Management’s Discussion and Analysis

FY2021 Q3 Financial Highlights

	For the three months ended			For the nine months ended	
	Dec 31 2020	Sept 30 2020	Dec 31 2019	**Dec 31 2020**	Dec 31 2019
Operating results *($ in thousands)*					
Net interest income	**$ 304,636**	$ 294,877	$ 305,573	**$ 874,952**	$ 900,247
Other income	**157,345**	133,482	141,229	**439,992**	399,654
Operating revenue	**461,981**	428,359	446,802	**1,314,944**	1,299,901
(Recovery of) provision for loan losses	**(12,016)**	52,154	42,279	**285,454**	140,698
Non-interest expenses	**297,058**	285,815	299,417	**876,375**	906,470
Net income before payment in lieu of tax (PILOT)	**176,939**	90,390	105,106	**153,115**	252,733
PILOT	**35,215**	-	23,430	**35,215**	57,315
Net income	**$ 141,724**	$ 90,390	$ 81,676	**$ 117,900**	$ 195,418
Income before provision for loan losses (1)					
Operating revenue	**$ 461,981**	$ 428,359	$ 446,802	**$ 1,314,944**	$ 1,299,901
Less: non-interest expenses	**(297,058)**	(285,815)	(299,417)	**(876,375)**	(906,470)
Income before provision for loan losses	**$ 164,923**	$ 142,544	$ 147,385	**$ 438,569**	$ 393,431
Financial position *($ in thousands)*					
Net loans	**$ 44,818,989**	$ 45,057,905	$ 46,630,044	**$ 44,818,989**	$ 46,630,044
Total assets	**$ 55,564,244**	$ 54,899,074	$ 54,293,220	**$ 55,564,244**	$ 54,293,220
Total risk-weighted assets (1) (2)	**$ 36,125,764**	$ 36,456,570	$ 37,007,381	**$ 36,125,764**	$ 37,007,381
Total deposits	**$ 37,186,919**	$ 36,657,053	$ 35,102,084	**$ 37,186,919**	$ 35,102,084
Equity	**$ 4,105,664**	$ 4,000,135	$ 3,786,608	**$ 4,105,664**	$ 3,786,608
Key performance measures *(%)* (1)					
Return on average assets	**1.0**	0.66	0.60	**0.28**	0.48
Return on average risk-weighted assets (2)	**1.6**	0.98	0.88	**0.43**	0.71
Operating revenue change	**3.4**	2.2	4.6	**1.2**	3.0
Other income to operating revenue	**34.1**	31.2	31.6	**33.5**	30.7
Operating expense change	**(0.79)**	(4.3)	3.0	**(3.3)**	5.8
Efficiency ratio	**64.3**	66.7	67.0	**66.6**	69.7
Net interest margin	**2.28**	2.26	2.31	**2.21**	2.28
Loan losses to average loans	**(0.11)**	0.45	0.36	**0.83**	0.40
Net loan change	**(0.53)**	(1.6)	0.70	**(4.6)**	(0.80)
Total deposit change	**1.4**	1.9	(3.1)	**5.1**	(2.3)
Change in assets under administration	**6.5**	3.7	2.5	**13.3**	6.4
Tier 1 capital ratio	**10.7**	10.2	10.4	**10.7**	10.4
Total capital ratio	**16.2**	15.8	15.3	**16.2**	15.3
Other information					
ATB Wealth’s assets under administration *($ in thousands)*	**$ 23,959,076**	$ 22,498,499	$ 21,603,884	**$ 23,959,076**	$ 21,603,884
Total customers (3)	**805,973**	806,918	808,048	**805,973**	808,048
Team members (4)	**5,092**	5,181	5,450	**5,092**	5,450

(1) Refer to the glossary for a definition of our key performance measures.
(2) Effective April 1, 2020, the methodology to calculate risk-weighted assets has been revised, resulting in a lower amount compared to prior-period results. Comparative results were not restated for the change.
(3) Reported as total customers.
(4) Reported as full-time equivalents (FTEs).

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

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

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

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

This is management's discussion and analysis (MD&A) of the consolidated results of operations and financial position of ATB Financial (ATB) for the nine months ended December 31, 2020, and is dated February 17, 2021. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the period ended December 31, 2020, as well as the audited consolidated financial statements and MD&A for the year ended March 31, 2020.

Economic Outlook

Alberta's Economy at a Glance

	Calendar year		
	2019	**2020**	**2021**
Real growth in gross domestic product *(annual % change)*	0.1	(7.1)	3.1
Consumer price index *(annual % change)*	1.7	0.8	2.0
Unemployment rate *(%)*	6.9	11.3	11.0
WTI *(US$/bbl)*	57	39	48
Exchange rate *(Cdn$1/ US$1)*	0.75	0.75	0.76
Bank of Canada overnight lending rate (%)	1.75	0.25	0.25

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

Economic recovery tightly linked to vaccination rollout

Alberta's economy shrank by an estimated 7.1% in 2020. It is forecasted to grow by 3.1% in 2021, assuming a successful vaccine rollout.

The winter surge of the COVID-19 virus and related public health restrictions will dampen overall economic activity over the first part of 2021. Businesses and suppliers that rely on in-person contact, large events, and travel are expected to face the greatest challenge.

Despite the forecasted return to growth in 2021, it may take until 2023 for the economy to get back to pre-pandemic and pre-oil-price-crash levels. Some sectors, like those mentioned above, may take longer to recover.

Employment is expected to increase slightly in 2021, but the unemployment rate will remain elevated as demand outweighs the pace of hiring.

The Organization of the Petroleum Exporting Countries Plus (OPEC+) cartel has helped stabilize oil prices by restraining supply, and capital investment in the oil and gas sector is expected to rise in 2021, albeit relative to the low bar set last year.

Recovery from the cumulative effects of the pandemic will be slow for many Alberta businesses. It is difficult to predict how many will not survive the pandemic.

Cancellation of the Keystone XL pipeline is a blow to the long-term growth of Alberta's oil production. However, if the Biden administration introduces stricter regulations on U.S. drilling and hydraulic fracturing, this would support oil prices and make Canadian producers relatively more competitive.

There have been some bright spots. 2020 was generally a good year for Alberta's agriculture sector. The resale housing market has been remarkably resilient as the pandemic has progressed, and green shoots in the tech sector continue to sprout and grow. While the first part of 2021 will be difficult, a successful vaccine rollout will enable a strong rebound in the second half of the year with consumer activity normalizing and global energy demand returning to pre-pandemic levels.

Net Income

For the quarter ended December 31, 2020, ATB earned net income (NI) of $141.7 million, an increase of $51.3 million (56.8%) from the previous quarter and $60.0 million (73.4%) from the same quarter last year. These increases are driven by a recovery in the provision for loan losses (LLP) and higher operating revenue.

Year to date, ATB earned net income of $117.9 million, a decrease of $77.5 million (39.7%) compared to this time last year due to an increase in LLP being partially offset by lower non-interest expenses (NIE) and higher operating revenue.

ATB's net contribution to the Government of Alberta, which typically comprises NI, PILOT, and deposit guarantee fee, was $191.2 million, an increase of $87.0 million (83.6%) from last quarter and $72.8 million (61.5%) from the same quarter last year. Year-to-date net contribution is $195.1 million, a decrease of $99.6 million (33.8%) from last year.

Income before provision for loan losses this quarter is $164.9 million, a $22.4-million (15.7%) increase from last quarter; this is attributed to our operating revenue growth while maintaining strong expense discipline. Compared to the same quarter last year, income before provision for loan losses is $17.5 million (11.9%) higher, driven by higher operating revenue and lower NIE. Year to date, our income before provision for loan losses is $438.6 million, an increase of $45.1 million (11.5%) from last year, due to the same factors driving the year-over-year increase.

Operating Revenue

Total operating revenue consists of net interest income (NII) and other income (OI). Operating revenue is $462.0 million this quarter, with NII of $304.6 million and OI of $157.4 million. This represents an increase of $33.6 million (7.8%) from last quarter and $15.2 million (3.4%) from the same quarter last year. The increase from last quarter is primarily attributed to higher OI earned this quarter as well as an increase in NII. Compared to the same quarter last year, the increase is due to higher OI.

