MANAGEMENT'S DISCUSSION AND ANALYSIS

FY2024 Q2 Financial Highlights

	For the three months ended			*For the six months ended*	
	September 30 2023	**June 30 2023**	**September 30 2022**	**September 30 2023**	**September 30 2022**
Operating results *($ in thousands)*					
Net interest income	$ 344,374	$ 331,827	$ 330,414	$ 676,201	$ 654,447
Other income	158,829	166,132	153,386	324,961	305,470
Total revenue	503,203	497,959	483,800	1,001,162	959,917
Provision for (recovery of) loan losses	30,320	(2,909)	27,284	27,411	28,051
Non-interest expense	359,483	345,061	326,538	704,544	653,097
Income before payment in lieu of tax	113,400	155,807	129,978	269,207	278,769
Payment in lieu of tax	26,081	35,836	29,895	61,917	64,117
Net income	**$ 87,319**	**$ 119,971**	**$ 100,083**	**$ 207,290**	**$ 214,652**
Income before provisions (1)					
Total revenue	$ 503,203	$ 497,959	$ 483,800	$ 1,001,162	$ 959,917
Less: non-interest expense	359,483	345,061	326,538	704,544	653,097
Income before provisions	**$ 143,720**	**$ 152,898**	**$ 157,262**	**$ 296,618**	**$ 306,820**
Financial position *($ in thousands)*					
Net loans	$ 49,741,384	$ 48,001,389	$ 46,905,949	$ 49,741,384	$ 46,905,949
Total assets	60,918,565	58,330,310	59,116,359	60,918,565	59,116,359
Total risk-weighted assets (1)	40,047,110	39,319,773	38,752,304	40,047,110	38,752,304
Total deposits	41,139,306	40,329,613	38,154,738	41,139,306	38,154,738
Equity	4,972,624	4,876,866	4,500,839	4,972,624	4,500,839
Key performance measures *(%)* (1)					
Return on average assets	0.7	0.8	0.7	0.7	0.7
Return on average risk-weighted assets	0.9	1.2	1.0	1.1	1.1
Total revenue change	4.0	4.6	3.7	4.3	3.6
Other income to total revenue	31.6	33.4	31.7	32.5	31.8
Total expense change	10.1	5.7	4.4	7.9	4.7
Efficiency ratio	71.4	69.3	67.5	70.4	68.0
Net interest margin	2.40	2.41	2.36	2.40	2.36
Provision for (recovery of) loan losses to average loans	0.11	(0.02)	0.20	0.04	0.10
Net loan change	3.6	1.6	1.2	5.3	2.1
Total asset change	4.4	1.5	0.2	6.0	3.6
Total deposit change	2.0	2.2	(1.0)	4.2	2.2
Change in assets under administration	(1.5)	1.0	(0.9)	(0.5)	(9.2)
Tier 1 capital ratio	13.0	13.0	12.3	13.0	12.3
Total capital ratio	16.2	15.8	16.2	16.2	16.2
Other information					
ATB Wealth's assets under administration *($ in thousands)*	$ 25,769,471	$ 26,169,357	$ 23,779,246	$ 25,769,471	$ 23,779,246
Total clients	806,968	803,147	794,450	806,968	794,450
Team members (2)	5,361	5,431	5,138	5,361	5,138

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

INTRODUCTION

This is Management's Discussion and Analysis (MD&A) of the consolidated results of operations and the financial position of ATB Financial (ATB) for the three and six months ended September 30, 2023, and is dated November 16, 2023. (See the Glossary and Acronyms for our defined terms.) The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the period ended September 30, 2023, as well as the audited consolidated financial statements for the year ended March 31, 2023.

Caution Regarding Forward-Looking Statements

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

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

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

ECONOMIC OUTLOOK

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

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

In the past year, Alberta's economy has weathered the inflation storm better than most. Strong population growth and a revitalized energy sector will continue to put Alberta's economy ahead of the crowd even as it slows in the face of higher interest rates. Despite this positive momentum the province's economy is still recovering and Albertans continue to face headwinds.

Our forecast for real gross domestic product (GDP) growth in Alberta for 2023 is 2.7%, based on solid year-to-date results. As interest rates are expected to be "higher for longer" our growth forecast for 2024 is 2.0% and is expected to rise to 2.6% in 2025.

Alberta is experiencing record levels of net international migration and near-record gains from interprovincial migration. Population growth is expected to moderate next year, but will remain relatively strong and continue to support consumer spending and housing demand while increasing the labour supply.

The energy sector being Alberta's largest sector, has experienced a remarkable turnaround from the COVID-19 lows. Rising energy investment and production is a major factor driving Alberta's real GDP growth ahead of the national average this year and next. Other growth areas over the medium term include aviation, tourism, technology, food manufacturing, biofuels, petrochemicals, hydrogen, and investments in emissions reduction.

The current Bank of Canada's 5.0% policy interest rate, represents a 4.75 point increase in interest rates since March 2022 and is one of the most aggressive hiking cycles since the 1990s. The more significant economic impacts will be felt in 2024 as loans are renewed at higher rates. Given stubborn inflation, we do not expect the Bank to lower its policy rate until mid-2024.

Alberta's economy has been on a faster track, although it hasn't been without its share of bumps along the way. Economic activity has been disrupted by wildfires, while strikes at the west coast ports in July hampered trade with Asia. The agriculture sector has faced tougher conditions due to significantly drier-than-normal weather in certain regions.

As risks remain elevated, ATB runs high and low scenarios. In the low scenario, real GDP contracts by 0.5% next year, while in the high case it accelerates to 4.5% growth.

Implications for our clients

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

- High levels of financial anxiety.
- Lost income due to market volatility, especially as interest rates are expected to stay "higher for longer".
- Business disruptions due to labour shortages and higher input costs.
- Cash flow uncertainty.
- Increased debt.
- Mortgage stress.
- Debt repayment challenges, especially among low-income households.

REVIEW OF CONSOLIDATED OPERATING RESULTS

Net Income

For the quarter ended September 30, 2023, net income (NI) has decreased from both last quarter and the same time last year. The quarterly decrease is due to a higher provision for loan losses (LLP) and an increase in non-interest expense (NIE), partially offset by higher total revenue. On a year-to-date basis, NI is lower than last year, driven by an increase in NIE, which was mostly offset by higher total revenue.

ATB's net contribution—composed of NI, payment in lieu of tax (PILOT) and deposit guarantee fee—to the Government of Alberta (GoA) was $129.7 million this quarter, a decrease from both last quarter ($171.4 million) and the same time last year ($145.4 million). The quarterly decrease is driven by lower NI due to the factors previously noted. On a year-to-date basis ATB's net contribution is $301.0 million—a decrease from last year ($309.5 million)—driven by lower NI.

Total Revenue

Total revenue consists of net interest income (NII) and other income (OI). This quarter's total revenue is $503.2 million, comprising $344.4 million in NII and $158.8 million in OI. The increase from last quarter is due to higher NII, slightly offset by lower OI. Compared to the same period last year, total revenue increased due to higher NII and OI.

On a year-to-date basis, total revenue is $1.0 billion. The increase from last year is driven by higher NII and OI.

Net Interest Income

NII represents the difference between the interest earned on assets (such as cash, loans and securities) and interest paid on liabilities (such as deposits and wholesale or collateralized borrowings). NII increased from last quarter driven by strong loan growth. Compared to the same period last year, NII increased due to higher rates on assets driven by the Bank of Canada prime rate increases, along with higher loan balances. Both increases were mostly offset by higher deposits and wholesale borrowing balances as clients continue to migrate to higher-cost fixed-date deposits and our funding mix shifts.

On a year-to-date basis, NII was $676.2 million and is higher than last year. The increase is driven by the same factors that drove our year-over-year increase.

Table 1: Changes in Net Interest Income

For the three months ended ($ in thousands)	September 30, 2023 vs. June 30 2023 Increase (decrease) due to changes in			September 30, 2023 vs. September 30, 2022 Increase (decrease) due to changes in		
	Volume	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Assets						
Interest-bearing deposits with financial institutions and securities	$ 2,355	$ 7,006	$ 9,361	$ (5,664)	$ 48,529	$ 42,865
Loans	20,970	30,285	51,255	28,472	108,957	137,429
Change in interest income	23,325	37,291	60,616	22,808	157,486	180,294
Liabilities						
Deposits	5,620	23,669	29,289	19,850	129,084	148,934
Wholesale borrowings	10,050	7,579	17,629	(7,501)	10,496	2,995
Collateralized borrowings	(2,958)	4,364	1,406	(3,003)	22,854	19,851
Securities sold under repurchase agreements	(258)	3	(255)	(5,451)	5	(5,446)
Change in interest expense	12,454	35,615	48,069	3,895	162,439	166,334
Change in net interest income	$ 10,871	$ 1,676	$ 12,547	$ 18,913	$ (4,953)	$ 13,960

For the six months ended ($ in thousands)	September 30, 2023 vs. September 30, 2022 Increase (decrease) due to changes in		
	Volume	**Rate**	**Net change**
Assets			
Interest-bearing deposits with financial institutions and securities	$ (8,864)	$ 117,271	$ 108,407
Loans	41,026	240,124	281,150
Change in interest income	32,162	357,395	389,557
Liabilities			
Deposits	29,372	297,782	327,154
Wholesale borrowings	(18,476)	18,024	(452)
Collateralized borrowings	(2,974)	48,419	45,445
Securities sold under repurchase agreements	(4,478)	134	(4,344)
Change in interest expense	3,444	364,359	367,803
Change in net interest income	$ 28,718	$ (6,964)	$ 21,754

Net Interest Margin

Net interest margin (NIM) is the ratio of NII to average total interest-earning assets for the year. It is an important measure for ATB as it demonstrates how profitable our banking business is. This quarter's ratio was 2.40%, a slight decrease from the 2.41% achieved last quarter and higher than the 2.36% achieved for the same period last year. Year-to-date NIM was 2.40%, higher than the 2.36% achieved for the same period last year. The year-over-year and year-to-date improvements are due to the previously noted factors that drove our NII changes.

Other Income

OI consists of all revenue not classified as NII. OI decreased from last quarter due to lower financial markets revenue, net losses on ATB's strategic investments, and balance sheet management activities, partially offset by higher wealth management and core services revenues (service charges and card fees). Our year-over-year and year-to-date results increased compared to the same time last year. These increases were largely due to higher capital markets and wealth management revenues—due to improving market conditions—along with higher revenues from insurance and core services. Year-to-date, higher financial markets revenue was also earned from supporting our clients' risk management needs. The increases in OI are partially offset by losses (or lower revenues) from our strategic investments and balance sheet management activities.

Provision for Loan Losses

ATB's LLP—comprising net write-offs, recoveries and required changes to the allowance for Stage 1, 2 and 3 loans—saw a provision of $30.3 million this quarter, a contrast to the recovery last quarter, and an increase in the provision recorded for the same time last year. While the economic outlook remained stable for the quarter, the changes were primarily attributed to an increase in our Stage 2 provision as a result of considerable growth in our Business portfolio. The year-over-year increase in LLP was driven by a large Stage 1 increase, partially offset by a Stage 3 recovery—as business loans were paid down or written off—and a decrease in Stage 2. Year-to-date LLP remained consistent.

