ 121,498	$ 76,618	$ 65,106	$ 41,666	$ -	$ -	$ 44,033	$ -	$ 348,921
Depreciation for the period	11,816	12,814	2,314	6,693	-	-	11,859	-	45,496
Disposals	(8,673)	(54)	(225)	(3,831)	-	-	(3,030)	-	(15,813)
Balance as at March 31, 2014	$ 124,641	$ 89,378	$ 67,195	$ 44,528	$ -	$ -	$ 52,862	$ -	$ 378,604
Balance as at April 1, 2014	**$ 124,641**	**$ 89,378**	**$ 67,195**	**$ 44,528**	**$ -**	**$ -**	**$ 52,862**	**$ -**	**$ 378,604**
Depreciation for the period	**11,996**	**16,810**	**2,056**	**8,365**	**-**	**-**	**11,176**	**-**	**50,403**
Disposals	**(953)**	**(76,444)**	**(301)**	**(3,969)**	**-**	**-**	**-**	**-**	**(81,667)**
Balance as at March 31, 2015	**$ 135,684**	**$ 29,744**	**$ 68,950**	**$ 48,924**	**$ -**	**$ -**	**$ 64,038**	**$ -**	**$ 347,340**
Carrying amounts									
Balance as at March 31, 2014	$ 73,129	$ 19,863	$ 30,784	$ 17,472	$ 31,177	$ 30,932	$ 149,171	$ 7,372	$ 359,900
Balance as at March 31, 2015	**$ 94,205**	**$ 32,037**	**$ 32,056**	**$ 27,505**	**$ 16,346**	**$ 24,300**	**$ 135,530**	**$ 7,372**	**$ 369,351**

Depreciation expense charged to the Consolidated Statement of Income for the year ended March 31, 2015, for premises and equipment was $50,403 (2014: $45,496). There were no (2014: $1,555) impairment write-downs recognized during the year ended March 31, 2015. A loss of $62 (2014: $1,010) was recognized during the year for the disposal of capital assets.

12. Software and Other Intangibles

($ in thousands)		Purchased software		Software under development		Other intangibles		Total
Cost								
Balance as at April 1, 2013	$	394,316	$	13,629	$	2,125	$	410,070
Acquisitions		16,443		14,697		-		31,140
Disposals		(684)		(11,999)		-		(12,683)
Balance as at March 31, 2014	$	410,075	$	16,327	$	2,125	$	428,527
Balance as at April 1, 2014	**$**	**410,075**	**$**	**16,327**	**$**	**2,125**	**$**	**428,527**
Acquisitions		**43,115**		**39,589**		**-**		**82,704**
Disposals		**(79,291)**		**(14,230)**		**-**		**(93,521)**
Balance as at March 31, 2015	**$**	**373,899**	**$**	**41,686**	**$**	**2,125**	**$**	**417,710**
Amortization								
Balance as at April 1, 2013	$	123,450	$	-	$	2,035	$	125,485
Amortization for the period		37,535		-		90		37,625
Disposals		(684)		-		-		(684)
Balance as at March 31, 2014	$	160,301	$	-	$	2,125	$	162,426
Balance as at April 1, 2014	**$**	**160,301**	**$**	**-**	**$**	**2,125**	**$**	**162,426**
Amortization for the period		**45,339**		**-**		**-**		**45,339**
Disposals		**(70,479)**		**-**		**-**		**(70,479)**
Balance as at March 31, 2015	**$**	**135,161**	**$**	**-**	**$**	**2,125**	**$**	**137,286**
Carrying amounts								
Balance as at March 31, 2014	$	249,774	$	16,327	$	-	$	266,101
Balance as at March 31, 2015	**$**	**238,738**	**$**	**41,686**	**$**	**-**	**$**	**280,424**

Amortization expense charged to the Consolidated Statement of Income for the year ended March 31, 2015, for software and intangibles was $39,383 (2014: $37,625). There were no (2014: nil) impairment write-downs recognized during the year ended March 31, 2015.

13. Other Assets

Other assets consist of the following:

As at March 31 ($ in thousands)		2015		2014
Accrued interest receivable	**$**	**71,966**	$	97,457
Prepaid expenses and other receivables		**135,276**		136,148
Other		**17,010**		25,574
Total	**$**	**224,252**	$	259,179

14. Deposits

Deposit balances consist of the following:

As at March 31, 2015 *($ 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	
Personal	$ 7,718,957	$ 2,334,300	$ 2,139,689	$ 167,394	$ 163,070	$ 121,901	$ 12,645,311
Business and other	10,781,754	6,663,000	396,849	45,675	30,901	25,865	17,944,044
Total	**$ 18,500,711**	**$ 8,997,300**	**$ 2,536,538**	**$ 213,069**	**$ 193,971**	**$ 147,766**	**$ 30,589,355**

As at March 31, 2014 *($ 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	
Personal	$ 7,035,138	$ 2,544,982	$ 1,005,619	$ 1,012,673	$ 89,679	$ 152,358	$ 11,840,449
Business and other	9,472,974	5,597,985	135,626	229,336	17,493	22,575	15,475,989
Total	$ 16,508,112	$ 8,142,967	$ 1,141,245	$ 1,242,009	$ 107,172	$ 174,933	$ 27,316,438

The total deposits presented above include $740,397 (2014: $756,120) denominated in U.S. funds.

As at March 31, 2015, deposits by various departments and agencies of the Government of Alberta included in the preceding schedule total $228,904 (2014: $261,381).

The repayment of all deposits 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, 2015, the fee was $42,784 (2014: $37,592).