Year to date, OI is higher but NII is lower, resulting in operating revenue of $1.3 billion, up slightly compared to the first nine months of last year.

Net Interest Income

Net interest income (NII) represents the difference between the interest earned on assets (e.g., loans and securities) and paid on liabilities (e.g., deposits and wholesale and collateralized borrowings). NII was $304.6 million this quarter, higher than last quarter and in line with this time last year. NII increased from last quarter due to lower costs for deposits and alternative funding sources. Year-to-date NII was $875.0 million, lower than last year due to Bank of Canada prime-rate reductions in March, our deposits growing and loans contracting.

Net Interest Margin

Net interest margin (NIM) is the ratio of NII to average total interest-earning assets for the period. This important ATB metric measures the profitability of our lending business. For the quarter ended December 31, 2020, NIM was 2.28%, an improvement over the 2.26% attained last quarter but lower than the 2.31% achieved during the same quarter last year. Year-to-date NIM was 2.21%, lower than the 2.28% achieved for the same period last year. The increase from last quarter is due to the factors mentioned above. Both the decrease since last year and year to date are due to NII decreasing slightly while our average interest-earning asset base grew.

Net Interest Income

	For the three months ended					
	Dec 31 2020 vs. Sept 30 2020			Dec 31 2020 vs. Dec 31 2019		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
($ in thousands)	**volume**	**rate**	**Net change**	volume	rate	Net change
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 1,478**	**$ (1,886)**	**$ (408)**	$ 8,271	$ (32,375)	$ (24,104)
Loans	**(4,879)**	**(1,851)**	**(6,730)**	(18,026)	(35,113)	(53,139)
Change in interest income	**(3,401)**	**(3,737)**	**(7,138)**	(9,755)	(67,488)	(77,243)
Liabilities						
Deposits	**(2,114)**	**(10,104)**	**(12,218)**	(7,762)	(45,897)	(53,659)
Wholesale borrowings	**(221)**	**(1,433)**	**(1,654)**	(1,855)	(4,598)	(6,453)
Collateralized borrowings	**(576)**	**(2,463)**	**(3,039)**	(2,455)	(9,930)	(12,385)
Securities sold under repurchase agreements	**12**	**2**	**14**	(1,952)	(173)	(2,125)
Subordinated debentures	**-**	**-**	**-**	(1,684)	-	(1,684)
Change in interest expense	**(2,899)**	**(13,998)**	**(16,897)**	(15,708)	(60,598)	(76,306)
Change in net interest income	**$ (502)**	**$ 10,261**	**$ 9,759**	$ 5,953	$ (6,890)	$ (937)

($ in thousands)	For the nine months ended Dec 31 2020 vs. Dec 31 2019 Increase (decrease) due to changes in volume	rate	Net change
Assets			
Interest-bearing deposits with financial institutions, and securities	$ 14,741	$ (75,605)	$ (60,864)
Loans	(31,537)	(130,051)	(161,588)
Change in interest income	(16,796)	(205,656)	(222,452)
Liabilities			
Deposits	(32,083)	(118,568)	(150,651)
Wholesale borrowings	4,791	(15,095)	(10,304)
Collateralized borrowings	(4,963)	(22,586)	(27,549)
Securities sold under repurchase agreements	(1,284)	(1,394)	(2,678)
Subordinated debentures	(5,975)	-	(5,975)
Change in interest expense	(39,514)	(157,643)	(197,156)
Change in net interest income	$ 22,718	$ (48,014)	$ (25,295)

Other Income

Other income (OI) consists of all operating revenue not classified as net interest income. ATB earned $157.4 million this quarter, which is greater than last quarter by $23.9 million (17.9%) and the same quarter last year by $16.1 million (11.4%). The increase stems from robust market performance and credit fees.

Year to date, OI is $440.0 million, an increase of $40.3 million (10.1%) over the first nine months of last year due to wealth management revenue, driven by strong financial market performance and revenue generated by our Capital Markets group.

Credit Quality

The provision for loan losses (LLP) is recorded to recognize the net of write-offs, recoveries, and required changes to the allowances for Stage 1, 2, and 3 loans over the quarter. This quarter ATB recognized a $12.0-million recovery versus a $52.2-million provision recorded in the previous quarter. The decrease is driven by a lower allowance for Stage 3, as some business loans have returned to performing or have been paid down. In addition, the economic outlook has not significantly changed from the previous quarter, resulting in a small reversal of the Stage 1 & 2 allowance. Compared to this time last year, LLP has decreased due to a significantly lower Stage 3 provision caused by fewer new impairments in our non-retail portfolio.

Year-to-date LLP has increased considerably compared to this time last year. Provisions across all stages have increased due to the impacts of the COVID-19 pandemic and suppressed oil prices.

Despite ongoing challenges and uncertainties of the current environment, we remain committed to supporting Albertans and Alberta businesses through this difficult time; we will help stabilize and support Alberta’s economy while ensuring that our customers can access credit while we still manage our credit risk. As at December 31, 2020, gross impaired loans of $1.0 billion comprised 2.2% of the total loan portfolio (September 30, 2020: 2.4%; December 30, 2019: 2.0%).

Non-Interest Expenses

Non-interest expenses (NIE) consist of all expenses except for interest expenses and provision for loan losses. This quarter’s total NIE was $297.1 million, $11.2 million (3.9%) higher than last quarter. This increase reflects higher operating spend on projects, increased employee pension costs and higher deposit guarantee fees paid on our growing deposit balances. NIE is consistent with this time last year.

Year-to-date NIE were down $30.1 million (3.3%) compared to the same time last year, as we continue our prudent expense management.

The efficiency ratio, calculated by dividing NIE by operating revenue, measures how much it costs ATB to generate revenue. A lower ratio indicates higher efficiency at generating income. For the quarter ended December 31, 2020, ATB reported an efficiency ratio of 64.3% compared to 66.7% last quarter and 67.0% for the same period last year. For the nine months ended December 31, 2020, ATB reported an efficiency ratio of 66.6% compared to 69.7% for the same period last year. The improvement over last quarter is driven by our operating revenue outpacing expense growth. The improvement over the same time last year and year to date is due to stronger operating revenue and a reduction in expenses.

Review of Business Segments

ATB has organized its operations and activities around the following three areas of expertise:

- **Everyday Financial Services** provides financial services to individuals and small businesses through our branch, agency, Client Care, and ABM networks.
- **ATB Business,** created April 1, 2020, merged three channels into one operating model to provide more value to our business customers. It provides financial advisory services to medium and large businesses, corporations, and agricultural customers.
- **ATB Wealth** provides investment advisory, insurance solutions, private banking, and institutional portfolio management solutions.

Everyday Financial Services (EFS)

	For the three months ended		
($ in thousands)	**Dec 31 2020**	Sep 30 2020	Dec 31 2019
Net interest income	**$ 127,876**	$ 119,300	$ 125,253
Other income	**26,405**	27,173	28,506
Operating revenue	**154,281**	146,473	153,759
Provision for (recovery of) loan losses	**4,524**	(4,308)	10,441
Non-interest expenses	**128,666**	128,207	138,515
Net income before payment in lieu of tax	**$ 21,091**	$ 22,574	$ 4,803
Total assets	**$ 27,621,183**	$ 27,066,730	$ 24,708,491
Total liabilities	**$ 17,134,931**	$ 16,780,473	$ 14,927,609

	For the nine months ended	
($ in thousands)	**Dec 31 2020**	Dec 31 2019
Net interest income	**$ 363,317**	$ 372,117
Other income	**78,555**	83,353
Operating revenue	**441,872**	455,470
Provision for loan losses	**54,503**	38,186
Non-interest expenses	**390,490**	416,483
Net (loss) income	**$ (3,121)**	$ 801

EFS's net income decreased from last quarter due to higher provision for loan losses (LLP), but increased from this time last year due to lower non-interest expense (NIE) and LLP.