We remain committed to providing our clients with access to sound advice and a range of products and services in support of Alberta's economy, while taking appropriate measures to limit losses. As at September 30, 2023, gross impaired loans of $0.5 billion comprised 0.9% (March 31, 2023: 1.1%, September 30, 2022: 1.3%) of the total loan portfolio.

Non-Interest Expense

NIE consists of all expenses incurred by ATB except for interest expenses and LLP. Compared to the previous quarter, NIE increased due to an insurance recovery on a previously recognized operational loss received last quarter, higher technology costs and costs related to the optimization of our corporate spaces.

The continued investment in our people as well as the capitalization of major technology projects—such as the modernization of our banking platform—continue to be major drivers for the year-over-year and year-to-date increase.

Efficiency Ratio

The efficiency ratio, measured as total NIE divided by total revenue, measures how much it costs ATB to generate revenue. A lower ratio indicates higher efficiency at generating income. Our efficiency ratio of 71.4% increased both from last quarter's 69.3% and 67.5% recorded the same period last year. Year-to-date the efficiency ratio also increased from last year. The increases are mainly attributed to expenses increasing, due to the drivers previously noted, at a faster rate than our total revenue growth.

REVIEW OF OPERATING RESULTS BY AREA OF EXPERTISE

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

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

Everyday Financial Services

Table 2: Everyday Financial Services Financial Performance

For the three months ended *($ in thousands)*	**September 30 2023**	**June 30 2023**	**September 30 2022**
Net interest income	$ 146,138	$ 139,932	$ 133,204
Other income	37,011	35,919	31,655
Total revenue	183,149	175,851	164,859
Provision for (recovery of) loan losses	1,548	(3,779)	2,700
Non-interest expense (1)	139,550	138,950	125,057
Net income before payment in lieu of tax	42,051	40,680	37,102
Payment in lieu of tax	9,672	9,356	8,534
Net income	**$ 32,379**	**$ 31,324**	**$ 28,568**
Net loans	$ 20,948,524	$ 20,421,460	$ 20,129,399
Total deposits	18,710,792	18,597,200	17,920,179

For the six months ended *($ in thousands)*	**September 30 2023**	September 30 2022
Net interest income	$ 286,070	$ 262,145
Other income	72,930	62,685
Total revenue	359,000	324,830
Provision for (recovery of) loan losses	(2,231)	13,348
Non-interest expense (1)	278,500	258,235
Net income before payment in lieu of tax	82,731	53,247
Payment in lieu of tax	19,028	12,247
Net income	**$ 63,703**	**$ 41,000**

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

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

NII increased from last quarter, year-over-year and year-to-date as a result of the Bank of Canada prime rate increases. This was partially offset by lower interest income on loans as market competition has led to relatively flat mortgage yields in spite of Bank of Canada prime rate increases.

OI increased from last quarter due to both card transaction volumes and foreign exchange revenue both due to seasonality. OI increased from the same time last year and year-to-date due to an increase in card revenue as clients spent more, driven by inflation. Service charges also increased as the number of small business clients grew; and foreign exchange revenue is higher with clients travelling more.

LLP increased from last quarter and decreased from the same time last year due to a smaller recovery for Stage 2, and an increase in the Stage 3 provision, respectively. The year-to-date LLP change reflects the stabilization of the economic outlook.

NIE was consistent with last quarter and increased from the same time last year and year-to-date primarily due to higher employee costs and higher credit card fees associated with increased revenues. A residential mortgage loans (RMLs) campaign also increased general and administrative costs.

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

Deposits increased over last quarter and the same time last year as clients continue to take advantage of higher interest rates being offered and are holding more fixed-date deposits.

ATB Business

Table 3: ATB Business Financial Performance

For the three months ended *($ in thousands)*	**September 30 2023**	**June 30 2023**	**September 30 2022**
Net interest income	$ 205,849	$ 189,993	$ 195,330
Other income	61,168	62,356	53,787
Total revenue	267,017	252,349	249,117
Provision for (recovery of) loan losses	28,604	(20)	26,067
Non-interest expense (1)	135,335	127,636	120,703
Net income before payment in lieu of tax	103,078	124,733	102,347
Payment in lieu of tax	23,707	28,689	23,540
Net income	**$ 79,371**	**$ 96,044**	**$ 78,807**
Net loans	$ 27,105,637	$ 25,784,946	$ 24,723,632
Total deposits	19,253,212	18,681,146	17,482,379

For the six months ended *($ in thousands)*	**September 30 2023**	**September 30 2022**
Net interest income	$ 395,842	$ 378,289
Other income	123,524	104,318
Total revenue	519,366	482,607
Provision for (recovery of) loan losses	28,584	22,010
Non-interest expense (1)	262,971	238,848
Net income before payment in lieu of tax	227,811	221,749
Payment in lieu of tax	52,396	51,002
Net income	**$ 175,415**	**$ 170,747**

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

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

NII increased from last quarter, the same time last year and year-to-date due to strong loan growth and the Bank of Canada rate increases. On a year-to-date basis, loan spreads have decreased, due to improved client credit quality, partially offsetting the noted increase in NII.

OI decreased from last quarter due to lower financial market revenue as interest rate sales declined. OI increased from the same period last year and year-to-date due to strong capital markets revenue as a result of improved market conditions.

The LLP increased from the recovery in the prior quarter, due to significant growth in our Business loan portfolio. While year-over-year saw a slight increase in the provision driven by Stage 1 and Stage 2, combined with an uptick in loans being paid down or written off. These results were marginally offset by the Stage 3 recovery and new impairments remaining low. Year-to-date LLP was higher as a result of an increase in Stage 1, partially offset by an increase in Stage 3 recoveries and new impairments remaining low.

NIE increased from last quarter, the same time last year and year-to-date due to an increase in performance compensation associated with higher revenue. NIE further increased from the same time last year and year-to-date as a result of an increase in employee-related costs.

Loans have grown from last quarter and last year due to growth in the energy and extraction sectors, partially offset by a decrease in the agriculture sector.

Deposits have increased from last quarter and the same time last year as ATB offers attractive interest rates and a safe balance sheet.

ATB Wealth

Table 4: ATB Wealth Financial Performance

For the three months ended *($ in thousands)*	**September 30 2023**	**June 30 2023**	**September 30 2022**
Net interest income	$ 11,064	$ 10,487	$ 10,150
Other income	68,007	66,098	65,401
Total revenue	79,071	76,585	75,551
Provision for (recovery of) loan losses	(15)	(82)	(1,258)
Non-interest expense (1)	72,740	70,043	67,162
Net income before payment in lieu of tax	6,346	6,624	9,647
Payment in lieu of tax	1,460	1,523	2,219
Net income	**$ 4,886**	**$ 5,101**	**$ 7,428**
Net loans	$ 1,201,148	$ 1,214,886	$ 1,282,471
Total deposits	3,117,141	2,950,024	2,676,338
Total assets under administration	25,769,471	26,169,357	23,779,246

For the six months ended *($ in thousands)*	**September 30 2023**	**September 30 2022**
Net interest income	$ 21,551	$ 19,464
Other income	134,105	131,995
Total revenue	155,656	151,459
Provision for (recovery of) loan losses	(97)	(594)
Non-interest expense (1)	142,783	130,614
Net income before payment in lieu of tax	12,970	21,439
Payment in lieu of tax	2,983	4,931
Net income	**$ 9,987**	**$ 16,508**

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

ATB Wealth's NI is consistent with the last quarter and decreased from the same time last year and year-to-date primarily due to an increase in NIE.

NII is consistent with last quarter, and has increased from the same time last year and year-to-date. The increases are due to the impact of Bank of Canada prime rate increases on ATB Wealth's interest-bearing deposits.

OI is consistent with last quarter and higher than the same time last year and year-to-date due to higher assets under administration (AUA) balances.

NIE is higher than last quarter due to an insurance recovery received in the previous quarter. NIE is higher than the same time last year due to higher variable costs associated with AUA and an increase in employee costs. NIE is higher year-to-date due to higher variable costs associated with AUA and higher employee costs, partially offset by the insurance recovery received during the first quarter.

Loan balances were relatively consistent with last quarter and decreased from the same time last year due to lower demand for new RMLs in the higher interest rate environment.

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

ATB Wealth's AUA is lower than last quarter due to negative market returns during the month of September. AUA increased from the same time last year as a result of strong market returns during the period.

Strategic Support Units

Table 5: Strategic Support Units Financial Performance

For the three months ended *($ in thousands)*	**September 30 2023**	**June 30 2023**	**September 30 2022**
Net interest income (loss)	$ (18,677)	$ (8,585)	$ (8,270)
Other income (loss)	(7,357)	1,759	2,543
Total revenue (loss)	(26,034)	(6,826)	(5,727)
Provision for (recovery of) loan losses	183	972	(225)
Non-interest expense (1)	11,858	8,432	13,616
Loss before payment in lieu of tax	(38,075)	(16,230)	(19,118)
Payment in lieu (recovery) of tax	(8,758)	(3,732)	(4,398)
Net Income (loss)	**$ (29,317)**	**$ (12,498)**	**$ (14,720)**

For the six months ended *($ in thousands)*	**September 30 2023**	**September 30 2022**
Net interest income (loss)	$ (27,262)	$ (5,451)
Other income (loss)	(5,598)	6,472
Total revenue (loss)	(32,860)	1,021
Provision for (recovery of) loan losses	1,155	(6,713)
Non-interest expense (1)	20,290	25,400
Loss before payment in lieu of tax	(54,305)	(17,666)
Payment in lieu (recovery) of tax	(12,490)	(4,063)
Net Income (loss)	**$ (41,815)**	**$ (13,603)**

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

NII decreased compared to all prior periods due to balance sheet management activity.

OI decreased compared to all prior periods due to the net losses on our strategic investments and balance sheet management activities.

LLP decreased compared to last quarter but increased compared to the same time last year. The quarter-over-quarter change is due to a Stage 3 recovery and fewer new impairments. The year-over-year and year-to-date increases are driven by a reduction in the LLP recoveries for Stage 1 and Stage 2 as a result of increased loan loss expectations on existing loans.

NIE increased compared to last quarter due to higher data processing expenses and costs related to the optimization of our corporate spaces. Year-over-year and year-to-date NIE decreased due to lower data processing and employee related costs, partially offset by an increase in costs related to the optimization of our corporate spaces.

REVIEW OF CONSOLIDATED FINANCIAL POSITION

Total Assets

Our total assets as at September 30, 2023, were $60.9 billion, which is higher than last quarter, mainly driven by increases in net loans and securities. Compared to the same time last year, total assets increased primarily due to higher net loans.

Loans

Net loans were $49.7 billion and continue to trend higher when compared to last quarter and the same time last year mainly due to increasing business loans and RMLs, which are slightly offset by decreasing personal loans.

The allowance for loan losses has decreased quarter-over-quarter and year-over-year. This is attributed to fewer new impairments combined with impaired clients returning to performing or being paid down. Our loan portfolio and the related allowance for loan losses are discussed in greater detail in Notes 7 and 8 to the financial statements.