15. Collateralized Borrowings

Canada Mortgage Bond (CMB) Program

ATB periodically securitizes insured residential mortgage loans by participating in the CMB program. Through the program, ATB bundles residential mortgage loans guaranteed by the Canada Mortgage and Housing Corporation (CMHC) into mortgage-backed securities (MBSs) and transfers them to the Canada Housing Trust (CHT). CHT uses the proceeds of its bond issuance to finance the purchase of MBSs issued by ATB. As an issuer of the MBSs, 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 MBSs 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 premium 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 MBSs 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 their associated CMB collateralized borrowing liabilities. Accordingly, these swaps are recognized on an accrual basis and are not fair valued through ATB's Consolidated Statement of Income. The notional amount of these swaps as at March 31, 2015, is $3,593,381 (2014: $2,963,946).

Collateralized borrowing liabilities are non-amortizing liabilities with fixed maturity dates. Principal payments collected from the mortgages underlying the MBSs sold to the CHT are transferred to the CHT monthly, where they are either reinvested in new MBSs or invested in eligible investments. To the extent that these eligible investments are not ATB's own issued MBSs, the investments are recorded on ATB's Consolidated Statement of Financial Position as securities measured at fair value through net income. The amount of investments as at March 31, 2015, is nil (2014: nil).

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)*		2015		2014
Principal value of mortgages pledged as collateral	$	**3,538,324**	$	2,399,767
ATB mortgage-backed securities pledged as collateral through repurchase agreements		**245,237**		562,092
Principal value of credit card receivables pledged as collateral		**573,027**		537,858
Total	$	**4,356,588**	$	3,499,717
Associated liabilities	$	**4,274,180**	$	3,411,352

16. Other Liabilities

Other liabilities consist of the following:

As at March 31 *($ in thousands)*	Note		2015		2014
Accounts payable and accrued liabilities		$	949,917	$	513,278
Accrued interest payable			99,932		98,512
Payment in lieu of tax payable	21		98,177		82,564
Deposit guarantee fee payable			42,784		37,592
Due to clients, brokers, and dealers			34,096		22,706
Achievement Notes	25		47,028		37,466
Accrued pension-benefit liability	20		86,931		65,278
Total		$	1,358,865	$	857,396

17. Capital Investment Notes

Capital investment notes are five-year non-redeemable guaranteed notes issued to the general public that qualify under ATB's capital requirements as Tier 2 capital to a maximum of $500,000. As at March 31, 2015, no notes (March 31, 2014: $250,508) are outstanding as the notes matured in September 2014.

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		2015		2014
June 30, 2015	3.6%	$	38,075	$	38,075
June 30, 2016	3.6%		59,298		59,298
June 30, 2017	3.3%		58,280		58,280
June 30, 2018	3.4%		73,122		73,122
June 30, 2019	2.8%		82,564		-
Total		$	311,339	$	228,775

19. Salaries and Benefits

The following table discloses the amounts earned by board members and key senior executives in the year ended March 31, 2015:

	2015								2014
		Incentive plan							
($ in thousands)	Base salary[1]	Short-term[2]	Long-term[3]	Other cash benefits[4]	Other non-cash benefits[5]	Subtotal	Retirement and other post-employment benefits[6]	Total	Total
Chair of the board	$ 55	$ -	$ -	$ -	$ -	$ 55	$ -	$ 55	$ 67
Board members[7]	340	-	-	-	-	340	-	340	385
President and chief executive officer[8]	504	792	1,065	22	11	2,394	744	3,138	2,743
Chief people officer	287	172	382	33	14	888	30	918	873
Senior vice-president, Reputation and Brand	267	160	316	10	8	761	27	788	735
Chief strategy and operations officer	317	312	542	58	6	1,235	30	1,265	1,190
Chief risk officer	285	170	354	14	16	839	132	971	859
Chief financial officer	285	170	306	11	13	785	116	901	845
Executive vice-president, Retail Financial Services	257	242	257	43	12	811	29	840	736
Executive vice-president, Corporate Financial Services	318	197	435	13	14	977	122	1,099	1,172
Executive vice-president, Business & Agriculture	287	334	336	42	16	1,015	30	1,045	991
President, Investor Services[9]	9	7	4	-	1	21	1	22	-
President, Investor Services[10]	180	135	-	1,770	4	2,089	74	2,163	1,492

1 Base salary consists of all regular pensionable base pay earned.
2 Short-term incentive plan pay is accrued based on goal attainment for the fiscal year but is paid after the fiscal year-end.
3 Long-term incentive plan pay is earned in the year, though payment is deferred for up to 36 months and depends on the employee's continued employment with ATB. The actual amount each employee receives appreciates or depreciates from the amount reported above based on a specified methodology to reflect ATB's actual financial performance over the next three fiscal years.
4 Other cash benefits consist of fees for retainers, honoraria, lump-sum payments, perquisite allowances, severance, and other direct cash remuneration.
5 Other non-cash benefits consist of ATB's share of all employee benefits and contributions or payments made on behalf of employees, including statutory contributions, health care, parking, group life insurance, accidental disability and dismemberment insurance, and long-term disability plans.
6 The retirement and other post-employment benefits are largely unfunded obligations and are paid from operating revenues as they come due. None of these costs represent cash payments in the period; they represent the period expense for rights to future payments. These benefit costs also represent the total estimated cost incurred in the year ended March 31, 2015, to provide annual pension income over an actuarially determined post-employment period.
7 The board consists of 11 members plus the chair, whose remuneration is disclosed separately.
8 The incumbent does not participate in either the registered pension plan or the supplemental retirement plan, but does receive other post-employment benefits.
9 Two incumbents occupied this position during fiscal 2014–15. Amounts presented relate to the current incumbent.
10 Two incumbents occupied this position during fiscal 2014–15. Amounts presented relate to the previous incumbent.