Operating revenue increased by $7.8 million (5.3%) from last quarter with net interest income (NII) increasing due to favourable repricing on deposits and an improvement in loan spreads. Compared to the same time last year, operating revenue increased slightly. NII increased as loan spreads improved and deposits repriced, which more than offset the prime rate reductions and lower loan volumes. The decrease in OI was primarily driven by lower service charges as branch activity dropped due to the impact of COVID-19. On a year-to-date basis, operating revenue decreased by $13.6 million (3.0%) as a result of lower loan volumes, the Bank of Canada prime-rate reductions, and lower service charges.

EFS recorded a provision this quarter compared to a recovery last quarter as the government deferral programs wind down. Year over year, LLP decreased by $5.9 million (56.7%) partially due to a lower Stage 3 provision arising from fewer new impairments. Year to date, LLP increased by $16.3 million (42.7%), as the Stage 2 provision increased significantly as a result of the weakening economic outlook. The increase was offset by a lower Stage 3 provision due to fewer impairments earlier in the year with customers supported by the deferral programs.

NIE is consistent with last quarter. It decreased by $9.8 million (7.1%) and $26.0 million (6.2%) from the same time last year and year to date, respectively, due to lower FTE and overall costs.

Loans contracted from last quarter and the same time last year, mainly driven by increased competition in the residential mortgage market and personal loans repayments.

In contrast, deposits grew from last quarter and the same time last year, largely due to increased savings as customers continue accessing government funding and hold more liquid assets during these uncertain times.

ATB Business [1]

($ in thousands)	For the three months ended Dec 31 2020	Sept 30 2020	Dec 31 2019
Net interest income	**$ 163,955**	$ 161,198	$ 154,780
Other income	**57,440**	46,542	43,782
Operating revenue	**221,395**	207,740	198,562
(Recovery of) provision for loan losses	**(15,124)**	56,111	31,698
Non-interest expenses	**98,351**	90,424	91,764
Income before payment in lieu of tax	**138,168**	61,205	75,100
Payment in lieu of tax (2)	**26,286**	-	(189)
Net income	**$ 111,882**	$ 61,205	$ 75,289
Total assets	**$ 22,309,988**	$ 21,810,678	$ 21,659,547
Total liabilities	**18,282,197**	18,079,444	16,563,940

($ in thousands)	For the nine months ended Dec 31 2020	Dec 31 2019
Net interest income	**$ 474,018**	$ 456,566
Other income	**151,465**	128,647
Operating revenue	**625,483**	585,213
Provision for loan losses	**226,716**	102,132
Non-interest expenses	**284,478**	290,725
Income before payment in lieu of tax	**114,289**	192,356
Payment in lieu of tax (2)	**26,286**	(1,138)
Net income	**$ 88,003**	$ 193,494

(1) Effective April 1, 2020, ATB Business includes Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and ATB Capital Markets (formerly AltaCorp Capital Inc.).
(2) Effective April 1, 2020, the net income that ATB Capital Markets (formerly AltaCorp Capital Inc.) earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership.

ATB Business's net income improved significantly from last quarter and the same quarter last year. Year to date, it was $105.5 million lower than this time last year. Changes over the quarters are due to higher operating revenue coupled with a reduction in the provision for loan losses (LLP). While year-to-date operating revenue has also increased, it is more than offset by the LLP.

Operating revenue for the quarter increased by $13.7 million (6.6%) from last quarter and $22.8 million (11.5%) from the same time last year. Net interest income increased due to loans repricing in the energy sector. Other income continues to increase due to ATB Capital Markets' strong performance and credit fees, as we focus on providing more products and services to customers. Year-to-date operating revenue is higher than last year by $40.3 million (6.9%) due to the reasons previously noted.

LLP was a recovery compared to a provision recorded last quarter and the same time last year. Both decreases are mainly driven by a lower Stage 3 provision due to a combination of fewer new impairments and loans being paid down and returning to performing. Year-to-date LLP is higher by $124.6 million (122.0%) due to a higher Stage 1 and 2 provision resulting from COVID-19 and suppressed oil prices.

Non-interest expenses (NIE) increased $7.9 million (8.8%) from last quarter and $6.6 million (7.2%) from the same time last year. The increase is mainly the result of higher corporate allocation costs. However, year-to-date NIE has gone down overall, decreasing $6.2 million (2.1%) due to fewer FTEs and reduced discretionary spending during the ongoing pandemic.

Loan balances have decreased quarter over quarter and year over year due to lower utilization. Current market conditions and government support programs have resulted in customers drawing less from their loans. Deposits are higher this quarter compared to last quarter and the same quarter last year due to market conditions that have led customers to hold more liquid assets.

ATB Wealth

($ in thousands)	For the three months ended Dec 31 2020	Sept 30 2020	Dec 31 2019
Net interest income	**$ 5,267**	$ 4,133	$ 5,580
Other income	**62,498**	60,143	57,966
Operating revenue	**67,765**	64,276	63,546
(Recovery of) provision for loan losses	**(1,416)**	351	140
Non-interest expenses	**58,483**	54,112	57,933
Income before payment in lieu of tax	**10,698**	9,813	5,473
Payment in lieu of tax (1)	**2,461**	2,257	3,555
Net income	**$ 8,237**	$ 7,556	$ 1,918
Total assets	**$ 1,675,861**	$ 1,655,786	$ 1,076,026
Total liabilities	**1,709,754**	1,683,441	1,088,906
Total assets under administration	**23,959,076**	22,498,499	21,603,884

($ in thousands)	For the nine months ended Dec 31 2020	Dec 31 2019
Net interest income	**$ 14,058**	$ 15,709
Other income	**178,283**	170,067
Operating revenue	**192,341**	185,776
Provision for loan losses	**4,235**	380
Non-interest expenses	**167,355**	167,803
Income before payment in lieu of tax	**20,751**	17,593
Payment in lieu of tax (1)	**4,773**	10,771
Net income	**$ 15,978**	$ 6,822

(1) Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT has changed to be based on 23% of the segment's net income before PILOT.

ATB Wealth's assets under administration (AUA) has increased when compared to last quarter and this time last year, due to robust financial market performance.

Net income (NI) increased by $0.7 million (9.0%) this quarter, largely due to the recovery of loan losses. Compared to this time last year, other income (OI) was the primary driver for the $6.3 million increase in NI. Year-to-date NI increased by $9.2 million due to strong OI and the methodology to determine the PILOT rate changing, partially offset by an increase in provision for loan losses (LLP).

Operating revenue increased by $3.5 million (5.4%) from last quarter and by $4.2 million (6.6%) from last year. Both are due to increased fees earned on a higher average AUA balance. In addition, the quarterly NII increase was driven by a combination of deposits repricing and the mix changing, but NII declined year over year due to costs associated with certain high-cost deposits. Year to date, operating revenue is up $6.6 million (3.5%) mainly due to the factors noted previously for the year-over-year increase.

Loan losses are lower than last quarter and this time last year due to a lower Stage 3 provision as certain loans were paid down. On a year-to-date basis, the Stage 1 and 2 provision increased as a result of the economic outlook weakening.

Non-interest expenses have increased by $4.4 million (8.1%) from last quarter mainly driven by higher variable costs associated with managing AUA. Year-to-date and quarterly expenses are consistent with last year.

Strategic Service Units (SSUs)

	For the three months ended		
($ in thousands)	**Dec 31 2020**	Sept 30 2020	Dec 31 2019
Net interest income	**$ 7,538**	$ 10,246	$ 19,960
Other income (loss)	**11,002**	(376)	10,975
Operating revenue	**18,540**	9,870	30,935
Non-interest expenses	**11,558**	13,072	11,205
Net income (loss) before payment in lieu of tax	**6,982**	(3,202)	19,730
Payment in lieu of tax	**6,468**	(2,257)	20,064
Net income (loss)	**$ 514**	$ (945)	$ (334)
Total assets	**$ 3,957,212**	$ 4,365,880	$ 6,849,156
Total liabilities	**14,331,698**	14,355,581	17,926,157

	For the nine months ended	
($ in thousands)	**Dec 31 2020**	Dec 31 2019
Net interest income	**$ 23,559**	$ 55,855
Other income	**31,689**	17,587
Operating revenue	**55,248**	73,442
Non-interest expenses	**34,052**	31,459
Net income before payment in lieu of tax	**21,196**	41,983
Payment in lieu of tax	**4,156**	47,682
Net income (loss)	**$ 17,040**	$ (5,699)

The SSUs earned income this quarter, compared to a net loss last quarter and the same quarter last year. This is primarily driven by higher operating revenue, lower non-interest expenses (NIE), and changes in the amount owed for payment in lieu of taxes (PILOT). Year to date, net income increased $22.7 million from last year's net loss, driven by higher other income (OI), partially offset by lower net interest income (NII) and PILOT.