Other Assets

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

Total Liabilities

Total liabilities ended the quarter at $55.9 billion, which is higher than last quarter, mainly driven by an increase in wholesale borrowings and deposits. The increase compared to the same time last year is primarily driven by an increase in deposits which was partially offset by a decrease in collateralized borrowings and wholesale borrowings.

Deposits

ATB's principal sources of funding are client deposits, which consist of transaction, savings, notice and fixed-date deposits. Deposits have increased compared to last quarter and the same time last year driven by an increase in fixed-date deposits held by clients who are looking to benefit from higher interest rates. Our deposit mix has also changed since the same time last year as clients hold more fixed-date deposits and fewer liquid deposits.

Other Liabilities

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

Collateralized borrowings represent ATB's participation in the Canada Mortgage Bonds (CMB) program and securitization of credit card receivables. Wholesale borrowings consist primarily of bearer-deposit and mid-term notes issued on ATB's behalf by the GoA, to a limit of $9.0 billion. (See Note 20 of the 2023 annual consolidated financial statements.) The collateralized borrowings balance decreased compared to last quarter and the same time last year as strong deposit growth resulted in less reliance on alternative funding sources.

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

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (AOCI) includes unrealized gains and losses that are recorded on the interim condensed consolidated statement of income only when realized. AOCI increased from last quarter and the same time last year due to unrealized gains on securities measured at fair value through other comprehensive income and the remeasurement of defined-benefit plan liabilities. These gains were partially offset by losses on derivative financial instruments designated as cash flow hedges.

Regulatory Capital

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

As a Crown corporation, ATB and our subsidiaries operate under a regulatory framework established pursuant to the *ATB Financial Act (ATB Act)*, *ATB Financial Regulation (ATB Regulation)* and Capital Adequacy Requirements Guideline (CAR Guideline). (Refer to Note 24 of the 2023 financial statements for more on ATB's regulatory capital.) As at September 30, 2023, ATB had a Tier 1 capital ratio of 13.0% and a total capital ratio of 16.2%, both exceeding our regulatory requirements.

The shaded areas of the MD&A represent a discussion related to credit, market and liquidity risk and form an integral part of the interim consolidated financial statements for the period ended September 30, 2023.

Credit Risk

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

Key measures as at September 30, 2023, are outlined below.

Table 6: Credit Risk Exposure

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

As at *($ in thousands)*	**September 30 2023**	**March 31 2023**
Financial assets (1)	$ 59,572,112	$ 56,427,404
Other commitments and off-balance-sheet items (2)	23,912,809	22,210,668
Total credit risk	**$ 83,484,921**	**$ 78,638,072**

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

Table 7: Industry Concentration

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

		September 30 2023		**March 31 2023**
As at *($ in thousands)*		**Percentage of total gross loans**		**Percentage of total gross loans**
Commercial real estate	$ 6,858,939	13.7%	$ 6,694,144	14.1%
Agriculture, forestry, fishing and hunting	4,686,371	9.4%	4,566,795	9.6%
Mining and oil-and-gas extraction	5,978,076	11.9%	4,874,883	10.2%
Largest borrower	$ 902,939	1.8%	$ 290,628	0.5%

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

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

As at *($ in thousands)*		September 30 2023		March 31 2023	
Residential mortgages	Insured (1)	$ 10,874,816	61.2%	$ 10,027,437	59.6%
	Uninsured	6,898,117	38.8%	6,803,283	40.4%
Total residential mortgages		$ 17,772,933	100.0%	**$ 16,830,720**	**100.0%**
Total home equity lines of credit	Uninsured	$ 2,029,149	100.0%	**$ 2,166,527**	**100.0%**
	Insured	$ 10,874,816	54.9%	**$ 10,027,437**	**52.8%**
Total	**Uninsured**	8,927,266	45.1%	**8,969,810**	**47.2%**

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

Table 9: Real Estate Secured Lending (Amortization Period)

The following table shows the percentages of our RML portfolio that fall within various amortization periods:

As at	September 30 2023	March 31 2023
Less than 25 years	96.7%	96.0%
25 years and above	3.3%	4.0%
Total	100.0%	**100.0%**

Table 10: Real Estate Secured Lending (Average Loan-to-Value Ratio)

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

As at	September 30 2023	March 31 2023
Residential mortgages	64.0%	68.1%
Home equity lines of credit	56.5%	58.0%

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

ATB has limited exposure to variable rate mortgages, which comprised 8.3% of total mortgages as at September 30, 2023, and 10.6% as at March 31, 2023.

Market Risk

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

Interest Rate Risk

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

Table 11: Interest Rate Sensitivity

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

As at *($ in thousands)*	September 30 2023	March 31 2023
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	$ 48,637	$ 51,304
200 basis points	97,609	101,604
Decrease in interest rates of:		
100 basis points (1)	(47,352)	(48,089)
200 basis points (1)	(100,758)	(105,994)

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

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

Foreign Exchange Risk

FX risk is the risk of loss resulting from fluctuations in FX rates. This risk arises from the existence of a net asset or liability position denominated in foreign currency and/or a difference in maturity profiles for purchases and sales of a given currency.

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

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

ATB is within our Board-approved minimum limits as at September 30, 2023, and March 31, 2023.

Liquidity Risk

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

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

On September 30, 2023, the LCR was 133.9% (March 31, 2023: 134.6%) which is above the Board-approved minimum limit.

Table 12: Long-Term Funding Sources

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

	September 30 2023		March 31 2023	
As at *($ in thousands)*	Long-term funding	Percentage of total	Long-term funding	Percentage of total
Wholesale borrowings	$ 4,363,513	37.5%	$ 2,520,360	24.2%
Collateralized borrowings	7,284,347	62.5%	7,903,625	75.8%
Total long-term funding	**$ 11,647,860**	**100.0%**	**$ 10,423,985**	**100.0%**

CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)

As at *($ in thousands)*	Note	September 30 2023	June 30 2023	March 31 2023	September 30 2022
Cash		$ 2,951,416	$ 3,161,115	$ 2,091,699	$ 2,519,866
Interest-bearing deposits with financial institutions		420,426	300,799	267,758	665,025
Total cash resources		**3,371,842**	**3,461,914**	**2,359,457**	**3,184,891**
Total securities	6	**5,475,612**	**4,638,005**	**5,888,220**	**6,440,087**
Business		27,486,928	26,197,864	25,734,540	25,177,104
Residential mortgages		17,772,933	17,193,207	16,830,720	16,719,007
Personal		4,047,376	4,175,786	4,305,315	4,660,107
Credit card		755,767	757,933	719,313	743,036
Total gross loans		**50,063,004**	**48,324,790**	**47,589,888**	**47,299,254**
Allowance for loan losses	8	(321,620)	(323,401)	(355,805)	(393,305)
Total net loans	7	**49,741,384**	**48,001,389**	**47,234,083**	**46,905,949**
Derivative financial instruments		1,390,156	1,283,540	1,051,015	1,580,710
Property and equipment		205,710	203,421	205,466	217,358
Software and other intangibles		192,808	206,639	216,199	224,750
Other assets		541,053	535,402	516,417	562,614
Total other assets		**2,329,727**	**2,229,002**	**1,989,097**	**2,585,432**
Total assets		**$ 60,918,565**	**$ 58,330,310**	**$ 57,470,857**	**$ 59,116,359**
Transaction accounts		$ 13,284,584	$ 13,183,196	$ 13,106,160	$ 13,602,576
Saving accounts		10,447,118	10,543,467	10,086,677	11,168,755
Notice accounts		6,105,942	5,920,417	5,676,301	5,638,216
Non-redeemable fixed-date deposits		9,558,666	9,223,463	9,307,271	6,498,410
Redeemable fixed-date deposits		1,742,996	1,459,070	1,297,084	1,246,781
Total deposits		**41,139,306**	**40,329,613**	**39,473,493**	**38,154,738**
Collateralized borrowings	9	7,184,175	7,576,445	7,891,866	8,051,566
Wholesale borrowings		4,330,219	2,653,388	2,512,503	5,024,576
Derivative financial instruments		1,688,166	1,518,013	1,212,289	1,836,000
Securities sold under repurchase agreements		-	-	122,568	296,594
Other liabilities		1,604,075	1,375,985	1,441,218	1,252,046
Total other liabilities		**14,806,635**	**13,123,831**	**13,180,444**	**16,460,782**
Total liabilities		**55,945,941**	**53,453,444**	**52,653,937**	**54,615,520**
Retained earnings		5,183,912	5,096,593	4,976,622	4,762,842
Accumulated other comprehensive income (loss)		(211,288)	(219,727)	(159,702)	(262,003)
Total equity		**4,972,624**	**4,876,866**	**4,816,920**	**4,500,839**
Total liabilities and equity		**$ 60,918,565**	**$ 58,330,310**	**$ 57,470,857**	**$ 59,116,359**