Retirement and Other Post-Employment Benefits

Retirement and other post-employment benefits presented in the Salaries and Benefits table reflect the period expense for pension and other post-employment benefit (OPEB) rights to future compensation. Executive officers may receive such benefits through participation in either the defined benefit (DB) or defined contribution provisions of ATB's registered pension plan (the ATB Plan) together with participation in the non-registered DB supplemental retirement plan (SRP), or through other supplemental post-retirement benefit arrangements. (Refer to note 20.)

	2015				2014
($ in thousands)	Registered plan service cost	Supplemental and other post-employment benefit service costs[1]	Prior service and other costs	Total	Total
President and chief executive officer[2]	$ -	$ 563	$ 181	$ 744	$ 710
Chief people officer	30	-	-	30	25
Senior vice-president, Reputation and Brand	27	-	-	27	25
Chief strategy and operations officer	30	-	-	30	25
Chief risk officer	17	67	48	132	117
Chief financial officer	17	66	33	116	103
Executive vice-president, Retail Financial Services	29	-	-	29	25
Executive vice-president, Corporate Financial Services	18	66	38	122	108
Executive vice-president, Business and Agriculture	30	-	-	30	25
President, Investor Services[3]	1	-	-	1	-
President, Investor Services[4]	2	42	30	74	100

1 As the SRP and the OPEB provided are unfunded obligations and are paid from operating revenues as they come due, none of the SRP and OPEB costs represent cash payments in the period; they represent the period expense for rights to future payments. These benefit costs also represent the total estimated cost incurred in the year ended March 31, 2015, to provide annual pension income over an actuarially determined post-employment period.
2 The incumbent does not participate in either the ATB Plan or the SRP, but does receive OPEB.
3 Two incumbents occupied this position during fiscal 2014–15. Amounts presented relate to the current incumbent.
4 Two incumbents occupied this position during fiscal 2014–15. Amounts presented relate to the previous incumbent.

The accrued SRP and OPEB obligation for each executive is as follows:[1]

($ in thousands)	Accrued obligation March 31, 2014	Change in accrued obligation	Accrued obligation March 31, 2015[2]
President and chief executive officer[3]	$ 3,456	$ 1,092	$ 4,548
Chief risk officer	1,009	231	1,240
Chief financial officer	665	182	847
Executive vice-president, Corporate Financial Services	788	203	991
President, Investor Services[4]	808	(37)	771

1 The chief people officer, the senior vice-president of Reputation and Brand, the chief strategy and operations officer, and the executive vice-presidents of Business and Agriculture and Retail Financial Services do not participate in the SRP.
2 The accrued obligation is the amount of funds that would need to be set aside today to meet the obligations in the future based on predetermined assumptions. The discount rate decreased from 4.5% on March 31, 2014, to 3.7% on March 31, 2015, because of changes in market interest rates. Consequently, there was an increase in the accrued obligation on March 31, 2015.
3 The incumbent does not participate in either the ATB Plan or the SRP, but does receive OPEB.
4 Two incumbents occupied this position during fiscal 2014–15. Amounts presented relate to the previous incumbent.

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, 2015, 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 – DB Provisions

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 has amended the ATB Plan to change the annual contributions in the DC component effective January 1, 2015, and to close the DB component to future service accruals effective July 1, 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 1, 2016, will accrue future benefits under the DC component. Effective July 1, 2014, all new entrants into the ATB Plan will 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.

Following execution of the PSPP take-on agreements, certain assets and liabilities were transferred from the PSPP into the ATB Plan in respect of all employees promoted to management positions between January 1, 1994, and December 31, 2005, who were employed by ATB on July 15, 2006. In addition, there are ongoing annual transfers of obligations and assets in respect of employees promoted into management positions in the previous calendar year.

Effective July 1, 2014, the agreement between ATB and the Government of Alberta was terminated, and there will be no transfers in respect of promotions on and after this date. The final transfer of obligations and assets is reflected in the current-year net pension expense.

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 in excess of the Canada Revenue Agency maximum pension limits.

Plan Risks

The DB plans expose ATB to actuarial risks such as longevity risk, currency risk, interest rate risk, and market risk. ATB, in conjunction with the Human Resources Committee and Retirement Committee, 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 *($ in thousands)*	**2015** **Registered plan**	**Supplemental and other**	**ATB's share of PSPP**
Active	**$ 236,241**	**$ 11,042**	**$ 147,769**
Deferred	**21,147**	**1,813**	**39,566**
Pensioners and beneficiaries	**149,155**	**3,735**	**121,020**
Total defined benefit obligation	**$ 406,543**	**$ 16,590**	**$ 308,355**

As at March 31 *($ in thousands)*	2014 Registered plan	Supplemental and other	ATB's share of PSPP
Active	$ 208,023	$ 10,089	$ 126,930
Deferred	24,661	920	31,774
Pensioners and beneficiaries	112,309	3,102	95,708
Total defined benefit obligation	$ 344,993	$ 14,111	$ 254,412

Breakdown of Plan Assets

A breakdown of plan assets for the ATB Plan is as follows:

As at March 31 *($ in thousands)*	2015 Non-quoted on an active market	2015 Quoted on an active market	2014 Non-quoted on an active market	2014 Quoted on an active market
Bonds				
Provinces, municipal corporations, and other public administrations	$ -	$ 101	$ -	$ 126
Other issuers	-	253,315	-	217,485
Shares	-	160,660	-	140,072
Cash and money market securities	-	899	-	936
Total fair value of plan assets	$ -	$ 414,975	$ -	$ 358,619

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 that have 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

Total cash paid or payable for employee benefits for the year ended March 31, 2015—consisting of cash contributed by ATB in respect of the DB and DC provisions of the ATB Plan, cash payments made directly to beneficiaries for the unfunded SRP, and cash contributed to the PSPP—was $40,938 (2014: $57,900).