Operating revenue nearly doubled from last quarter but decreased by $12.4 million (40.0%) year over year. Quarter over quarter, OI increased due to the impact market performance had on our foreign-exchange and interest-rate risk management portfolios. Year over year, NII decreased due to the Bank of Canada prime-rate reductions. Year to date, operating revenue decreased by $18.2 million (24.8%) due to lower NII and higher OI caused by the factors previously mentioned.

NIE decreased by $1.5 million (11.6%) over last quarter and remained consistent with the same time last year. The decrease is mainly attributable to lower severance costs this quarter. Year to date, NIE increased by $2.6 million (8.2%) due to severance costs and increased deposit guarantee fees.

Statement of Financial Position

Total Assets

Total assets were $55.6 billion, an increase of $0.7 billion (1.2%) over last quarter, primarily driven by an increase in securities held in our liquidity risk management portfolio. Compared to the same quarter last year, total assets are up $1.3 billion (2.3%), driven by a combination of our liquid asset portfolio mix changing as we hold more cash in the Bank of Canada's large-value transfer system and the fair value of our derivative financial instruments increasing. These increases were partially offset by net loans contracting.

Loans

Net loans were $44.8 billion, a $0.2-billion (0.53%) decrease over the quarter, primarily due to the competitive residential mortgage environment and personal loans being paid down. Our customers have also resumed payments that were previously deferred. Compared to the same quarter last year, total net loans are $1.8 billion (3.9%) lower, as gross loan balances have decreased across all products and our allowance for loan losses increased.

Total Liabilities

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

Total liabilities were $51.4 billion for the quarter, a $0.5-billion (1.1%) increase from last quarter's $50.9 billion and a $0.9-billion (1.9%) increase compared to the same quarter last year. The quarter-over-quarter increase is due to our growing deposits. The increase compared to the same quarter last year is due to our growing deposits offset by reduced reliance on alternative funding sources.

Deposits

Deposits totalled $37.2 billion, a $0.5-billion (1.4%) increase from last quarter and a $2.1-billion (6.0%) increase compared to the same time last year. Comparing last quarter and year-over-year, deposits continue to grow as a result of the available support programs. In addition, our customers continue to be risk-averse given the current challenging environment; they are holding their assets in more-liquid accounts.

Wholesale Borrowings

Wholesale borrowings, consisting primarily of bearer-deposit and mid-term notes issued by the Government of Alberta on ATB's behalf, can fluctuate quarter to quarter. The agreement with the Government of Alberta currently limits the total volume of such borrowings to $9.0 billion. The balance this quarter was $3.8 billion, which is $0.7 billion (20.3%) higher than last quarter but $1.3 billion (25.1%) lower than the same time last year. The quarter-over-quarter increase is due to us issuing more bearer-deposit notes as we reduced our Mastercard funding facility balance that forms part of our collateralized borrowings. The decrease compared to the same quarter last year is due to our deposits growing, which resulted in us having to issue fewer bearer-deposit notes.

Collateralized Borrowings

Collateralized borrowings, also used to supplement customer deposits, represent ATB's participation in the CMB program, securitization of credit card receivables, and other mortgage loan securitization. As at December 31, 2020, balances were $8.0 billion, which is $0.6 billion (6.7%) lower than last quarter and $0.5 billion (6.3%) lower than the same quarter last year. The decrease is due to reducing our Mastercard funding facility.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (AOCI) includes unrealized gains and losses that are only recorded on the consolidated statement of operations when realized. AOCI decreased compared to last quarter but sharply increased from the same quarter last year due to gains and losses associated with our interest-rate-management products designated for hedge accounting.

Capital Management

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

As a Crown corporation, ATB and its subsidiaries operate under a regulatory framework established pursuant to the *ATB Act*, *ATB Regulation*, and *Capital Requirements* guidelines. ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the Government of Alberta's President of Treasury Board and Minister of Finance. ATB's minimum Tier 1 capital requirement is 7.0%, and the total capital requirement is the greater of 10.0% of risk-weighted assets or 5.0% of total assets. As at December 31, 2020, ATB had a Tier 1 capital ratio of 10.7% and a total capital ratio of 16.2%, both exceeding our regulatory requirements.

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

Credit Risk

Credit risk is the potential for financial loss if a borrower or counterparty fails to repay a loan or otherwise honour their financial or contractual obligations. 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. Examples of typical products bearing credit risk include retail and commercial loans, guarantees, and letters of credit.

Key measures as at December 31, 2020, are outlined below.

Total Credit Exposure

The amounts shown in the table below best represent ATB's maximum exposure to credit risk, which is primarily driven by changing loan balances (see Note 4):

As at *($ in thousands)*	**Dec 31 2020**	March 31 2020
Financial assets (1)	**$ 54,185,215**	$ 54,841,371
Other commitments and off-balance-sheet items	**19,218,388**	18,105,950
Total credit risk	**$73,403,603**	$ 72,947,321

(1) Includes derivatives stated net of collateral held and master netting agreements.

Industry Concentration

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

	Dec 31 2020		March 31 2020 (1)	
As at *($ in thousands)*		**Percentage of total gross loans**		Percentage of total gross loans
Commercial real estate	**$6,073,819**	**13.3%**	$6,061,842	12.7%
Agriculture, forestry, fishing, and hunting	**4,167,101**	**9.1%**	4,208,402	8.8%
Mining and oil and gas extraction	**3,981,673**	**8.7%**	4,606,938	9.7%
Largest borrower	**$161,062**	**0.35%**	$200,000	0.42%

(1) Comparative amounts have been restated to conform to the current period's presentation.

Residential Real Estate Secured Lending

Residential mortgages and home equity lines of credit (HELOCs) are secured by residential properties. The following table presents a breakdown of the amounts and percentages of insured and uninsured residential mortgages and HELOCs:

As at *($ in thousands)*		**Dec 31 2020**		March 31 2020 [1]	
Residential mortgages	Insured [2]	**$ 9,822,422**	**61.5%**	$ 10,416,761	64.3%
	Uninsured	**6,158,689**	**38.5%**	5,795,536	35.7%
Total residential mortgages		**15,981,111**	**100.0%**	16,212,297	100.0%
HELOCs	Uninsured	**$ 2,879,823**	**100.0%**	$ 3,096,011	100.0%
Total HELOCs		**2,879,823**	**100.0%**	3,096,011	100.0%
	Insured	**$ 9,822,422**	**52.1%**	$ 10,416,761	53.9%
Total	**Uninsured**	**$ 9,038,512**	**47.9%**	$ 8,891,546	46.1%

(1) Comparative amounts have been restated to conform to the current period's presentation.
(2) Insured residential mortgages are mortgages insured against a loss caused by a borrower defaulting and includes both individual and portfolio insurance. The amounts presented include bulk-insured conventional mortgages and mortgages insured by CMHC, Genworth Canada, and Canada Guaranty Mortgage Insurance.