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

Curtis Stange
President and Chief Executive Officer

Dan Hugo
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

		For the three months ended			For the six months ended	
($ in thousands)	Note	September 30 2023	June 30 2023	September 30 2022	September 30 2023	September 30 2022
Loans		$ 632,288	$ 581,033	$ 494,859	$ 1,213,321	$ 932,171
Securities		61,109	64,022	36,162	125,131	50,144
Interest-bearing deposits with financial institutions		36,934	24,660	19,016	61,594	28,174
Interest income		**730,331**	**669,715**	**550,037**	**1,400,046**	**1,010,489**
Deposits		283,125	254,091	139,637	537,216	214,406
Wholesale borrowings		35,931	18,302	32,936	54,233	54,685
Collateralized borrowings		66,901	65,495	47,050	132,396	86,951
Interest expense		**385,957**	**337,888**	**219,623**	**723,845**	**356,042**
Net interest income		**344,374**	**331,827**	**330,414**	**676,201**	**654,447**
Wealth management		66,910	65,286	64,482	132,196	130,101
Service charges		23,952	23,040	22,466	46,992	44,826
Card fees		23,277	22,640	21,094	45,917	42,087
Credit fees		13,990	11,144	14,166	25,134	23,519
Financial markets		11,616	16,413	11,799	28,029	24,889
Capital markets		15,588	15,231	8,582	30,819	18,343
Foreign exchange		2,122	3,529	610	5,651	5,471
Insurance		5,172	5,260	3,689	10,432	7,066
Net gains (losses) on derivative financial instruments		(3,908)	(348)	10,221	(4,256)	20,079
Net gains (losses) on securities		(1,430)	1,799	2,943	369	4,203
Sundry		1,540	2,138	(6,666)	3,678	(15,114)
Other income		**158,829**	**166,132**	**153,386**	**324,961**	**305,470**
Total revenue		**503,203**	**497,959**	**483,800**	**1,001,162**	**959,917**
Provision for (recovery of) loan losses	8	**30,320**	**(2,909)**	**27,284**	**27,411**	**28,051**
Salaries and employee benefits		203,450	202,403	185,335	405,853	369,143
Data processing		44,533	40,463	41,817	84,996	83,425
Premises and occupancy, including depreciation		18,457	18,489	17,711	36,946	35,557
Professional and consulting costs		17,407	16,843	18,128	34,250	34,893
Deposit guarantee fee		14,201	14,143	13,511	28,344	26,736
Equipment, including depreciation		2,738	2,937	2,954	5,675	5,993
Software and other intangibles amortization		23,253	22,982	18,731	46,235	36,332
General and administrative		19,626	19,116	17,520	38,742	38,771
ATB agencies		4,417	4,270	4,082	8,687	8,197
Other		11,401	3,415	6,749	14,816	14,050
Non-interest expense		**359,483**	**345,061**	**326,538**	**704,544**	**653,097**
Income before payment in lieu of tax		**113,400**	**155,807**	**129,978**	**269,207**	**278,769**
Payment in lieu of tax	10	26,081	35,836	29,895	61,917	64,117
Net income		**$87,319**	**$ 119,971**	**$ 100,083**	**$207,290**	**$ 214,652**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	For the three months ended			*For the six months ended*	
($ in thousands)	**September 30 2023**	**June 30 2023**	**September 30 2022**	**September 30 2023**	**September 30 2022**
Net income	$ 87,319	$ 119,971	$ 100,083	$ 207,290	$ 214,652
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss					
Unrealized net gains (losses) on securities measured at fair value through other comprehensive income (loss)					
Unrealized net gains (losses) arising during the period	10,202	12,454	(4,129)	22,656	(23,445)
Net losses (gains) reclassified to net income	(5,218)	862	(2,911)	(4,356)	13,078
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges					
Unrealized net gains (losses) arising during the period	(63,293)	(130,229)	(44,196)	(193,522)	(136,535)
Net losses (gains) reclassified to net income	53,503	50,397	(3,485)	103,900	(26,651)
Items that will not be reclassified to profit or loss					
Remeasurement of defined-benefit plan liabilities	13,245	6,490	20,356	19,735	7,546
Other comprehensive income (loss)	**8,439**	**(60,026)**	**(34,365)**	**(51,587)**	**(166,007)**
Comprehensive income (loss)	**$ 95,758**	**$ 59,945**	**$ 65,718**	**$ 155,703**	**$ 48,645**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

	For the three months ended			*For the six months ended*	
($ in thousands)	**September 30 2023**	**June 30 2023**	**September 30 2022**	**September 30 2023**	**September 30 2022**
Retained earnings					
Balance at beginning of the period	$ 5,096,593	$ 4,976,622	$ 4,662,788	$ 4,976,622	$ 4,548,190
Net income	87,319	119,971	100,083	207,290	214,652
Other	-	-	(29)	-	-
Balance at end of the period	**5,183,912**	**5,096,593**	**4,762,842**	**5,183,912**	**4,762,842**
Accumulated other comprehensive income (loss)					
Securities measured at fair value through other comprehensive income					
Balance at beginning of the year	31,494	18,177	188	18,177	3,515
Other comprehensive income (loss)	4,984	13,317	(7,040)	18,301	(10,367)
Balance at end of the period	**36,478**	**31,494**	**(6,852)**	**36,478**	**(6,852)**
Derivative financial instruments designated as cash flow hedges					
Balance at beginning of the period	(329,142)	(249,310)	(291,751)	(249,310)	(176,246)
Other comprehensive income (loss)	(9,790)	(79,832)	(47,681)	(89,622)	(163,186)
Balance at end of the period	**(338,932)**	**(329,142)**	**(339,432)**	**(338,932)**	**(339,432)**
Defined-benefit-plan liabilities					
Balance at beginning of the year	77,921	71,431	63,925	71,431	76,735
Other comprehensive income (loss)	13,245	6,490	20,356	19,735	7,546
Balance at end of the period	**91,166**	**77,921**	**84,281**	**91,166**	**84,281**
Accumulated other comprehensive income (loss)	**(211,288)**	**(219,727)**	**(262,003)**	**(211,288)**	**(262,003)**
Equity	**$ 4,972,624**	**$ 4,876,866**	**$ 4,500,839**	**$ 4,972,624**	**$ 4,500,839**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	For the three months ended			For the six months ended	
($ in thousands)	**September 30 2023**	**June 30 2023**	**September 30 2022**	**September 30 2023**	**September 30 2022**
Cash flows from operating activities					
Net income	$ 87,319	$ 119,971	$ 100,083	$ 207,290	$ 214,652
Adjustments for non-cash items and other items					
Provision for (recovery of) loan losses	30,320	(2,909)	27,284	27,411	28,051
Depreciation and amortization	33,450	33,319	30,014	66,769	58,995
Net (gains) losses on securities	1,430	(1,799)	(2,943)	(369)	(4,203)
(Gains) losses on foreign-denominated wholesale borrowings	14,453	(5,425)	16,628	9,028	24,306
Adjustments for net changes in operating assets and liabilities					
Loans	(1,802,842)	(798,373)	(589,602)	(2,601,215)	(1,005,296)
Deposits	814,031	851,782	(399,440)	1,665,813	835,259
Derivative financial instruments	53,746	(6,632)	(5,944)	47,114	(10,724)
Prepayments and other receivables	7,453	(12,207)	76,928	(4,754)	48,462
Accounts receivable—financial market products	6,420	(6,420)	219,234	-	(2,236)
Due to (from) clients, brokers and dealers	25,319	(8,099)	28,136	17,220	20,985
Deposit guarantee fee payable	16,251	(43,368)	15,472	(27,117)	(28,373)
Accounts payable and accrued liabilities	59,691	51,431	(31,217)	111,122	117,418
Accounts payable—financial market products	79,594	13,085	(6,407)	92,679	(102,161)
Liability for payment in lieu of tax	26,082	(92,137)	29,895	(66,055)	(111,035)
Net interest receivable and payable	19,511	24,891	28,314	44,402	(1,333)
Change in accrued-pension-benefit liability	(686)	463	995	(223)	(734)
Other	(7,974)	(7,882)	(13,095)	(15,856)	(13,668)
Net cash provided by (used in) operating activities	**(536,432)**	**109,691**	**(475,665)**	**(426,741)**	**68,365**
Cash flows from investing activities					
Purchase of securities	(2,208,546)	(1,376,676)	(2,027,665)	(3,585,222)	(5,473,778)
Proceeds from sales and maturities of securities	1,378,642	2,640,685	1,422,729	4,019,327	3,548,318
Change in interest-bearing deposits with financial institutions	(119,627)	(33,041)	651,408	(152,668)	545,876
Purchases and disposals of property and equipment, software and other intangibles	(21,908)	(21,714)	(19,202)	(43,622)	(50,544)
Net cash provided by (used in) investing activities	**(971,439)**	**1,209,254**	**27,270**	**237,815**	**(1,430,128)**
Cash flows from financing activities					
Issuance of wholesale borrowings	2,708,628	350,000	2,905,803	3,058,628	6,367,532
Repayment of wholesale borrowings	(1,051,363)	(200,000)	(2,655,906)	(1,251,363)	(5,830,906)
Issuance of collateralized borrowings	141,979	286,019	329,790	427,998	1,003,360
Repayment of collateralized borrowings	(492,610)	(554,666)	(61,693)	(1,047,276)	(545,254)
Change in securities sold under repurchase agreements	-	(122,556)	52,526	(122,556)	296,594
Repayment of lease liabilities	(8,462)	(8,326)	(8,214)	(16,788)	(16,436)
Net cash provided by (used in) financing activities	**1,298,172**	**(249,529)**	**562,306**	**1,048,643**	**1,274,890**
Net increase (decrease) in cash	(209,699)	1,069,416	113,911	859,717	(86,873)
Cash at beginning of the period	3,161,115	2,091,699	2,405,955	2,091,699	2,606,739
Cash at end of the period	**$ 2,951,416**	**$ 3,161,115**	**$ 2,519,866**	**$ 2,951,416**	**$ 2,519,866**
Net cash provided by (used in) operating activities includes:					
Interest paid	$ (317,699)	$ (316,587)	$ (172,158)	$ (634,286)	$ (327,131)
Interest received	695,732	672,630	525,413	1,368,362	970,684

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 (Unaudited)

1 Nature of Operations

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

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the GoA designed to be in lieu of such charges. (See Note 10.)

2 Significant Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements ("interim statements") have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) and the accounting requirements of ASFI. The interim statements do not include all information required for complete annual consolidated financial statements and should be read in conjunction with ATB's 2023 annual consolidated financial statements. The accounting policies, methods of computation and presentation of these interim statements are consistent with the most recent annual consolidated financial statements. These interim statements were approved by the Audit Committee on November 16, 2023.

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

Significant Accounting Judgments, Estimates and Assumptions

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

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Accounting standards that are newly effective for this fiscal year-end are detailed in Note 3 to the 2023 annual consolidated financial statements. There were no new accounting policies that have been adopted by ATB for the period ended September 30, 2023.

Interest Rate Benchmark Reform Phase 2

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

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

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

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

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

Hedging Relationships Impacted by the Interest Rate Benchmark Reform

The following table presents the notional amount of our hedging instruments as at September 30, 2023, and March 31, 2023, which reference CDOR that will expire after June 28, 2024, and represents our opening balances for the annual period ending on March 31, 2024. The notional amounts of our hedging instruments also approximate the extent of the risk exposure we manage through hedging relationships. Changes in our exposures during the period did not result in significant changes to the risks arising from transition. In the normal course of business, our derivative notional amounts may fluctuate with no significant impact to our CDOR transition plans.

As at *($ in thousands)*	**September 30 2023**	**March 31 2023**
Interest rate swaps		
USD LIBOR	**$ -**	$ 427,491
CDOR	**25,739,371**	24,803,780

Non-Derivative Financial Assets and Undrawn Commitments

The following table reflects ATB's exposure to non-derivative financial assets, non-derivative financial liabilities and undrawn commitments maturing after June 28, 2024, as at September 30, 2023, and March 31, 2023, which represent our opening balances for the annual period ending on March 31, 2024. These are subject to reforms that have yet to transition to alternative benchmark rates. These exposures will remain outstanding until CDOR ceases, which is expected to be June 28, 2024. Changes in our exposures during the period did not result in significant changes to the risks arising from transition.

As at	**September 30, 2023**		**March 31, 2023**	
($ in thousands)	**LIBOR**	**CDOR**	**LIBOR**	**CDOR**
Non-derivative financial assets (1)	**$ -**	**$ 3,156,954**	$ 223,219	$ 1,336,173
Non-derivative financial liabilities (2)	**-**	**1,074,319**	1,144	1,474,246
Authorized and committed undrawn commitments	**-**	**60,760**	-	54,315

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

Future Accounting Policy Changes

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

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

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

ATB is currently assessing the impact of the amendments, which are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments to IAS 21 are applied prospectively with an initial opening adjustment in retained earnings. The amendments take effect April 1, 2025—the start of ATB's FY2026.

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

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

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

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

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

ATB is currently assessing the impact of the amendments, which are effective for annual reporting periods beginning on or after January 1, 2024, and are applied prospectively, with earlier application permitted. The amendments to IAS 7 and IFRS 7 take effect April 1, 2024—the start of ATB's FY2025.