Contributions expected during the upcoming year are $15,438 (2014: $15,957) for the DB portion of the ATB plan, $215 (2014: $201) for the unfunded SRP and CPS, and $13,275 (2014: $13,972) for the PSPP.

Pension Plan Obligation Maturity Profile

For 2015, the weighted-average financial duration of the main group plans was approximately 17 years (2014: 17 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, and OPEB, consist of the following:

As at March 31 *($ in thousands)*		2015		2014
Registered plan				
Fair value of plan assets	$	414,975	$	358,619
Projected benefit obligation		(406,543)		(344,993)
Net pension-benefit asset[1]	$	8,432	$	13,626
Supplemental and other				
Unfunded projected benefit obligation, representing the plan funding deficit		(16,590)		(14,111)
Net pension-benefit liability[1]	$	(16,590)	$	(14,111)
ATB's share of PSPP				
Fair value of plan assets	$	229,582	$	189,619
Projected benefit obligation		(308,355)		(254,412)
Net pension-benefit liability[1]	$	(78,773)	$	(64,793)
Total net pension-benefit liability[1], [2]	$	(86,931)	$	(65,278)

[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 16.)

Other Comprehensive Income

	Registered plan				Supplemental and other				ATB's share of PSPP			
As at March 31 *($ in thousands)*		2015		2014		2015		2014		2015		2014
Actuarial (gain) loss on plan assets	$	(44,884)	$	(22,452)	$	-	$	-	$	(27,106)	$	2,268
Effect of changes in demographic assumptions		-		20,801		-		504		-		-
Effect of changes in financial assumptions		45,178		(19,438)		1,728		(593)		30,086		(9,150)
Experience loss (gain) on plan liabilities		3,896		-		(63)		(1,347)		10,238		(32,084)
Amount recognized in other comprehensive income	$	4,190	$	(21,089)	$	1,665	$	(1,436)	$	13,218	$	(38,966)
Beginning balance, accumulated other comprehensive loss (income)		56,838		77,927		2,681		4,117		(5,454)		33,512
Ending balance, accumulated other comprehensive loss (income)	$	61,028	$	56,838	$	4,346	$	2,681	$	7,764	$	(5,454)

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 ($ in thousands)	Registered plan 2015	Registered plan 2014	Supplemental and other 2015	Supplemental and other 2014	ATB's share of PSPP 2015	ATB's share of PSPP 2014
Change in fair value of plan assets						
Fair value of plan assets at beginning of the year	**$ 358,619**	$ 302,580	**$ -**	$ -	**$ 189,619**	$ 180,468
Contributions from ATB	**4,571**	25,660	**924**	621	**13,275**	13,664
Contributions from employees	**1,067**	1,188	**-**	-	**-**	-
Interest income	**16,095**	13,034	**-**	-	**8,647**	7,851
Actuarial gain (loss) on plan assets	**44,884**	22,452	**-**	-	**27,106**	(2,268)
Benefits paid	**(10,913)**	(8,651)	**(924)**	(621)	**(9,088)**	(10,096)
Net transfer in – PSPP	**2,068**	4,749	**-**	-	**-**	-
Actual plan expenses	**(1,416)**	(2,393)	**-**	-	**23**	-
Fair value of plan assets at end of the year	**$ 414,975**	$ 358,619	**$ -**	$ -	**$ 229,582**	$ 189,619
Change in defined benefit obligation						
Projected benefit obligation at beginning of the year	**$ 344,993**	$ 324,802	**$ 14,111**	$ 14,499	**$ 254,412**	$ 281,812
Effect of changes in demographic assumptions	**-**	20,801	**-**	504	**-**	-
Effect of changes in financial assumptions	**45,178**	(19,438)	**1,728**	(593)	**30,086**	(9,150)
Experience loss (gain) on plan liabilities	**3,896**	-	**(63)**	(1,347)	**10,238**	(32,084)
Current-service cost	**3,743**	4,234	**1,117**	1,123	**10,654**	12,032
Expenses paid	**-**	-	**-**	-	**-**	-
Contributions from employees	**1,067**	1,188	**-**	-	**-**	-
Past-service costs	**1,181**	3,863	**-**	-	**-**	-
Net transfer in – PSPP	**2,068**	4,749	**-**	-	**-**	-
Interest expense	**15,330**	13,445	**621**	546	**11,246**	11,898
Benefits paid	**(10,913)**	(8,651)	**(924)**	(621)	**(8,281)**	(10,096)
Defined benefit obligation at end of the year	**$ 406,543**	$ 344,993	**$ 16,590**	$ 14,111	**$ 308,355**	$ 254,412
Net pension-benefit asset (liability)	**$ 8,432**	$ 13,626	**$ (16,590)**	$ (14,111)	**$ (78,773)**	$ (64,793)

Defined Benefit Pension Expense

Benefit expense for the DB provisions of the ATB Plan and for the PSPP, SRP, and OPEB consists of the following:

As at March 31 ($ in thousands)	Registered plan 2015	Registered plan 2014	Supplemental and other 2015	Supplemental and other 2014	ATB's share of PSPP 2015	ATB's share of PSPP 2014
Current-service cost	**$ 3,743**	$ 4,234	**$ 1,117**	$ 1,123	**$ 10,654**	$ 12,032
Past-service costs	**1,181**	3,863	**-**	-	**-**	-
Interest expense	**15,330**	13,445	**621**	546	**11,246**	11,898
Interest income	**(16,095)**	(13,034)	**-**	-	**(8,647)**	(7,851)
Administrative expenses and taxes	**2,200**	1,022	**-**	-	**-**	-
Net pension-benefit expense recognized	**$ 6,359**	$ 9,530	**$ 1,738**	$ 1,669	**$ 13,253**	$ 16,079