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

As at	**Dec 31 2020**	March 31 2020
< 25 years	**90.7%**	87.0%
25–30 years	**9.2%**	12.9%
30–35 years	**0.1%**	0.1%
Total	**100.0%**	100.0%

The following table provides a summary of our average loan-to-value ratio for newly originated and acquired uninsured residential mortgages and HELOCs during the quarter:

As at	**Dec 31 2020**	March 31 2020
Residential mortgages	**0.68**	0.68
HELOCs	**0.59**	0.57

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

COVID-19

Beginning in mid-March 2020, the World Health Organization declared the outbreak of COVID-19 "a global pandemic." Governments in affected areas imposed a number of measures to contain the outbreak, including business closures, travel restrictions, quarantines, and cancellations of gatherings and events. The spread of COVID-19 has disrupted the global economy and caused increased volatility and declines in financial markets. These effects have been particularly hard on Alberta, given that growth forecasts were already sluggish before COVID-19 became a global pandemic. Our team members and customers face an extremely challenging operating environment. ATB has demonstrated financial strength and resilience and will continue to do so while protecting the health and safety of team members and supporting our customers.

ATB has provided a payment deferral program to its customers. The following table shows the number of loans deferred and their associated gross carrying amounts outstanding:

As at	**Dec 31 2020**		Sept 30 2020		June 30 2020	
($ in thousands, except for "number of loan" amounts)	**Number of loans**	**Gross carrying amount of loans outstanding**	Number of loans	Gross carrying amount of loans outstanding	Number of loans	Gross carrying amount of loans outstanding
Retail	**1,543**	**$ 292,138**	25,996	$ 4,228,584	35,341	$ 5,299,870
Business	**-**	**-**	10,539	5,547,331	10,575	5,646,658
Total	**1,543**	**$ 292,138**	36,535	$ 9,775,915	45,916	$ 10,946,528

Retail Customer Relief Program

This program provided immediate and temporary assistance to customers facing financial hardship due to job losses or loss of income during the pandemic. Our relief measures included payment deferrals and reduced interest rates on credit card balances. Because temporary assistance provided by this program came to an end September 30, 2020, we created the Relief Solutions Team to support customers who require further assistance.

Business Customer Relief Program

This program gave eligible business owners a few different and important options for temporary assistance, all designed to help them weather the short-term impacts of COVID-19 and/or oil-price shocks. It included principal- and interest-payment deferrals for eligible business borrowers, working capital loans to allow eligible business customers to sustain their operations during the downturn, and waived merchant fees for customers who shut their businesses down due to COVID-19. Temporary assistance provided by this program ended September 30, 2020, with deferred loans either returning to regular payments or being converted to working capital loans.

Government Relief Programs

To support Canadians and businesses through these difficult times, the federal government launched the following relief programs in partnership with financial institutions:

Canada Emergency Response Benefit (CERB) Program

This program provided weekly payments to employed and self-employed Canadians who stopped working because of COVID-19. It was designed to help Canadians pay their bills while their businesses remained shut down to limit the spread of COVID-19. This program ended October 3, 2020, but other new recovery benefits began on September 27, 2020, and are available until September 25, 2021.

Canada Emergency Business Account (CEBA)

This $25-billion program provides interest-free loans of up to $40,000 to small businesses and not-for-profit organizations to help cover operating costs where revenues have been temporarily reduced due to the economic impacts of COVID-19. A loan forgiveness (25%, up to $10,000) can apply and be provided by the government when an organization repays 75% of their maximum CEBA loan balance by December 31, 2022. The program has recently been expanded to add another $20,000 for businesses that remain eligible. If half of the additional amount (i.e., $10,000) is repaid by December 31, 2022, the other half can be forgiven by the federal government.

Business Credit Availability Program (BCAP)

This program is also referred to as the loan guarantee for eligible businesses. There are two programs, one administered through Export Development Canada (EDC) and the other through Business Development Bank of Canada (BDC).

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

Market Risk

Market risk is the risk that ATB may incur a loss due to adverse changes in interest rates, foreign-exchange rates, and equity or commodity market prices. ATB's risk management practices and key measures are disclosed in Note 24 to the consolidated financial statements for the year ended March 31, 2020, and the Risk Management section of the MD&A in the *2020 Annual and Corporate Social Responsibility Report*.

A description of ATB's key market risks and their measurement as at December 31, 2020, are outlined below:

Interest Rate Risk

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

Interest Rate Sensitivity

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

As at *($ in thousands)*	**Dec 31 2020**	March 31 2020
Increase in interest rates of:		
100 basis points	**$ 37,511**	$ 38,842
200 basis points	**71,761**	74,367
Decrease in interest rates of:		
100 basis points (1)	**(16,401)**	(5,556)
200 basis points (1) (2)	**(25,243)**	46,617

(1) Certain aspects of the decrease in interest rate scenarios are constrained by interest rate floors when appropriate.
(2) The 200-basis-point result is positive as interest rate floors exist with the lower prime and overnight rates.

Foreign-Exchange Risk

Foreign-exchange risk is the potential risk of loss resulting from fluctuations in foreign-exchange rates. This risk arises from the existence of a net asset or liability position that is denominated in foreign currencies and/or a difference in maturity profiles for purchases and sales of a given currency. ATB manages its foreign-currency exposure through foreign-exchange contracts. ATB is within its Board-approved limit as at December 31, 2020.

Liquidity Risk

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

ATB determines and manages its liquidity using a wide range of financial products and borrowing programs to ensure stable and well-diversified sources of funding. On December 31, 2020, the liquidity coverage ratio (LCR) was 134.3% (March 31, 2020: 135.3%), which is well above Board-approved minimum limits.

The estimated timing of cash outflows for ATB's non-deposit sources of funding are as follows:

As at *($ in thousands)*	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Dec 31 2020 total**	March 31 2020 total
Mid-term notes	**$ -**	**$ -**	**$ 294,421**	**$ -**	**$ 348,431**	**$ 1,470,269**	**$ 2,113,121**	$ 2,317,197
Bearer deposit notes	**1,649,331**	**-**	**-**	**-**	**-**	**-**	**1,649,331**	2,084,970
Mortgage-backed securities	**1,093,644**	**1,084,315**	**1,702,686**	**1,516,474**	**1,352,106**	**1,142,370**	**7,891,595**	7,970,092
Credit card securitization	**100,000**	**-**	**-**	**-**	**-**	**-**	**100,000**	575,000
Securities purchased under repurchase agreements	**40,664**	**-**	**-**	**-**	**-**	**-**	**40,664**	350,828
Total long-term funding	**$ 2,883,639**	**$ 1,084,315**	**$ 1,997,107**	**$ 1,516,474**	**$ 1,700,537**	**$ 2,612,639**	**$ 11,794,711**	$ 13,298,087
Of which:								
Secured	**$ 1,234,308**	**$ 1,084,315**	**$ 1,702,686**	**$ 1,516,474**	**$ 1,352,106**	**$ 1,142,370**	**$ 8,032,259**	$ 8,895,920
Unsecured	**1,649,331**	**-**	**294,421**	**-**	**348,431**	**1,470,269**	**3,762,452**	4,402,167
Total long-term funding	**$ 2,883,639**	**$ 1,084,315**	**$ 1,997,107**	**$ 1,516,474**	**$ 1,700,537**	**$ 2,612,639**	**$ 11,794,711**	$ 13,298,087