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

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

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2024, and is applied retrospectively, with earlier application permitted. The amendments to IFRS 16 take effect April 1, 2024—the start of ATB's FY2025.

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

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

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2024, and is applied retrospectively, with earlier application permitted. The amendments to IAS 1 take effect April 1, 2024—the start of ATB's FY2025.

4 Financial Instruments

Classification and Carrying Value

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

As at September 30, 2023 *($ in thousands)*	Carrying value					
	Financial instruments classified as FVTPL	**Financial instruments designated as FVTPL**	**Financial instruments classified as FVOCI**	**Financial instruments designated as FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 2,951,416	$ 2,951,416
Interest-bearing deposits with financial institutions (1)	-	420,426	-	-	-	420,426
Total cash resources	-	420,426	-	-	2,951,416	3,371,842
Total securities (1)	81,668	25,732	5,297,868	70,344	-	5,475,612
Total net loans (2)	-	-	-	-	49,741,384	49,741,384
Derivative financial instruments	1,390,156	-	-	-	-	1,390,156
Other assets (1) (6)	-	-	-	-	391,242	391,242
Total other assets	1,390,156	-	-	-	391,242	1,781,398
Total financial assets	**$ 1,471,824**	**$ 446,158**	**$ 5,297,868**	**$ 70,344**	**$ 53,084,042**	**$ 60,370,236**
Financial liabilities						
Total deposits (3)	-	-	-	-	41,139,306	41,139,306
Collateralized borrowings (4)	-	-	-	-	7,184,175	7,184,175
Wholesale borrowings (5)	-	271,193	-	-	4,059,026	4,330,219
Derivative financial instruments (1)	1,688,166	-	-	-	-	1,688,166
Securities sold under repurchase agreements (1)	-	-	-	-	-	-
Other liabilities (1) (6)	-	-	-	-	1,480,351	1,480,351
Total other liabilities	1,688,166	271,193	-	-	12,723,552	14,682,911
Total financial liabilities	**$ 1,688,166**	**$ 271,193**	**$ -**	**$ -**	**$ 53,862,858**	**$ 55,822,217**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $49,915,704.
(3) The fair value of deposits is estimated at $40,293,990.
(4) The fair value of collateralized borrowings is estimated at $6,973,970.
(5) The fair value of wholesale borrowings is estimated at $4,183,850.
(6) Amounts presented here exclude certain other assets and other liabilities not considered financial instruments.

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

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

Fair-Value Hierarchy

The following tables present the level within the fair-value hierarchy as described in Note 4 of the 2023 annual consolidated financial statements, of ATB's financial assets and liabilities measured at fair value. Transfers between fair-value levels can result from additional, revised or new information about the availability of quoted market prices or observable market inputs. For the six months ended September 30, 2023, and the year ended March 31, 2023, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at *($ in thousands)*	Level 1	Level 2	Level 3	Total
September 30, 2023				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 420,426	$ -	$ 420,426
Securities				
Securities measured at FVTPL	25,896	-	81,504	107,400
Securities measured at FVOCI	5,297,868	-	70,344	5,368,212
Other assets				
Derivative financial instruments	-	1,390,156	-	1,390,156
Total financial assets	**$ 5,323,764**	**$ 1,810,582**	**$ 151,848**	**$ 7,286,194**
Financial liabilities				
Wholesale borrowings	$ 271,193	$ -	$ -	$ 271,193
Other liabilities				
Derivative financial instruments	-	1,688,166	-	1,688,166
Total financial liabilities	**$ 271,193**	**$ 1,688,166**	**$ -**	**$ 1,959,359**

March 31, 2023				
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 267,758	$ -	$ 267,758
Securities				
Securities measured at FVTPL	34,152	-	82,913	117,065
Securities measured at FVOCI	5,717,014	-	54,141	5,771,155
Other assets				
Derivative financial instruments	-	1,051,015	-	1,051,015
Total financial assets	**$ 5,751,166**	**$ 1,318,773**	**$ 137,054**	**$ 7,206,993**
Financial liabilities				
Wholesale borrowings	$ 267,959	$ -	$ -	$ 267,959
Other liabilities				
Derivative financial instruments	-	1,212,289	-	1,212,289
Total financial liabilities	**$ 267,959**	**$ 1,212,289**	**$ -**	**$ 1,480,248**

Valuation of Level 3 Instruments

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

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

			September 30 2023		March 31 2023	
			Range of input values		Range of input values	
Product	**Valuation technique**	**Significant unobservable inputs**	**Low**	**High**	**Low**	**High**
Equity	Valuation multiple	Enterprise value/EBITDA multiple	3.7	5.6	4.0	6.4
		Enterprise value/revenue multiple	5.1	9.6	6.1	9.6
	Adjusted net asset value (1)	Net asset value (2)	n/a	n/a	n/a	n/a

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

A 10% change to each multiple would result in a $5.4 million increase and $5.4 million decrease in fair value (March 2023: $7.6 million increase and $6.8 million decrease in fair value). The estimate is adjusted depending on the type of investment. Valuation techniques are detailed in Note 2 of the 2023 annual consolidated financial statements.

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

($ in thousands)	**Securities designated as FVOCI**	**Securities classified as FVTPL**
Fair value as at March 31, 2023	$ 54,141	$ 82,913
Total realized and unrealized gains (losses) included in net income	-	(3,296)
Total realized and unrealized gains (losses) included in other comprehensive income	14,701	-
Purchases and issuances	1,502	7,053
Sales and settlements	-	(5,166)
Fair value as at September 30, 2023	**$ 70,344**	**$ 81,504**
Change in unrealized gains included in income regarding financial instruments held as at September 30, 2023	$ -	$ (6,769)

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

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

5 Financial Instruments—Risk Management

ATB has included in the Risk Management section of the MD&A certain disclosures required by IFRS 7 relating to credit, market, foreign exchange and liquidity risks. These risks are shaded in blue and form an integral part of the 2023 annual consolidated financial statements.

6 Securities

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

As at *($ in thousands)*	Within 1 year	1 to 5 years	Over 5 years	No maturity	Total carrying value
September 30, 2023					
Securities measured at FVTPL					
Issued or guaranteed by the federal or provincial government	$ 25,674	$ -	$ -	$ -	$ 25,674
Other securities (1)	138	26	51,817	29,745	81,726
Total securities measured at FVTPL	$ 25,812	$ 26	$ 51,817	$ 29,745	$ 107,400
Securities measured at FVOCI					
Issued or guaranteed by the federal or provincial government	$ 3,702,468	$ 1,595,400	$ -	$ -	$ 5,297,868
Other securities (1)	-	-	70,344	-	70,344
Total securities measured at FVOCI	$ 3,702,468	$ 1,595,400	$ 70,344	$ -	$ 5,368,212
March 31, 2023					
Securities measured at FVTPL					
Issued or guaranteed by the federal or provincial government	$ 33,894	$ -	$ -	$ -	$ 33,894
Other securities (1)	145	55	45,141	37,830	83,171
Total securities measured at FVTPL	**$ 34,039**	**$ 55**	**$ 45,141**	**$ 37,830**	**$ 117,065**
Securities measured at FVOCI					
Issued or guaranteed by the federal or provincial government	$ 3,264,849	$ 2,098,262	$ 353,903	$ -	$ 5,717,014
Other securities (1)	-	-	54,141	-	54,141
Total securities measured at FVOCI	**$ 3,264,849**	**$ 2,098,262**	**$ 408,044**	**$ -**	**$ 5,771,155**

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

As at September 30, 2023, and March 31, 2023, we had no securities classified as held-to-maturity.

7 Loans

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

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

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

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

Credit Quality

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

As at *($ in thousands)*				September 30 2023				March 31 2023
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$ 6,976,795	$ 48,627	$ -	$ 7,025,422	$ 5,429,095	$ 59,371	$ -	$ 5,488,466
Low risk	16,482,729	307,081	-	16,789,810	15,774,426	371,695	-	16,146,121
Medium risk	2,619,840	142,239	-	2,762,079	2,825,132	235,659	-	3,060,791
High risk	25,781	465,222	-	491,003	-	556,730	-	556,730
Not rated (1)	21,396	6,037	-	27,433	24,681	4,997	-	29,678
Impaired	-	-	391,181	391,181	-	-	452,754	452,754
Total business	**26,126,541**	**969,206**	**391,181**	**27,486,928**	**24,053,334**	**1,228,452**	**452,754**	**25,734,540**
Very low risk	8,631,229	8,811	-	8,640,040	8,167,679	10,021	-	8,177,700
Low risk	6,080,486	16,474	-	6,096,960	5,667,978	32,253	-	5,700,231
Medium risk	2,342,604	41,355	-	2,383,959	2,240,368	57,144	-	2,297,512
High risk	506,701	100,763	-	607,464	474,982	123,127	-	598,109
Not rated (1)	5,379	155	-	5,534	11,337	467	-	11,804
Impaired	-	-	38,976	38,976	-	-	45,364	45,364
Total residential mortgages	**17,566,399**	**167,558**	**38,976**	**17,772,933**	**16,562,344**	**223,012**	**45,364**	**16,830,720**
Very low risk	1,759,542	7,515	-	1,767,057	1,899,780	6,739	-	1,906,519
Low risk	1,385,744	27,367	-	1,413,111	1,475,912	15,073	-	1,490,985
Medium risk	608,640	30,684	-	639,324	643,102	26,941	-	670,043
High risk	146,696	38,222	-	184,918	143,559	47,988	-	191,547
Not rated (1)	9,990	72	-	10,062	14,321	64	-	14,385
Impaired	-	-	32,904	32,904	-	-	31,836	31,836
Total personal	**3,910,612**	**103,860**	**32,904**	**4,047,376**	**4,176,674**	**96,805**	**31,836**	**4,305,315**
Very low risk	114,663	2,322	-	116,985	106,326	2,256	-	108,582
Low risk	319,214	15,241	-	334,455	294,087	18,173	-	312,260
Medium risk	187,713	17,708	-	205,421	163,064	40,900	-	203,964
High risk	28,034	11,408	-	39,442	12,348	25,411	-	37,759
Not rated (1)	49,142	6,399	-	55,541	47,375	5,840	-	53,215
Impaired	-	-	3,923	3,923	-	-	3,533	3,533
Total credit card	**698,766**	**53,078**	**3,923**	**755,767**	**623,200**	**92,580**	**3,533**	**719,313**
Total loans	**48,302,318**	**1,293,702**	**466,984**	**50,063,004**	**45,415,552**	**1,640,849**	**533,487**	**47,589,888**
Total allowance for loan losses	(88,854)	(79,094)	(153,672)	(321,620)	(76,159)	(93,072)	(186,574)	(355,805)
Total net loans	**$ 48,213,464**	**$ 1,214,608**	**$313,312**	**$ 49,741,384**	**$ 45,339,393**	**$ 1,547,777**	**$ 346,913**	**$ 47,234,083**