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 PSPP	
	2015	2014	2015	2014	2015	2014
Accrued benefit obligation as at March 31						
Discount rate at end of the year	3.7%	4.5%	3.7%	4.5%	3.7%	4.5%
Rate of compensation increase[1]	2.5%	3.5%	2.5%	3.5%	3.5%	3.5%
Defined benefit expense for the year ended March 31						
Discount rate at beginning of the year	4.5%	4.2%	4.5%	4.2%	4.5%	4.3%
Rate of compensation increase[1]	2.5%	3.5%	2.5%	3.5%	3.5%	3.8%
ATB's share of PSPP contributions	-	-	-	-	4.3%	4.2%

[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, 2015, and the related expense for the year then ended:

		Registered plan		Supplemental and other		ATB's share of PSPP	
As at March 31, 2015 ($ in thousands)		Benefit obligation	Benefit expense	Benefit obligation	Benefit expense	Benefit obligation	Benefit expense
Discount rate							
Impact of:	1.0% increase	$ (61,157)	$ (4,265)	$ (1,619)	$ (10)	$ (44,520)	$ (3,178)
	1.0% decrease	80,002	4,186	2,010	9	44,520	2,444
Inflation rate							
Impact of:	1.0% increase	34,497	2,251	160	24	19,269	1,144
	1.0% decrease	(30,510)	(1,973)	(162)	(25)	(19,269)	(1,144)
Rate of compensation increase							
Impact of:	0.25% increase	2,810	200	1	-	10,031	1,001
	0.25% decrease	(2,735)	(196)	(1)	-	(10,031)	(1,001)
Mortality							
Impact of:	10.0% increase	(6,798)	(260)	(174)	(13)	N/A[1]	N/A[1]
	10.0% decrease	7,442	288	185	12	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 *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.

As at March 31, 2015, ATB accrued a total of $98,177 (2014: $82,564) for payment in lieu of tax. The amount outstanding as at March 31, 2014, was settled on June 30, 2014, 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.)

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 14.) During the year, ATB leased certain premises from the Government of Alberta. For the year ended March 31, 2015, the total of these payments was $283 (2014: $283). 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 14 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). 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, 2015, wholesale borrowings include $3.0 billion (2014: $2.7 billion) payable to the Minister.

Key management personnel are defined as those personnel having authority and responsibility for planning, directing, and controlling the activities of ATB, and are considered related parties. ATB provides loans to key management personnel, their close family members, and their related entities on market conditions, with the exception of banking products and services for key management personnel, which are subject to approved guidelines that govern all employees. As at March 31, 2015, there was $3,391 (2014: $4,666) in loans outstanding. Key management personnel have deposits provided at standard market rates. As at March 31, 2015, there was $448 (2014: $482) in deposits outstanding. Key management personnel compensation is disclosed in note 19. No impairment losses were recorded against balances outstanding from key management personnel, and no specific allowances for impairment were recognized on balances with key management personnel and their close family members.

Key management personnel may also purchase Achievement Notes based on their role within ATB. As at March 31, 2015, there was $2,167 (2014: $5,337) in Achievement Notes outstanding to this group. There was $2,697 (2014: nil) in payments at termination made to key management personnel during the year.

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 in the form of some asset or in the form of services) 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 $16,131,922 (2014: $13,434,068). 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)*		2015		2014
Loan guarantees and standby letters of credit	$	**523,742**	$	550,659
Commitments to extend credit		**17,854,377**		13,869,959
Total	$	**18,378,119**	$	14,420,618

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)*		2015		2014
Assets pledged to:				
Bank of Canada[(1)]	$	399,521	$	401,274
Clearing and Depository Services Inc.		16,000		14,000
Total	$	415,521	$	415,274

[1] Assets pledged to the Bank of Canada include encumbered amounts of $80,208 (2014: $101,406).

In addition to the amounts above, ATB has pledged assets relating to certain derivative contracts and collateralized borrowing. (Refer to notes 10 and 15.)

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, if any, of these actions and proceedings to be material.

Margin-Funding Facility

As a participant of MAV 1 under the Montreal Accord, ATB must provide a margin-funding facility (MFF) to cover any potential collateral calls associated with the leveraged super-senior trades underlying the Montreal Accord notes. ATB has the same rank as the other participants in the MFF. This credit commitment totals $551,500 and matures in July 2017. ATB does not receive any fee for providing this commitment. The advances that could be made under the MFF are expected to bear interest at the bankers' acceptance rate. All amounts advanced under the MFF will take precedence over amounts payable on the notes issued under MAV 1.

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)*	2015	2014
2015	$ -	$ 132,623
2016	52,367	37,968
2017	29,980	13,603
2018	21,248	8,803
2019	5,227	3,096
2020	1,972	7,020
Thereafter	5,411	-
Total	$ 116,205	$ 203,113

The total expense for premises and equipment operating leases charged to the Consolidated Statement of Income for the year ended March 31, 2015, is $6,356 (2014: $3,961).