Financial Statements

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

As at *($ in thousands)*	Note	**Dec 31 2020**	Sept 30 2020	March 31 2020	Dec 31 2019
Cash		**$ 4,540,965**	$ 4,381,053	$ 1,312,544	$ 141,666
Interest-bearing deposits with financial institutions		**154,487**	121,085	101,028	979,162
Total cash resources		**4,695,452**	4,502,138	1,413,572	1,120,828
Securities measured at fair value through profit or loss		**72,776**	61,921	45,302	52,527
Securities measured at fair value through other comprehensive income		**3,442,987**	2,584,578	4,586,224	5,043,800
Total securities	6	**3,515,763**	2,646,499	4,631,526	5,096,327
Business loans		**23,190,242**	23,120,976	24,369,982	23,790,866
Residential mortgages		**15,981,111**	16,126,325	16,212,297	16,236,636
Personal loans		**5,805,663**	6,018,366	6,369,432	6,460,882
Credit card		**694,710**	696,351	729,712	775,819
Total gross loans		**45,671,726**	45,962,018	47,681,423	47,264,203
Allowances for loan losses	8	**(852,737)**	(904,113)	(699,255)	(634,159)
Total net loans	7	**44,818,989**	45,057,905	46,982,168	46,630,044
Derivative financial instruments	9	**1,341,957**	1,354,620	1,539,634	476,774
Property and equipment		**248,386**	253,542	279,000	274,196
Software and other intangibles		**282,934**	291,793	308,819	308,947
Other assets		**660,763**	792,577	646,737	386,104
Total other assets		**2,534,040**	2,692,532	2,774,190	1,446,021
Total assets		**$ 55,564,244**	$ 54,899,074	$ 55,801,456	$ 54,293,220
Redeemable fixed-date deposits		**$ 2,002,387**	$ 2,034,449	$ 1,462,566	$ 1,549,740
Non-redeemable fixed-date deposits		**6,858,916**	7,511,310	8,527,652	8,388,101
Saving accounts		**11,903,712**	11,294,667	9,485,318	9,790,280
Transaction accounts		**10,849,932**	10,355,565	8,653,216	8,434,622
Notice accounts		**5,571,972**	5,461,062	7,244,615	6,939,341
Total deposits		**37,186,919**	36,657,053	35,373,367	35,102,084
Securities sold under repurchase agreements		**40,664**	34,472	350,828	247,436
Wholesale borrowings		**3,762,452**	3,128,587	4,402,167	5,025,179
Collateralized borrowings	10	**7,991,595**	8,563,344	8,545,092	8,525,687
Derivative financial instruments	9	**904,499**	854,749	989,256	435,440
Other liabilities		**1,572,451**	1,660,734	2,059,637	1,170,786
Total other liabilities		**14,271,661**	14,241,886	16,346,980	15,404,528
Subordinated debentures		**-**	-	-	-
Total liabilities		**51,458,580**	50,898,939	51,720,347	50,506,612
Retained earnings		**3,868,470**	3,727,732	3,752,651	3,850,870
Accumulated other comprehensive income (loss)		**237,194**	272,403	328,458	(66,999)
Non-controlling interest		**-**	-	-	2,737
Total equity		**4,105,664**	4,000,135	4,081,109	3,786,608
Total liabilities and equity		**55,564,244**	$ 54,899,074	$ 55,801,456	$ 54,293,220

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

Curtis Stange
President and Chief Executive Officer

Dan Hugo
Chief Financial Officer

Interim Condensed Consolidated Statement of Income

(Unaudited)

($ in thousands)	Note	For the three months ended Dec 31 2020	Sept 30 2020	Dec 31 2019	For the nine months ended Dec 31 2020	Dec 31 2019
Loans		**$ 447,980**	$ 454,710	$ 501,119	**$ 1,335,522**	$ 1,497,110
Securities		**156**	1,403	23,358	**13,558**	68,781
Interest-bearing deposits with financial institutions		**2,813**	1,974	3,715	**6,144**	11,785
Interest income		**450,949**	458,087	528,192	**1,355,224**	1,577,676
Deposits		**96,059**	108,263	151,843	**313,805**	467,134
Wholesale borrowings		**14,790**	16,444	21,243	**50,708**	61,012
Collateralized borrowings		**35,464**	38,503	47,849	**115,757**	143,306
Subordinated debentures		**-**	-	1,684	**2**	5,977
Interest expense		**146,313**	163,210	222,619	**480,272**	677,429
Net interest income		**304,636**	294,877	305,573	**874,952**	900,247
Wealth management		**61,028**	58,786	56,295	**174,050**	165,287
Service charges		**18,379**	18,195	18,791	**52,568**	56,809
Card fees		**16,142**	15,545	17,834	**45,907**	50,678
Credit fees		**14,940**	11,011	11,686	**32,905**	34,604
Insurance		**4,857**	6,113	5,617	**16,512**	17,272
Capital markets		**10,327**	5,089	4,456	**22,239**	15,052
Foreign exchange		**11,055**	6,941	14,271	**26,478**	23,511
Net gains on derivative financial instruments		**18,805**	5,290	11,091	**55,070**	27,143
Net (loss) gains on securities		**(835)**	3,230	82	**6,073**	6,083
Sundry		**2,647**	3,282	1,106	**8,190**	3,215
Other income		**157,345**	133,482	141,229	**439,992**	399,654
Operating revenue		**461,981**	428,359	446,802	**1,314,944**	1,299,901
(Recovery of) provision for loan losses	8	**(12,016)**	52,154	42,279	**285,454**	140,698
Salaries and employee benefits		**159,245**	156,460	162,526	**484,530**	489,569
Data processing		**33,758**	30,807	28,837	**95,172**	91,248
Premises and occupancy, including depreciation		**19,322**	19,195	20,636	**58,348**	62,080
Professional and consulting costs		**16,925**	15,915	17,445	**45,207**	47,197
Deposit guarantee fee		**13,739**	11,627	11,667	**37,203**	35,892
Equipment, including depreciation		**5,350**	5,084	6,121	**16,561**	18,669
Software and other intangibles amortization		**21,236**	20,476	19,642	**60,770**	58,123
General and administrative		**14,413**	12,765	20,591	**37,504**	62,006
ATB agencies		**3,754**	3,683	3,498	**11,035**	10,263
Other		**9,316**	9,803	8,454	**30,045**	31,423
Non-interest expenses		**297,058**	285,815	299,417	**876,375**	906,470
Net income before payment in lieu of tax (PILOT)		**176,939**	90,390	105,106	**153,115**	252,733
PILOT	11	**35,215**	-	23,430	**35,215**	57,315
Net income		**$ 141,724**	$ 90,390	$ 81,676	**$ 117,900**	$ 195,418
Net income attributable to ATB Financial		**$ 141,724**	$ 90,390	$ 81,856	**$ 117,900**	$ 196,831
Net loss attributable to non-controlling interests		**-**	-	(180)	**-**	(1,413)

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

Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

	For the three months ended			For the nine months ended	
($ in thousands)	**Dec 31 2020**	Sept 30 2020	Dec 31 2019	**Dec 31 2020**	Dec 31 2019
Net income	**$ 141,724**	$ 90,390	$ 81,676	**$ 117,900**	$ 195,418
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	**2,552**	5,811	134	**9,917**	(2,636)
Net losses (gains) reclassified to net income	**-**	(3,230)	(83)	**(6,908)**	(3,078)
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges:					
Unrealized net gains (losses) arising during the period	**(34,235)**	(1,268)	(98,828)	**(20,747)**	(28,649)
Net losses (gains) reclassified to net income	**(5,565)**	(15,251)	(12,600)	**(11,410)**	(18,810)
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan liabilities	**2,039**	3,640	13,706	**(62,116)**	(674)
Other comprehensive income (loss)	**(35,209)**	(10,298)	(97,671)	**(91,264)**	(53,847)
Comprehensive income (loss)	**$ 106,515**	$ 80,092	$ (15,995)	**$ 26,636**	$ 141,571
Attributable to:					
ATB Financial	**$ 106,515**	$ 80,092	$ (15,815)	**$ 26,636**	$ 142,984
Non-controlling interests	**-**	-	(180)	**-**	(1,413)