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

As at *($ in thousands)*	September 30 2023				March 31 2023			
	Performing		**Impaired**		**Performing**		**Impaired**	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Very low risk	$ 4,901,455	$ 7,739	$ -	$ 4,909,194	$ 4,909,358	$ 9,021	$ -	$ 4,918,379
Low risk	1,247,786	7,902	-	1,255,688	1,251,200	11,479	-	1,262,679
Medium risk	186,172	3,909	-	190,081	172,579	14,463	-	187,042
High risk	22,908	2,755	-	25,663	13,406	7,850	-	21,256
Not rated (1)	14,041	36	-	14,077	12,447	160	-	12,607
Total undrawn loan commitments – retail	**6,372,362**	**22,341**	**-**	**6,394,703**	**6,358,990**	**42,973**	**-**	**6,401,963**
Total allowance for loan losses (2)	(12,003)	(2,097)		(14,100)	(15,344)	(4,471)	-	(19,815)
Total net undrawn	**$ 6,360,359**	**$ 20,244**	**$ -**	**$ 6,380,603**	**$ 6,343,646**	**$ 38,502**	**$ -**	**$ 6,382,148**
Very low risk	$ 6,307,174	$ 16,595	$ -	$ 6,323,769	$ 5,736,885	$ 37,382	$ -	$ 5,774,267
Low risk	8,811,092	140,643	-	8,951,735	8,437,598	163,799	-	8,601,397
Medium risk	613,601	20,078	-	633,679	650,221	32,042	-	682,263
High risk	10,400	81,013	-	91,413	3,617	94,559	-	98,176
Not rated (1)	168,811	4,390	-	173,201	146,839	4,263	-	151,102
Total undrawn loan commitments – non-retail	**15,911,078**	**262,719**	**-**	**16,173,797**	**14,975,160**	**332,045**	**-**	**15,307,205**
Total allowance for loan losses (2)	(16,503)	(8,430)		(24,933)	(13,194)	(9,182)	-	(22,376)
Total net undrawn	**$ 15,894,575**	**$ 254,289**	**$ -**	**$ 16,148,864**	**$ 14,961,966**	**$ 322,863**	**$ -**	**$ 15,284,829**

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

Loans Past Due

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

As at *($ in thousands)*	**Business**	**Residential mortgages**	**Personal**	**Credit card**	**Total**	**Percentage of total gross loans**
September 30, 2023						
Up to 1 month (1)	$ 28,596	$ 177,149	$ 36,011	$ 29,053	$ 270,809	0.5%
Over 1 month up to 2 months	52,970	34,165	46,796	8,224	142,155	0.3%
Over 2 months up to 3 months	16,881	13,890	8,324	3,810	42,905	0.1%
Over 3 months	829	1,272	1,121	3,788	7,010	0.0%
Total past due but not impaired	**$ 99,276**	**$ 226,476**	**$ 92,252**	**$ 44,875**	**$ 462,879**	**0.9%**
March 31, 2023						
Up to 1 month (1)	$ 28,734	$ 131,818	$ 18,772	$ 27,160	$ 206,484	0.4%
Over 1 month up to 2 months	118,995	113,578	54,960	7,990	295,523	0.6%
Over 2 months up to 3 months	3,059	7,758	2,001	3,176	15,994	0.1%
Over 3 months	4,712	1,000	236	3,521	9,469	0.0%
Total past due but not impaired	**$ 155,500**	**$ 254,154**	**$ 75,969**	**$ 41,847**	**$ 527,470**	**1.1%**

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

8 Allowance for Loan Losses

ATB records an allowance for losses for all loans by incorporating a forward-looking expected credit losses (ECLs) approach, as required under IFRS 9. This process involves complex models, with inputs and assumptions requiring a high degree of judgment to assess forecasts of macroeconomic variables and significant increases in credit risk. Our estimates and assumptions consider a range of possible scenarios, including the current interest rate environment. We continue to closely monitor external conditions and their impacts on our clients. Due to the unique conditions in the current environment, uncertainty in judgments and assumptions remain elevated as at September 30, 2023.

Key Inputs and Assumptions

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

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

Forward-Looking Information

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

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

	Baseline scenario			Optimistic scenario			Pessimistic scenario		
As at	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
September 30, 2023									
GDP *(%)*	2.7	2.0	2.6	3.9	4.5	3.6	1.5	(0.5)	1.7
Unemployment rate *(%)*	6.0	5.9	5.6	5.4	4.4	4.0	6.6	7.4	7.2
Housing starts	32,374	38,505	35,645	36,342	47,895	45,123	28,475	29,595	26,505
Oil prices *(WTI, USD/bbl)*	75	75	72	83	94	90	67	56	54
3m T-bill yield *(%)*	4.8	4.7	3.5	5.2	5.8	4.4	4.2	3.5	2.6

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

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

For the three months ended ($ in thousands)	Balance at beginning of period	Provision for (recovery of) loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period	Comprises	
						Loans	Other credit instruments (1)
September 30, 2023							
Business	$ 284,158	$ 27,700	$ (19,930)	$ (2,141)	$ 289,787	$ 265,906	$ 23,881
Residential mortgages	8,973	664	(409)	182	9,410	8,570	840
Personal	37,796	2,117	(5,447)	311	34,777	29,037	5,740
Credit card	30,039	(161)	(3,227)	28	26,679	18,107	8,572
Total	**$ 360,966**	**$ 30,320**	**$ (29,013)**	**$ (1,620)**	**$ 360,653**	**$ 321,620**	**$ 39,033**
September 30, 2022							
Business	$ 334,010	$ 22,679	$ (13,496)	$ 967	$ 344,160	$ 321,083	$ 23,077
Residential mortgages	9,182	123	(652)	(245)	8,408	7,360	1,048
Personal	51,927	1,069	(5,076)	119	48,039	38,533	9,506
Credit card	40,909	3,413	(1,029)	103	43,396	26,329	17,067
Total	**$ 436,028**	**$ 27,284**	**$ (20,253)**	**$ 944**	**$ 444,003**	**$ 393,305**	**$ 50,698**

For the six months ended ($ in thousands)	Balance at beginning of period	Provision for (recovery of) loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period	Comprises	
						Loans	Other credit instruments (1)
September 30, 2023							
Business	$ 309,589	$ 29,009	$ (43,950)	$ (4,861)	$ 289,787	$ 265,906	$ 23,881
Residential mortgages	8,815	1,020	(751)	326	9,410	8,570	840
Personal	39,935	4,949	(10,721)	614	34,777	29,037	5,740
Credit card	39,657	(7,567)	(5,517)	106	26,679	18,107	8,572
Total	**$ 397,996**	**$ 27,411**	**$ (60,939)**	**$ (3,815)**	**$ 360,653**	**$ 321,620**	**$ 39,033**
September 30, 2022							
Business	$ 347,800	$ 18,627	$ (29,413)	$ 7,146	$ 344,160	$ 321,083	$ 23,077
Residential mortgages	9,197	1,297	(1,958)	(128)	8,408	7,360	1,048
Personal	57,202	1,556	(10,994)	275	48,039	38,533	9,506
Credit card	39,057	6,571	(2,349)	117	43,396	26,329	17,067
Total	**$ 453,256**	**$ 28,051**	**$ (44,714)**	**$ 7,410**	**$ 444,003**	**$ 393,305**	**$ 50,698**

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

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

	September 30, 2023				September 30, 2022			
	Performing		Impaired		Performing		Impaired	
For the three months ended ($ in thousands)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses—business loans								
Balance at beginning of period	$ 72,801	$ 63,075	$ 148,282	$ 284,158	$ 60,025	$ 88,287	$ 185,698	$ 334,010
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	3,561	(3,502)	(59)	-	4,130	(4,015)	(115)	-
Transfers into (out of) Stage 2 (1)	(763)	6,991	(6,228)	-	(3,556)	3,594	(38)	-
Transfers into (out of) Stage 3 (1)	(666)	(588)	1,254	-	(1,465)	(3,392)	4,857	-
New originations (2)	3,145	-	-	3,145	4,867	-	-	4,867
Repayments (3)	(1,632)	(2,044)	(1,350)	(5,026)	(1,477)	(5,418)	(717)	(7,612)
Remeasurements (4)	1,387	7,854	20,340	29,581	589	11,026	13,809	25,424
Total provision for (recovery of) loan losses	**5,032**	**8,711**	**13,957**	**27,700**	**3,088**	**1,795**	**17,796**	**22,679**
Write-offs	-	-	(20,124)	(20,124)	-	-	(16,122)	(16,122)
Recoveries	-	-	194	194	-	-	2,626	2,626
Discounted cash flows on impaired loans and other	79	15	(2,235)	(2,141)	158	203	606	967
Balance at end of period	**$ 77,912**	**$ 71,801**	**$ 140,074**	**$ 289,787**	**$ 63,271**	**$ 90,285**	**$ 190,604**	**$ 344,160**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 5,610	$ 2,271	$ 1,092	$ 8,973	$ 4,446	$ 2,011	$ 2,725	$ 9,182
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	560	(487)	(73)	-	362	(256)	(106)	-
Transfers into (out of) Stage 2 (1)	(62)	129	(67)	-	(35)	65	(30)	-
Transfers into (out of) Stage 3 (1)	(3)	(119)	122	-	(1)	(118)	119	-
New originations (2)	98	-	-	98	22	-	-	22
Repayments (3)	(60)	(47)	(63)	(170)	(37)	(41)	44	(34)
Remeasurements (4)	(19)	271	484	736	(160)	321	(26)	135
Total provision for (recovery of) loan losses	**514**	**(253)**	**403**	**664**	**151**	**(29)**	**1**	**123**
Write-offs	-	-	(436)	(436)	-	-	(669)	(669)
Recoveries	-	-	27	27	-	-	17	17
Discounted cash flows on impaired loans and other	-	-	182	182	-	-	(245)	(245)
Balance at end of period	**$ 6,124**	**$ 2,018**	**$ 1,268**	**$ 9,410**	**$ 4,597**	**$ 1,982**	**$ 1,829**	**$ 8,408**