Finance Lease Commitments

The future minimum lease payments required under ATB's finance leases were as follows:

As at March 31 *($ in thousands)*	2015	2014
Future minimum lease payments:		
Not later than 1 year	$ 22,460	$ 26,011
Later than 1 year but not later than 5 years	116,072	99,214
Later than 5 years	222,933	183,186
Total future minimum lease payments	361,465	308,411
Less: finance charges not yet due	148,465	126,541
Present value of finance lease commitments	$ 213,000	$ 181,870

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:

($ in thousands)	Term to maturity/repricing								
	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
As at March 31, 2015									
Assets									
Cash resources and securities	$ 79,000	$ 3,602,907	$ 3,681,907	$ 78,363	$ 3,760,270	$ -	$ -	$ 71,040	$ 3,831,310
Loans	5,741,969	16,620,765	22,362,734	3,246,383	25,609,117	11,049,949	765,452	260,374	37,684,892
Other assets	-	-	-	-	-	-	-	1,558,721	1,558,721
Derivative financial instruments(1)	-	-	1,192,363	635,000	1,827,363	5,225,000	956,000	-	8,008,363
Total	5,820,969	20,223,672	27,237,004	3,959,746	31,196,750	16,274,949	1,721,452	1,890,135	51,083,286
Liabilities and equity									
Deposits	14,002,637	365,264	14,367,901	4,557,601	18,925,502	4,813,964	10,029	6,839,860	30,589,355
Wholesale borrowings	250,000	400,000	650,000	-	650,000	2,200,000	200,000	(5,870)	3,044,130
Collateralized borrowings	307,656	639,504	947,160	-	947,160	2,226,831	1,092,695	7,494	4,274,180
Other liabilities	473,849	-	473,849	-	473,849	-	-	1,373,883	1,847,732
Capital investment notes	-	-	-	-	-	-	-	-	-
Subordinated debentures	38,075	-	38,075	-	38,075	273,264	-	-	311,339
Equity	-	-	-	-	-	-	-	3,008,187	3,008,187
Derivative financial instruments(1)	-	-	7,285,000	78,363	7,363,363	30,000	615,000	-	8,008,363
Total	15,072,217	1,404,768	23,761,985	4,635,964	28,397,949	9,544,059	1,917,724	11,223,554	51,083,286
Interest-rate-sensitive gap	$ (9,251,248)	$ 18,818,904	$ 3,475,019	$ (676,218)	$ 2,798,801	$ 6,730,890	$ (196,272)	$ (9,333,419)	
As percentage of assets	(18.1%)	36.8%	6.8%	(1.3%)	5.5%	13.2%	(0.4%)	(18.3%)	

($ in thousands)	Term to maturity/repricing								
	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
As at March 31, 2014									
Assets									
Cash resources and securities	$ 279,314	$ 1,823,208	$ 2,102,522	$ 7,071	$ 2,109,593	$ 339,018	$ -	$ 55,763	$ 2,504,374
Loans	5,100,814	14,905,332	20,006,146	3,313,597	23,319,743	9,932,200	303,792	329,409	33,885,144
Other assets	-	-	-	-	-	-	-	1,277,711	1,277,711
Derivative financial instruments(1)	-	-	4,250,881	975,000	5,225,881	5,292,780	430,884	-	10,949,545
Total	5,380,128	16,728,540	26,359,549	4,295,668	30,655,217	15,563,998	734,676	1,662,883	48,616,774
Liabilities and equity									
Deposits	13,690,131	354,188	14,044,319	3,236,483	17,280,802	3,573,596	304	6,461,736	27,316,438
Wholesale borrowings	119,466	669,006	788,472	-	788,472	1,911,445	-	(5,756)	2,694,161
Collateralized borrowings	297,636	447,374	745,010	869,135	1,614,145	1,493,806	304,840	(1,439)	3,411,352
Other liabilities	34,225	-	34,225	-	34,225	-	-	1,147,836	1,182,061
Capital investment notes	-	-	-	250,498	250,498	-	-	10	250,508
Subordinated debentures	-	-	-	-	-	228,775	-	-	228,775
Equity	-	-	-	-	-	-	-	2,583,934	2,583,934
Derivative financial instruments(1)	-	-	7,123,665	750,000	7,873,665	2,883,824	192,056	-	10,949,545
Total	14,141,458	1,470,568	22,735,691	5,106,116	27,841,807	10,091,446	497,200	10,186,321	48,616,774
Interest-rate-sensitive gap	$ (8,761,330)	$ 15,257,972	$ 3,623,858	$ (810,448)	$ 2,813,410	$ 5,472,552	$ 237,476	$ (8,523,438)	
As percentage of assets	(18.0%)	31.4%	7.5%	(1.7%)	5.8%	11.3%	0.5%	(17.5%)	

[1] Derivative financial instruments are included in these tables 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:

(%)	Within 3 months	3–12 months	Total within 1 year	1–5 years	Over 5 years	Total
As at March 31, 2015						
Total assets	**3.1%**	**3.4%**	**3.2%**	**3.1%**	**3.6%**	**3.2%**
Total liabilities and equity	**0.9%**	**1.2%**	**0.9%**	**1.3%**	**2.3%**	**1.1%**
Interest-rate-sensitive gap	**2.2%**	**2.2%**	**2.3%**	**1.8%**	**1.3%**	**2.1%**

(%)	Within 3 months	3–12 months	Total within 1 year	1–5 years	Over 5 years	Total
As at March 31, 2014						
Total assets	3.1%	3.4%	3.2%	3.1%	3.6%	3.2%
Total liabilities and equity	1.0%	1.5%	1.1%	1.3%	2.9%	1.2%
Interest-rate-sensitive gap	2.1%	1.9%	2.1%	1.8%	0.7%	2.0%

Interest Rate Sensitivity

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

As at March 31 *($ in thousands)*	2015	2014[(1)]
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	**$ 45,785**	$ 30,946
200 basis points	**89,685**	60,075
Decrease in interest rates of:		
100 basis points	**(48,145)**	(50,284)
200 basis points	**(59,911)**	(62,636)

[1] Comparative amounts have been restated based on the current-year methodology for measuring interest rate sensitivity, which now includes ATB's short-term investments.