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

	For the three months ended			For the nine months ended	
($ in thousands)	**Dec 31 2020**	Sept 30 2020	Dec 31 2019	**Dec 31 2020**	Dec 31 2019
Retained earnings					
Balance at beginning of period	**$ 3,727,732**	$ 3,638,294	$ 3,768,203	**$ 3,752,651**	$ 3,652,955
Net income attributable to ATB Financial	**141,724**	90,390	81,856	**117,900**	196,831
Other	**(986)**	(952)	811	**(2,081)**	1,084
Balance at end of period	**3,868,470**	3,727,732	3,850,870	**3,868,470**	3,850,870
Non-controlling interest					
Balance at beginning of period	**-**	-	3,081	**-**	4,314
Net loss attributable to non-controlling interests in subsidiaries	**-**	-	(180)	**-**	(1,413)
Other (1)	**-**	-	(164)	**-**	(164)
Balance at end of period	**-**	-	2,737	**-**	2,737
Accumulated other comprehensive income (loss)					
Securities measured at fair value through other comprehensive income					
Balance at beginning of period	**(1,951)**	(4,532)	(7,582)	**(2,408)**	(1,817)
Other comprehensive income (loss)	**2,552**	2,581	51	**3,009**	(5,714)
Balance at end of period	**601**	(1,951)	(7,531)	**601**	(7,531)
Derivative financial instruments designated as cash-flow hedges					
Balance at beginning of period	**340,285**	356,804	117,551	**332,642**	53,582
Other comprehensive income (loss)	**(39,800)**	(16,519)	(111,428)	**(32,157)**	(47,459)
Balance at end of period	**300,485**	340,285	6,123	**300,485**	6,123
Defined benefit plan liabilities					
Balance at beginning of period	**(65,931)**	(69,571)	(79,297)	**(1,776)**	(64,917)
Other comprehensive income (loss)	**2,039**	3,640	13,706	**(62,116)**	(674)
Balance at end of period	**(63,892)**	(65,931)	(65,591)	**(63,892)**	(65,591)
Accumulated other comprehensive income (loss)	**237,194**	272,403	(66,999)	**237,194**	(66,999)
Equity	**$ 4,105,664**	$ 4,000,135	$ 3,786,608	**$ 4,105,664**	$ 3,786,608

(1) Amount relates to the change in Class B shares during the period. (See Note 27 of the 2020 ATB's annual consolidated financial statements.)

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited)

	For the three months ended			For the nine months ended	
($ in thousands)	**Dec 31 2020**	Sept 30 2020	Dec 31 2019	**Dec 31 2020**	Dec 31 2019
Cash flows from operating activities					
Net income	**$ 141,724**	$ 90,390	$ 81,676	**$ 117,900**	$ 195,418
Adjustments for non-cash items and other items					
(Recovery of) provision for loan losses	**(12,016)**	52,154	42,279	**285,454**	140,698
Depreciation and amortization	**34,522**	33,960	29,668	**101,137**	90,984
Net loss (gains) on securities	**835**	(3,230)	(82)	**(6,073)**	(6,083)
Adjustments for net changes in operating assets and liabilities					-
Loans	**316,439**	726,998	(297,598)	**2,057,912**	427,691
Deposits	**529,868**	676,667	(1,110,893)	**1,814,132**	(819,711)
Derivative financial instruments	**22,538**	7,868	53,897	**80,141**	41,439
Prepayments and other receivables	**29,637**	58,786	47,972	**79,980**	20,775
Accounts receivable – financial market products	**59,933**	(254,256)	123,534	**(104,288)**	13,838
Due to clients, brokers, and dealers	**19,736**	3,079	2,452	**(6,009)**	3,390
Deposit guarantee fee payable	**14,483**	13,796	13,406	**(12,791)**	(12,236)
Accounts payable and accrued liabilities	**(85,907)**	(156,254)	(384,912)	**(741,220)**	(158,468)
Accounts payable – financial market products	**(35,679)**	215,810	124,013	**239,041**	9,160
Liability for payment in lieu of tax and income taxes	**35,215**	-	23,619	**4,369**	16,836
Net interest receivable and payable	**16,520**	10,243	(49,972)	**(36,115)**	(23,682)
Change in defined benefit plan liabilities	**(983)**	(5,144)	(12,320)	**63,120**	3,804
Others, net	**(144,962)**	(55,914)	(47,185)	**(305,897)**	(130,082)
Net cash provided by (used in) operating activities	**941,903**	1,414,953	(1,360,446)	**3,630,793**	(186,229)
Cash flows from investing activities					
Change in securities measured at fair value profit or loss	**(801,720)**	887,810	(544,057)	**1,190,729**	(1,179,245)
Change in securities purchased under reverse repurchase agreements	**-**	-	400,267	**-**	400,355
Change in interest-bearing deposits with financial institutions	**(33,402)**	(10,658)	(247,369)	**(53,459)**	118,145
Purchases and disposals of property and equipment, software, and other intangibles	**(20,507)**	(13,482)	(37,704)	**(44,636)**	(85,628)
Net cash provided by (used in) investing activities	**(855,629)**	863,670	(428,863)	**1,092,634**	(746,373)
Cash flows from financing activities					
Issuance of wholesale borrowings	**2,362,893**	553,053	3,807,619	**5,409,845**	6,856,469
Repayment of wholesale borrowings	**(1,723,698)**	(1,709,286)	(1,421,663)	**(6,041,190)**	(5,450,356)
Issuance of collateralized borrowings	**208,901**	227,113	153,394	**531,920**	592,286
Repayment of collateralized borrowings	**(780,650)**	(193,112)	(521,402)	**(1,085,417)**	(1,032,428)
Change in securities sold under repurchase agreements	**6,192**	34,472	50,277	**(310,164)**	247,435
Issuance of subordinated debentures	**-**	-	-	**30,845**	41,612
Repayment of subordinated debentures	**-**	-	(298,188)	**(30,845)**	(380,752)
Net cash provided by (used in) financing activities	**73,638**	(1,087,760)	1,770,037	**(1,495,006)**	874,266
Net increase (decrease) in cash	**159,912**	1,190,863	(19,272)	**3,228,421**	(58,336)
Cash at beginning of the period	**4,381,053**	3,190,190	160,938	**1,312,544**	200,002
Cash at end of the period	**$ 4,540,965**	$ 4,381,053	$ 141,666	**$ 4,540,965**	$ 141,666
Net cash (used in) provided by operating activities includes:					
Interest paid	**$ (181,463)**	$ (134,375)	$ (269,353)	**$ (514,131)**	$ (716,031)
Interest received	**502,620**	439,223	524,955	**1,352,697**	1,592,598

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

Notes to the Interim Condensed Consolidated Financial Statements

For the nine months ended December 31, 2020

1 Nature of Operations

ATB Financial (ATB) is an Alberta-based financial services provider engaged in retail and commercial banking, credit cards, digital banking, and wealth-management, investment-management and capital-markets services. ATB is an agent of the Crown in right of Alberta and operates under the authority of the *ATB Financial Act (the ATB Act),* Revised Statutes of Alberta, 2000, chapter A-37. Under the *ATB Act,* ATB was established as a provincial Crown corporation governed by a board of directors that was appointed by the Lieutenant-Governor in Council. The address of the head office is 2100, 10020-100 Street, Edmonton, Alberta, Canada, T5J 0N3.

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the Government of Alberta in lieu of such a charge. (See Note 11.)

2 Significant Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements ("interim statements") are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the accounting requirements of the Alberta Superintendent of Financial Institutions (ASFI). The interim statements do not include all information required for complete annual consolidated financial statements and should be read in conjunction with ATB's 2020 annual consolidated financial statements. The accounting policies, methods of computation, and presentation of these interim statements are consistent with the most recent annual consolidated financial statements. These interim statements were approved by the Audit Committee on February 17, 2021.

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

Significant Accounting Judgments, Estimates, and Assumptions

While applying ATB's accounting policies, management has exercised judgment and made estimates in determining amounts recognized in the interim statements. The most significant judgments and estimates include allowances for loan losses, determination of the fair value of financial instruments; depreciation of premises and equipment; amortization of software; determination of the carrying value of goodwill; and assumptions underlying the accounting for employee benefit obligations as described in Note 2 of ATB's 2020 annual consolidated financial statements. Actual results could differ significantly from these estimates; the impact of any such differences will be recorded in future periods.

COVID-19

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

ATB records allowances for losses for all loans by incorporating a forward-looking expected credit loss approach, as required under IFRS 9. This process involves 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 the economic impact of the COVID-19 pandemic, and we continue to closely monitor the situation and its impacts on our customers. Additional information regarding our allowances for loan losses is included in Note 8.

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Interest Rate Benchmark Reform Phase 1

In September 2019, the International Accounting Standards Board (IASB) issued amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 7 *Financial Instruments: Disclosures*. The amendments provide relief to all existing hedging relationships that are directly affected by reforms made to all interbank offered rates (IBOR) and allows these relationships to continue instead of being terminated before transitioning to an alternative interest rate. In addition, specific disclosures relating to the reform and its impact on ATB's hedging relationships will be required.