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

For the three months ended ($ in thousands)	September 30, 2023 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	September 30, 2022 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 20,830	$ 7,440	$ 9,526	$ 37,796	$ 29,245	$ 14,307	$ 8,375	$ 51,927
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	2,504	(2,361)	(143)	-	7,510	(7,237)	(273)	-
Transfers into (out of) Stage 2 (1)	(392)	542	(150)	-	(341)	617	(276)	-
Transfers into (out of) Stage 3 (1)	(201)	(595)	796	-	(256)	(629)	885	-
New originations (2)	666	-	-	666	811	-	-	811
Repayments (3)	(435)	(237)	(154)	(826)	(644)	(251)	(110)	(1,005)
Remeasurements (4)	(4,577)	1,958	4,896	2,277	(5,995)	2,539	4,719	1,263
Total provision for (recovery of) loan losses	**(2,435)**	**(693)**	**5,245**	**2,117**	**1,085**	**(4,961)**	**4,945**	**1,069**
Write-offs	-	-	(5,461)	(5,461)	-	-	(5,115)	(5,115)
Recoveries	-	-	14	14	-	-	39	39
Discounted cash flows on impaired loans and other	-	-	311	311	-	-	119	119
Balance at end of period	**$ 18,395**	**$ 6,747**	**$ 9,635**	**$ 34,777**	**$ 30,330**	**$ 9,346**	**$ 8,363**	**$ 48,039**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 17,963	$ 9,354	$ 2,722	$ 30,039	$ 23,683	$ 14,588	$ 2,638	$ 40,909
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	5,229	(5,229)	-	-	1,618	(1,618)	-	-
Transfers into (out of) Stage 2 (1)	(728)	728	-	-	(4,801)	4,801	-	-
Transfers into (out of) Stage 3 (1)	(52)	(699)	751	-	(28)	(463)	491	-
New originations (2)	251	-	-	251	600	-	-	600
Repayments (3)	(205)	(983)	-	(1,188)	(111)	(576)	(12)	(699)
Remeasurements (4)	(7,551)	5,876	2,451	776	(12,627)	15,469	670	3,512
Total provision for (recovery of) loan losses	**(3,056)**	**(307)**	**3,202**	**(161)**	**(15,349)**	**17,613**	**1,149**	**3,413**
Write-offs	-	-	(5,434)	(5,434)	-	-	(3,297)	(3,297)
Recoveries	-	-	2,207	2,207	-	-	2,268	2,268
Discounted cash flows on impaired loans and other	22	8	(2)	28	36	63	4	103
Balance at end of period	**$ 14,929**	**$ 9,055**	**$ 2,695**	**$ 26,679**	**$ 8,370**	**$ 32,264**	**$ 2,762**	**$ 43,396**
Total balance as at end of period	**$ 117,360**	**$ 89,621**	**$ 153,672**	**$ 360,653**	**$ 106,568**	**$ 133,877**	**$ 203,558**	**$ 444,003**
Comprises: Loans	$ 88,854	$ 79,094	$ 153,672	$321,620	$ 78,333	$ 111,414	$ 203,558	$ 393,305
Comprises: Other credit instruments (5)	28,506	10,527	-	39,033	28,235	22,463	-	50,698

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

For the six months ended ($ in thousands)	September 30, 2023 Performing Stage 1	September 30, 2023 Performing Stage 2	September 30, 2023 Impaired Stage 3	September 30, 2023 Total	September 30, 2022 Performing Stage 1	September 30, 2022 Performing Stage 2	September 30, 2022 Impaired Stage 3	September 30, 2022 Total
Allowance for loan losses—business loans								
Balance at beginning of period	$ 57,462	$ 77,943	$ 174,184	$ 309,589	$ 61,708	$ 85,846	$ 200,246	$ 347,800
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	6,264	(5,983)	(281)	-	6,532	(5,845)	(687)	-
Transfers into (out of) Stage 2 (1)	(1,391)	8,833	(7,442)	-	(6,051)	7,488	(1,437)	-
Transfers into (out of) Stage 3 (1)	(1,062)	(1,343)	2,405	-	(2,020)	(9,639)	11,659	-
New originations (2)	5,416	-	-	5,416	7,692	-	-	7,692
Repayments (3)	(3,026)	(7,607)	(1,906)	(12,539)	(2,970)	(9,317)	(7,850)	(20,137)
Remeasurements (4)	14,232	(48)	21,948	36,132	(1,888)	21,348	11,612	31,072
Total provision for (recovery of) loan losses	**20,433**	**(6,148)**	**14,724**	**29,009**	**1,295**	**4,035**	**13,297**	**18,627**
Write-offs	-	-	(44,330)	(44,330)	-	-	(32,447)	(32,447)
Recoveries	-	-	380	380	-	-	3,034	3,034
Discounted cash flows on impaired loans and other	17	6	(4,884)	(4,861)	268	404	6,474	7,146
Balance at end of period	**$ 77,912**	**$ 71,801**	**$140,074**	**$ 289,787**	**$ 63,271**	**$ 90,285**	**$ 190,604**	**$ 344,160**
Allowance for loan losses—residential mortgages								
Balance at beginning of period	$ 4,997	$ 2,711	$ 1,107	$ 8,815	$ 4,269	$ 2,146	$ 2,782	$ 9,197
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	1,137	(1,042)	(95)	-	721	(566)	(155)	-
Transfers into (out of) Stage 2 (1)	(125)	296	(171)	-	(67)	125	(58)	-
Transfers into (out of) Stage 3 (1)	(4)	(223)	227	-	(2)	(194)	196	-
New originations (2)	193	-	-	193	58	-	-	58
Repayments (3)	(102)	(94)	(82)	(278)	(82)	(75)	111	(46)
Remeasurements (4)	28	370	707	1,105	(300)	546	1,039	1,285
Total provision for (recovery of) loan losses	**1,127**	**(693)**	**586**	**1,020**	**328**	**(164)**	**1,133**	**1,297**
Write-offs	-	-	(800)	(800)	-	-	(1,998)	(1,998)
Recoveries	-	-	49	49	-	-	40	40
Discounted cash flows on impaired loans and other	-	-	326	326	-	-	(128)	(128)
Balance at end of period	**$ 6,124**	**$ 2,018**	**$ 1,268**	**$ 9,410**	**$ 4,597**	**$ 1,982**	**$ 1,829**	**$ 8,408**

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

For the six months ended *($ in thousands)*	September 30, 2023 Performing Stage 1	 Stage 2	 Impaired Stage 3	 Total	September 30, 2022 Performing Stage 1	 Stage 2	 Impaired Stage 3	 Total
Allowance for loan losses—personal loans								
Balance at beginning of period	$ 23,065	$ 7,856	$ 9,014	$ 39,935	$ 32,048	$ 16,157	$ 8,997	$ 57,202
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	4,697	(4,297)	(400)	-	11,798	(11,358)	(440)	-
Transfers into (out of) Stage 2 (1)	(878)	1,388	(510)	-	(1,356)	1,921	(565)	-
Transfers into (out of) Stage 3 (1)	(364)	(1,268)	1,632	-	(407)	(1,294)	1,701	-
New originations (2)	1,432	-	-	1,432	2,260	-	-	2,260
Repayments (3)	(746)	(469)	(392)	(1,607)	(1,352)	(748)	(300)	(2,400)
Remeasurements (4)	(8,811)	3,537	10,398	5,124	(12,661)	4,668	9,689	1,696
Total provision for (recovery of) loan losses	**(4,670)**	**(1,109)**	**10,728**	**4,949**	**(1,718)**	**(6,811)**	**10,085**	**1,556**
Write-offs	-	-	(10,750)	(10,750)	-	-	(11,043)	(11,043)
Recoveries	-	-	29	29	-	-	49	49
Discounted cash flows on impaired loans and other	-	-	614	614	-	-	275	275
Balance at end of period	**$ 18,395**	**$ 6,747**	**$ 9,635**	**$ 34,777**	**$ 30,330**	**$ 9,346**	**$ 8,363**	**$ 48,039**
Allowance for loan losses—credit card								
Balance at beginning of period	$ 19,173	$ 18,215	$ 2,269	$ 39,657	$ 21,969	$ 13,880	$ 3,208	$ 39,057
Provision for (recovery of) loan losses								
Transfers into (out of) Stage 1 (1)	16,787	(16,787)	-	-	4,632	(4,632)	-	-
Transfers into (out of) Stage 2 (1)	(1,199)	1,199	-	-	(5,187)	5,187	-	-
Transfers into (out of) Stage 3 (1)	(84)	(1,335)	1,419	-	(58)	(900)	958	-
New originations (2)	506	-	-	506	767	-	-	767
Repayments (3)	(433)	(2,111)	-	(2,544)	(240)	(1,138)	(23)	(1,401)
Remeasurements (4)	(19,827)	9,872	4,426	(5,529)	(13,560)	19,801	964	7,205
Total provision for (recovery of) loan losses	**(4,250)**	**(9,162)**	**5,845**	**(7,567)**	**(13,646)**	**18,318**	**1,899**	**6,571**
Write-offs	-	-	(10,769)	(10,769)	-	-	(6,922)	(6,922)
Recoveries	-	-	5,252	5,252	-	-	4,573	4,573
Discounted cash flows on impaired loans and other	6	2	98	106	47	66	4	117
Balance at end of period	**$ 14,929**	**$ 9,055**	**$ 2,695**	**$ 26,679**	**$ 8,370**	**$ 32,264**	**$ 2,762**	**$ 43,396**
Total balance as at end of period	**$ 117,360**	**$ 89,621**	**$ 153,672**	**$ 360,653**	**$ 106,568**	**$ 133,877**	**$ 203,558**	**$ 444,003**
Comprises: Loans	$ 88,854	$ 79,094	$ 153,672	$ 321,620	$ 78,333	$ 111,414	$ 203,558	$ 393,305
Comprises: Other credit instruments (5)	28,506	10,527	-	39,033	28,235	22,463	-	50,698

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

9 Collateralized Borrowings

Canada Mortgage Bonds Program

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

Credit Card Securitization

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

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

As at *($ in thousands)*	**September 30 2023**	**March 31 2023**
Principal value of mortgages pledged as collateral	$ 5,922,011	$ 6,093,429
ATB mortgage-backed securities (MBSs) pledged as collateral through repurchase agreements	1,390,808	1,721,022
Externally purchased MBSs	73,637	99,829
Principal value of credit card receivables pledged as collateral	708,647	651,923
Total	**$ 8,095,103**	**$ 8,566,203**
Associated liabilities	$ 7,184,175	$ 7,891,866

10 Payment in Lieu of Tax

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

For the three and six months ended September 30, 2023, ATB has accrued a total of $26.1 million and $61.9 million respectively (September 30, 2022: $29.9 million and $64.1 million, respectively) for PILOT.

11 Capital Management

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

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

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

As at September 30, 2023, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

As at *($ in thousands)*	September 30 2023	March 31 2023
Tier 1 capital		
Retained earnings	$ 5,183,912	$ 4,976,622
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	1,290,169	1,437,268
Collective allowance for loan losses	206,981	211,422
Total Tier 2 capital	**$ 1,497,150**	**$ 1,648,690**
Deductions from capital		
Software and other intangibles	192,808	216,199
Total capital	**$ 6,488,254**	**$ 6,409,113**
Total risk-weighted assets	$ 40,047,110	$ 38,526,125
Risk-weighted capital ratios		
Tier 1 capital ratio	13.0%	12.9%
Total capital ratio	16.2%	16.6%

12 Segmented Information

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

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

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

Basis of Presentation

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

NII is attributed to each AOE according to ATB's internal funds transfer pricing (FTP) system: assets earn NII to the extent that external revenues exceed internal FTP expense, and liabilities earn NII to the extent that internal FTP revenues exceed external interest expenses. LLP is allocated based on the loans the AOE has issued and is determined based on the methodology outlined in Notes 2 and 9 of the 2023 annual consolidated financial statements.