25. Achievement Notes

ATB sold Principal at Risk Achievement Notes to certain eligible employees as an incentive for promoting the growth of the subsidiaries of ATB Financial that provide, or will in the future provide, services under the ATB Investor Services brand name. Under this plan, eligible employees could purchase a 25-year note with a rate of return linked to the value of certain ATB subsidiaries. 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:

- A cash payment at maturity, representing the original invested amount adjusted for a proportionate share in the change in fair value of certain ATB subsidiaries
- Cash distributions, if any, based on the net positive dividends paid by certain ATB subsidiaries to ATB

There is no public market for these notes; thus the valuation is based on a model prepared by an external consultant using market data where available. This valuation model was used to establish the initial purchase price of the notes and the changes in fair value period to period until the notes mature.

The notes are not redeemable at the option of the note holder, or ATB, prior to maturity, subject to the occurrence of an extraordinary event for ATB (i.e., winding up, dissolution, or liquidation of ATB) or a catastrophic event for the note holder. The notes are not guaranteed under the deposit guarantee provided by the Crown in right of Alberta, and there is the risk, if the valuation of the ATB subsidiaries reduces, that the note holder will lose some or all of the original investment.

During the year, ATB issued $4,146 (2014: $2,298) of these notes, which are recorded in other liabilities in the Consolidated Statement of Financial Position. During the current year, $7,170 (2014: $798) of the notes have been redeemed. An expense of $6,653 (2014: $12,936) was recognized during the year to reflect the increase in the fair value of the notes based on their valuation as at March 31, 2015. As at March 31, 2015, the liability for these notes was $47,028 (2014: $37,466). During the year, $1,007 (2014: nil) in distribution payments were accrued for payment to Achievement Note holders.

26. Capital Management

ATB measures and reports capital adequacy to ensure it meets the minimum levels set out by its regulator, Alberta Treasury Board and Finance, while supporting the continued growth of its business.

As a Crown corporation, ATB and its subsidiaries operate under a regulatory framework established pursuant to the *Alberta Treasury Branches Act* and associated regulations and guidelines. The capital adequacy requirements for ATB are 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. 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 notional capital and eligible portions of the collective allowance for credit losses, subordinated debentures, and capital investment notes (to a maximum of $500,000). Effective March 30, 2009, $600,000 of notional (or deemed) capital was made available to ATB. This amount reduces by 25% of net income each quarter.

As at March 31, 2015, 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)*	2015	2014 restated (*note 28*)
Tier 1 capital		
Retained earnings	$ 2,920,375	$ 2,591,694
Tier 2 capital		
Eligible portions of:		
Subordinated debentures	145,096	124,800
Collective allowance for credit losses	77,829	73,465
Notional capital	282,344	364,515
Total Tier 2 capital	505,269	562,780
Total regulatory capital	$ 3,425,644	$ 3,154,474
Total risk-weighted assets	$ 31,349,283	$ 27,367,116
Risk-weighted capital ratios:		
Tier 1 capital ratio	9.3%	9.5%
Total regulatory capital ratio	10.9%	11.5%

27. Segmented Information

ATB has organized its operations and activities around the following four business segments or areas of expertise:

- **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.
- **Investor Services** provides wealth management solutions, including retail brokerage, mutual funds, portfolio management, and investment advice.

The four identified segments differ in products and services offered, but are all within the same geographic region, as virtually all of ATB's operations are limited to customers in the Province of Alberta.

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. Individually assessed provisions for credit losses are allocated based on the individual underlying impaired loan balances, and collectively assessed provisions are allocated pro rata based on total performing loan balances.

Direct expenses are attributed between areas of expertise as incurred. Certain indirect expenses are allocated between Investor Services and the other areas on the basis of interline service agreements. Certain other costs are allocated between the reporting segments using refined allocation methods incorporating activity-based estimates of indirect cost allocation. 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	Investor Services	Strategic service units[1]	Total
March 31, 2015						
Net interest income	**$ 417,797**	**$ 258,637**	**$ 279,103**	**$ 441**	**$ 74,454**	**$ 1,030,432**
Other income	**89,705**	**69,367**	**61,803**	**133,733**	**83,748**	**438,356**
Total operating revenue	**507,502**	**328,004**	**340,906**	**134,174**	**158,202**	**1,468,788**
Provision for (recovery of) credit losses	**25,129**	**16,484**	**31,921**	**-**	**(950)**	**72,584**
Non-interest expenses	**429,992**	**211,803**	**94,663**	**104,392**	**128,496**	**969,346**
Income before payment in lieu of tax	**52,381**	**99,717**	**214,322**	**29,782**	**30,656**	**426,858**
Payment in lieu of tax[3]	**-**	**-**	**-**	**6,850**	**91,327**	**98,177**
Net income (loss)	**$ 52,381**	**$ 99,717**	**$ 214,322**	**$ 22,932**	**$ (60,671)**	**$ 328,681**
Total assets	**$ 19,946,326**	**$ 6,686,117**	**$ 10,961,281**	**$ 149,115**	**$ 5,332,084**	**$ 43,074,923**
Total liabilities	**$ 12,004,052**	**$ 9,167,956**	**$ 8,704,341**	**$ 118,033**	**$ 10,072,354**	**$ 40,066,736**
March 31, 2014[2]						
Net interest income	$ 374,782	$ 224,733	$ 260,536	$ 369	$ 105,592	$ 966,012
Other income	86,777	65,704	61,258	104,979	65,729	384,447
Total operating revenue	461,559	290,437	321,794	105,348	171,321	1,350,459
Provision for credit losses	12,662	8,454	20,423	-	856	42,395
Non-interest expenses	427,008	196,237	85,297	87,803	152,746	949,091
Income before payment in lieu of tax	21,889	85,746	216,074	17,545	17,719	358,973
Payment in lieu of tax	-	-	-	-	82,564	82,564
Net income (loss)	$ 21,889	$ 85,746	$ 216,074	$ 17,545	$ (64,845)	$ 276,409
Total assets	$ 18,483,339	$ 5,712,616	$ 9,735,770	$ 136,604	$ 3,636,146	$ 37,704,475
Total liabilities	$ 11,325,690	$ 8,005,506	$ 7,364,220	$ 97,454	$ 8,327,671	$ 35,120,541

[1] Composed of business units of a corporate nature, such as investment, risk management, asset/liability management, and treasury operations, as well as expenses, collective allowances, and recoveries for credit losses not expressly attributed to any area of expertise.
[2] Prior-period results have been restated based on a change in corporate allocation methodology and accounting policy.
[3] As of April 1, 2014, Investor Services is proportionally allocated its share of the payment in lieu of tax expense.

28. Comparative Amounts

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

In addition, ATB determined that certain derivative assets previously reported in its consolidated financial statements do not meet the offsetting criteria defined in IAS 32 *Financial Instruments: Presentations*. This resulted in an impact to the prior-year risk-weighted assets and comparative amounts reported in the Consolidated Statement of Financial Position. The risk-weighted assets increased from $27,355,286 to $27,367,116, with no impact to the Tier 1 and total capital ratios. The impact on the comparative amounts reported in the Consolidated Statement of Financial Position for the year ended March 31, 2014, is as follows:

As at March 31 *($ in thousands)*		2014
Derivative assets as previously reported	$	392,531
Restated amounts		37,246
Derivative assets as restated		429,777
Derivative liabilities previously reported		324,665
Restated amounts		37,246
Derivative liabilities as restated		361,911

GLOSSARY

A

Achievement Note
Long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Investor Services. 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 credit losses
Total allowance for credit losses consists of individual and collective allowances. The allowance represents management's best estimate of anticipated credit-related losses inherent in the loans portfolio.

Assets under management
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 loan loss provisions.

Average risk-weighted assets
Value of assets calculated by applying a predetermined risk-weight factor to on- and off-balance-sheet exposures.

B

Basis point
One one-hundredth of one percent (0.01%).

C

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 be experienced due to the impact of market risks on a specified set of financial instruments (bonds, swaps, investments, etc.), over a particular period of time 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 losses to average loans
Provision for (recovery of) credit losses to average net loans.

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 customer'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. Possible CAI scores range from –20 to 90.

D

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 forward-rate agreements, foreign-exchange forward contracts, and foreign-currency, equity, and interest rate options and swap options.

E

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 for 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 within a financial instrument or other contract that has features similar to a derivative.

Equity- and commodity-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 or commodity index at a predetermined price, on or before a fixed date, on a fixed date, or on a series of fixed dates.

F

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. 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.

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.

Funds transfer pricing
An internal allocation process used to calculate the profitability of the areas of expertise and isolate them from interest rate risk.

G

Growth in assets under management
The current year's assets under management less the previous year's assets under management, divided by the previous year's assets under management.

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.

H

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.

I

Impaired loan
Loans for which there is no longer reasonable assurance of the timely collection of principal or interest.

Interest rate floor
Contract whereby the buyer pays the seller a premium in exchange for the payment of any difference below a set strike interest rate (the agreed-upon interest rate at which an option may be exercised) 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.

L

Liquidity risk
The risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or sell 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.

M

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.

N

Net impaired loans to total gross loans
Impaired loans less any allowance for credit losses compared to total loans outstanding.

Net income
Net income after removing 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.

Net interest margin
The ratio of net interest income for the year to the value of average total assets for the year.

Net interest spread
The ratio of net interest income for the year to the value of average interest-earning assets for the year.

Net loans
Gross loans, net of the impacts of securitization, impaired loans, and loan loss provisions.

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.

O

Off-balance-sheet instruments
Assets or liabilities that are not recorded on the balance sheet but have the potential to produce positive or negative cash flows in the future. A variety of 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 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 leverage
The difference between operating revenue growth and operating expense growth.

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 does not include strategic or reputational risk.

Option
A contract between two parties whereby the buyer of the option has the right but not the 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, on a specified date, or on a series of specified dates.

Other income to operating revenue
Other income for the year divided by operating revenue for the year.

P

Performing loans
Net loans excluding the impacts of securitization, impaired loans, and loan loss provisions.

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.

Provision for credit losses
An amount charged to income, deemed by management to fully provide for impairment in existing credit portfolios, given the composition of the credit portfolios, the probability of default, the economic environment, and the allowance for credit losses already established.

R

Regulatory risk
The risk of non-compliance with applicable regulatory requirements. Applicable regulatory requirements include those in (a) the *Alberta Treasury Branches Act* and the *Alberta Treasury Branches Regulation* and guidelines, and (b) other laws, rules, regulations, and prescribed practices applicable to ATB Financial in any jurisdiction in which it operates.

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.

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.

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.

S

Securitization
The process by which a pool of financial assets, mainly loans, are converted into asset-backed securities and transferred to a trust that normally issues a series of asset-backed securities to investors to fund the purchase of loans.

Swaps
A contractual agreement between two parties to exchange a series of cash flows. For interest rate swaps, counterparties generally exchange fixed- and floating-rate interest payments based on a notional amount in a single currency. For cross-currency swaps, counterparties generally exchange one currency for another, at a set date.

T

Tier 1 capital
Retained earnings and accumulated other comprehensive income and other disclosed reserves that have been internally assessed.

Tier 1 capital ratio
Retained earnings divided by risk-weighted assets.

Total capital ratio
Total capital assets divided by risk-weighted assets.

Total operating revenue
Net interest income and other income before any recoveries or losses on ATB's asset-backed commercial paper portfolio.

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.

Total operating revenue
The total of net interest income, other income, and recovery on asset-backed commercial paper.

Y

Yield curve
A curve on a graph showing the return of a fixed-interest security against the term to maturity.

ATB Financial®

BY THIS TIME NEXT YEAR

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