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

For the three months ended *($ in thousands)*	**Everyday Financial Services**	**ATB Business**	**ATB Wealth**	**Strategic support units**	**Total**
September 30, 2023					
Net interest income (loss)	$ 146,138	$ 205,849	$ 11,064	$ (18,677)	$ 344,374
Other income (loss)	37,011	61,168	68,007	(7,357)	158,829
Total revenue (loss)	183,149	267,017	79,071	(26,034)	503,203
Provision for (recovery of) loan losses	1,548	28,604	(15)	183	30,320
Non-interest expense (1)	139,550	135,335	72,740	11,858	359,483
Income (loss) before payment in lieu of tax	42,051	103,078	6,346	(38,075)	113,400
Payment in lieu of (recovery of) tax	9,672	23,707	1,460	(8,758)	26,081
Net income (loss)	**$ 32,379**	**$ 79,371**	**$ 4,886**	**$ (29,317)**	**$ 87,319**
Total assets	$ 30,447,671	$ 27,111,942	$ 1,658,236	$ 1,700,716	$ 60,918,565
Total liabilities	18,281,741	20,053,919	1,701,158	15,909,123	55,945,941
June 30, 2023					
Net interest income (loss)	$ 139,932	$ 189,993	$ 10,487	$ (8,585)	$ 331,827
Other income (loss)	35,919	62,356	66,098	1,759	166,132
Total revenue (loss)	175,851	252,349	76,585	(6,826)	497,959
Provision for (recovery of) loan losses	(3,779)	(20)	(82)	972	(2,909)
Non-interest expense (1)	138,950	127,636	70,043	8,432	345,061
Income (loss) before payment in lieu of tax	40,680	124,733	6,624	(16,230)	155,807
Payment in lieu of (recovery of) tax	9,356	28,689	1,523	(3,732)	35,836
Net income (loss)	**$ 31,324**	**$ 96,044**	**$ 5,101**	**$ (12,498)**	**$ 119,971**
Total assets	$ 30,092,944	$ 26,200,303	$ 1,560,261	$ 476,802	$ 58,330,310
Total liabilities	18,081,999	19,434,720	1,588,338	14,348,387	53,453,444
September 30, 2022					
Net interest income (loss)	$ 133,204	$ 195,330	$ 10,150	$ (8,270)	$ 330,414
Other income	31,655	53,787	65,401	2,543	153,386
Total revenue	164,859	249,117	75,551	(5,727)	483,800
Provision for (recovery of) loan losses	2,700	26,067	(1,258)	(225)	27,284
Non-interest expense (1)	125,057	120,703	67,162	13,616	326,538
Income (loss) before payment in lieu of tax	37,102	102,347	9,647	(19,118)	129,978
Payment in lieu of (recovery of) tax	8,534	23,540	2,219	(4,398)	29,895
Net income (loss)	**$ 28,568**	**$ 78,807**	**$ 7,428**	**$ (14,720)**	**$ 100,083**
Total assets	$ 28,787,501	$ 24,392,187	$ 1,349,303	$ 4,587,368	$ 59,116,359
Total liabilities	17,265,216	18,614,575	1,362,451	17,373,278	54,615,520

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

For the six months ended *($ in thousands)*	Everyday Financial Services	ATB Business	ATB Wealth	Strategic support units	Total
September 30, 2023					
Net interest income (loss)	$ 286,070	$ 395,842	$ 21,551	$ (27,262)	$ 676,201
Other income (loss)	72,930	123,524	134,105	(5,598)	324,961
Total revenue (loss)	359,000	519,366	155,656	(32,860)	1,001,162
Provision for (recovery of) loan losses	(2,231)	28,584	(97)	1,155	27,411
Non-interest expense (1)	278,500	262,971	142,783	20,290	704,544
Income (loss) before payment in lieu of tax	82,731	227,811	12,970	(54,305)	269,207
Payment in lieu of (recovery of) tax	19,028	52,396	2,983	(12,490)	61,917
Net income (loss)	**$ 63,703**	**$ 175,415**	**$ 9,987**	**$ (41,815)**	**$ 207,290**
September 30, 2022					
Net interest income (loss)	$ 262,145	$ 378,289	$ 19,464	$ (5,451)	$ 654,447
Other income	62,685	104,318	131,995	6,472	305,470
Total revenue	324,830	482,607	151,459	1,021	959,917
Provision for (recovery of) loan losses	13,348	22,010	(594)	(6,713)	28,051
Non-interest expense (1)	258,235	238,848	130,614	25,400	653,097
Income (loss) before payment in lieu of tax	53,247	221,749	21,439	(17,666)	278,769
Payment in lieu of (recovery of) tax	12,247	51,002	4,931	(4,063)	64,117
Net income (loss)	**$ 41,000**	**$ 170,747**	**$ 16,508**	**$ (13,603)**	**$ 214,652**

13 Comparative Amounts

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

GLOSSARY

(Unaudited)

Achievement note	A long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Wealth.
Allowance for loan losses	A total allowance that represents management's best estimate of expected losses for both performing and impaired loans that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month and lifetime horizon or on the discounted contractual cash shortfall expected over the remaining lifetime.
Assets under administration	Assets that are beneficially owned by clients for which ATB provides management and custodial services. These assets are not reported on ATB's consolidated statement of financial position.
Average assets	The average of the daily total asset balances during the period.
Average interest-earning assets	The daily average for the period of cash held in the Bank of Canada's large-value transfer system, deposits with financial institutions, securities and net loans.
Average risk-weighted assets	The monthly average value of assets calculated by applying a prescribed risk-weighted factor to on- and off-balance-sheet asset exposures.
Basis point	One one-hundredth of one per cent (0.01%).
Carrying value	The net value of an asset or liability as reported within the consolidated financial statements.
Collateral	Assets pledged as security for a loan or other obligation.
Credit risk	The risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB.
Derivative or derivative contract	A contract whose value changes by reference to a specified underlying variable, such as interest rates, foreign exchange rates or equity or commodity prices. Use of derivatives allows for the mitigation of current or expected risks relating to these variables. Derivatives typically require little or no initial net investment and are settled at a future date. The most common types of derivatives ATB uses include interest rate swaps, foreign exchange and commodity forwards, and futures contracts.
Efficiency ratio	Non-interest expense for the period divided by total revenue for the period. May be referred to as the "productivity ratio" by other financial institutions.
Embedded derivative	A component of a financial instrument or other contract with features similar to a derivative.
Fair value	The amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's-length transaction.
Financial instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset/liability is the right to receive/deliver cash or another financial asset or the right to exchange financial instruments with another party under favourable or unfavourable conditions. An equity instrument is a contract that represents a residual interest in another entity's assets.
Foreign exchange forward contract	A commitment to buy or sell a fixed amount of foreign currency on a future specified date at a set rate of exchange.
Foreign exchange risk	The potential risk of loss resulting from fluctuations in foreign exchange rates. It arises from the existence of a net asset or liability position denominated in foreign currencies and/or a difference in maturity profiles for purchases and sales of a given currency.
Forwards and futures	Commitments to buy or sell designated amounts of commodities or currencies on a specified date at a predetermined price. Forwards are customized contracts transacted in the over-the-counter market. Futures are traded on recognized exchanges.
Funds transfer pricing (FTP)	An internal allocation process used to calculate the profitability of the areas of expertise and isolate them from interest rate risk.
Hedging	A risk management technique used to reduce uncertainty associated with current or anticipated exposure to future movements in interest rates, foreign exchange rates and equity or commodity prices.
Impaired loan	A loan for which there is no longer reasonable assurance of the timely collection of principal or interest.
Income before provisions	All ATB revenue (operating revenue) minus non-interest expense (operating expenses). Does not include payment in lieu of tax or loan loss provision expenses.
Interest rate floor	A contract whereby the buyer pays the seller a premium in exchange for the payment of any difference below a set strike interest rate and the prevailing market interest rate on predetermined dates.
Interest rate risk	The potential for financial loss arising from changes in interest rates in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship.

Letter of credit	ATB's guarantee of payment to an interested third party in the event the client defaults on an agreement.
Letter of guarantee	A contract issued by ATB for a client to purchase goods from a supplier, even if the client defaults.
Liquidity coverage ratio (LCR)	High-quality liquid assets divided by total net cash outflows over the next 30 calendar days. LCR is designed to ensure sufficient liquid assets are on hand to endure a short-term liquidity stress scenario over 30 calendar days. Under normal conditions, the LCR should be no lower than 100%.
Liquidity risk	The risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or force the sale of assets. As with other similar financial institutions, ATB's risk arises from fluctuations in cash flows from lending, deposit-taking, investing and other activities. These commitments are generally met through cash flows supplemented by investment assets readily convertible to cash or through our capacity to borrow.
Loan loss provision (LLP)	An expense representing management's best estimate of expected losses for both performing and impaired loans as well as related off-balance-sheet loan commitments that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month or lifetime horizon or based on the discounted contractual cash shortfall expected over the remaining lifetime.
Loan losses to average loans	The provision for loan losses divided by average net loans.
Market risk	The risk that a loss may be incurred as a result of adverse changes in interest rates, foreign exchange rates and equity or commodity market prices.
Mortgage-backed securities (MBSs)	Securities established through the securitization of residential mortgage loans.
Net assets gathered	Net of assets inflows and outflows at period end.
Net income (NI)	Income after the removal of expenses, provision for loan losses and payment in lieu of tax.
Net interest income (NII)	The difference between interest earned on assets, such as cash, securities and loans, and interest paid on liabilities, such as deposits and wholesale and collateralized borrowings.
Net interest margin (NIM)	The ratio of net interest income for the period to the value of average interest-earning assets for the period.
Net loan change	Net loans outstanding at period end less net loans outstanding at the previous period end, divided by net loans outstanding at the previous period end.
Net loans	Gross loans less the allowance for loan losses.
Notional amount	The principal value used to calculate interest and other payments under derivative contracts. The amounts are termed "notional" because they are not usually exchanged, except in the case of cross-currency swaps; they serve only as the basis for calculating amounts that do change hands.
Off-balance-sheet instruments	Assets or liabilities that are not recorded on the balance sheet but have the potential to produce future positive or negative cash flows. Various products offered to clients can be classified as off-balance sheet, and they fall into two general categories: credit-related arrangements, such as letters of credit and letters of guarantee, and the notional amount of derivatives.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but not strategic or reputational.
Option	A contract between two parties whereby the buyer of the option has the right but no obligation to buy (call) or sell (put) a specified financial instrument or currency at a set price or rate on or before a specified future date or on a series of specified future dates.
Other income to total revenue	Other income for the period divided by total revenue for the period.
Performing loan change	Performing loans outstanding at period end less performing loans outstanding at the previous period end, divided by performing loans outstanding at the previous period end.
Performing loans	Net loans, excluding impaired loans.
Provision for loan losses (LLP)	See "loan loss provision."
Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) the *ATB Act* and *ATB Regulation* and guidelines, and (b) other laws, rules, regulations and prescribed practices applicable to ATB in any jurisdiction in which we operate.
Reputational risk	The potential that negative stakeholder impressions, whether true or not, regarding ATB's business practices, actions or inaction will or may cause deterioration in ATB's value, brand, liquidity, client base or relationship with our Shareholder.
Return on average assets	Net income for the period divided by average total assets for the period.

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

ACRONYMS

(unaudited)

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