During the first quarter of FY2021, ATB adopted the above amendments, which had no impact on our financial statements. ATB will cease to apply these amendments as IBOR-based cash flows transition to new risk-free rates or when the hedging relationships impacted by the amendment are discontinued.

Hedge Accounting

ATB's accounting policies relating to hedge accounting are described in Note 2 of the 2020 annual consolidated financial statements. For a derivative instrument to qualify for hedge accounting, the relationship between the derivative (hedging) instrument and the hedged item(s) must be designated and formally documented at inception. ATB documents an assessment of the effectiveness of the derivative instrument in offsetting changes in cash flows or fair value of the hedged item, both at inception of the hedging relationship and throughout the term. The IBOR reform does not yet specify when we need to perform the retrospective assessment to demonstrate that the hedges are effective. The amendments provide relief with regards to the assumption that the interest rate benchmark used in the hedging relationship is not altered as a result of the interest rate benchmark reform. ATB's prospective effectiveness testing is based on existing hedged cash flows or hedged risks. Any ineffectiveness arising from retrospective testing is recognized in net income.

Cash-Flow Hedges

ATB's derivative instruments in cash-flow hedges are intended to generate cash flows that offset the variability in expected and/or anticipated cash flows from the hedged item. Although the reform creates uncertainty, the amendments provide relief and assume the highly probable hedged cash-flows do not change as a result of the reform.

Fair-Value Hedges

Changes in fair value of derivatives that qualify and are designated as fair-value hedges are recorded in the consolidated statement of income together with changes in the fair value of the hedged asset or liability attributable to the hedged risk. ATB applies hedge accounting to IBOR rates when that rate is separately identifiable and reliably measurable at inception of the hedge relationship.

Hedging Relationships Impacted by the Interest Rate Benchmark Reform

As at December 31, 2020, ATB has six hedging relationships that have been impacted by the interest rate benchmark reform.

The following table shows the notional amount of our hedging instruments that will expire after 2021 and result in hedge accounting being discontinued and redesignated. The notional amounts of our hedging instruments also approximate the extent of the risk exposure we manage through hedging relationships:

As at December 31, 2020 *($ in thousands)*	**Notional amount**
Interest rate swaps	
USD London InterBank Offered Rate (LIBOR)	**$312,561**

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

In October 2018, the IASB issued *Definition of Material (Amendments to IAS 8),* amending the definition of material in IAS 8 and replacing past definitions to use when applying the standard. The new definition considers information as material "if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that primary users of general purpose financial statements make" based on a specific reporting entity's financial statements.

ATB determined there is no impact on our financial presentation.

Future Accounting Policy Changes

The following standards have been issued but are not yet effective on the date of issuance of ATB's consolidated financial statements.

Interest Rate Benchmark IBOR Reform Phase 2

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

ATB is currently assessing the impact of these amendments, which must be applied retroactively. However, they should not materially impact our financial statements. Restatement of prior periods is not required but may be applied only without the use of hindsight. Phase 2 would be effective for annual reporting periods beginning on or after January 1, 2021; for ATB, it's effective April 1, 2021, the start of ATB's FY2022.

Annual Improvements to IFRS Standards 2018–20

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

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

Proceeds before Intended Use (Amendments to IAS 16 *Property, Plant and Equipment*)

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*. The change prohibits deducting from the cost of property, plant, and equipment any proceeds from selling items produced while readying the assets for use. Instead, the cost of producing those items and the proceeds from selling them must be recognized immediately in profit or loss.

ATB is currently assessing the impact of these amendments, which are effective for annual reporting periods beginning on or after January 1, 2022, with early application permitted. However, they should not impact our financial statements. The amendments take effect on April 1, 2022, the start of ATB's FY2023.

COVID-19-Related Rent Concessions (Amendments to IFRS 16 *Leases*)

In May 2020, the IASB issued *COVID-19-Related Rent Concessions (Amendments to IFRS 16),* exempting lessees from determining whether a COVID-19-related rent concession granted until June 2021 is a lease modification. Lessees that apply the exemption must disclose that they've done so in their financial statements.

The amendment is effective for periods beginning on or after June 1, 2020. However, as we have no COVID-19-related rent concessions, there is no impact to our financial statements. The amendments must be treated retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, but prior-period figures do not need to be restated. The amendments can be included for the quarter ended December 31, 2020, and onwards if a concession arises and is deemed appropriate by management.

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

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

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

IFRS 17 *Insurance Contracts*

In May 2017, the IASB published a new standard, IFRS 17 *Insurance Contracts,* establishing principles for recognizing, measuring, presenting, and disclosing insurance contracts within the scope of the standard. A narrow scope amendment was finalized in June 2020 to clarify a number of items outlined in the standard.

ATB is currently assessing the impact of this new standard. A narrow scope amendment was finalized in June 2020 that defers the date of initial application, and, as a result, IFRS 17 replaces IFRS 4 *Insurance Contracts,* effective for annual periods beginning on or after January 1, 2023, and, for ATB, effective April 1, 2023, the start of ATB's FY2024. Earlier application is permitted if IFRS 15 *Revenue From Contracts With Customers* and IFRS 9 *Financial Instruments* have also been applied. ATB has chosen to not adopt the standard early.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 *Presentation of Financial Statements*)

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* that amends the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about such items.

ATB reviewed the new definition, which is effective for annual reporting periods beginning on or after January 1, 2022, and determined that it does not impact our financial presentation. Earlier application is permitted. The amendments to IAS 1 take effect on April 1, 2023, the start of ATB's FY2024.

4 Financial Instruments

Classification and Carrying Value

The following tables summarize the classification, carrying value, and fair value of ATB's financial instruments as at December 31 and March 31, 2020.

As at December 31, 2020 *($ in thousands)*	Carrying value					
	Financial instruments classified as at FVTPL	**Financial instruments designated as at FVTPL**	**Financial instruments classified as at FVOCI**	**Financial instruments designated as at FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,540,965**	**$ 4,540,965**
Interest-bearing deposits with financial institutions (1)	**-**	**154,487**	**-**	**-**	**-**	**154,487**
Securities measured at FVTPL (1)	**50,716**	**22,060**	**-**	**-**	**-**	**72,776**
Securities measured at FVOCI	**-**	**-**	**3,428,614**	**14,373**	**-**	**3,442,987**
Total securities	**50,716**	**22,060**	**3,428,614**	**14,373**	**-**	**3,515,763**
Business loans	**-**	**-**	**-**	**-**	**23,190,242**	**23,190,242**
Residential mortgages	**-**	**-**	**-**	**-**	**15,981,111**	**15,981,111**
Personal loans	**-**	**-**	**-**	**-**	**5,805,663**	**5,805,663**
Credit card	**-**	**-**	**-**	**-**	**694,710**	**694,710**
Allowances for loan losses	**-**	**-**	**-**	**-**	**(852,737)**	**(852,737)**
Total loans (2)	**-**	**-**	**-**	**-**	**44,818,989**	**44,818,989**
Derivative financial instruments	**1,341,957**	**-**	**-**	**-**	**-**	**1,341,957**
Other assets	**-**	**-**	**-**	**-**	**504,616**	**504,616**
Total other assets (1)	**1,341,957**	**-**	**-**	**-**	**504,616**	**1,846,573**
Financial liabilities						
Redeemable fixed-date deposits	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,002,387**	**$ 2,002,387**
Non-redeemable fixed-date deposits	**-**	**-**	**-**	**-**	**6,858,916**	**6,858,916**
Savings accounts	**-**	**-**	**-**	**-**	**11,903,712**	**11,903,712**
Transaction accounts	**-**	**-**	**-**	**-**	**10,849,932**	**10,849,932**
Notice accounts	**-**	**-**	**-**	**-**	**5,571,972**	**5,571,972**
Total deposits (3)	**-**	**-**	**-**	**-**	**37,186,919**	**37,186,919**
Securities sold under repurchase agreements (1)	**-**	**-**	**-**	**-**	**40,664**	**40,664**
Wholesale borrowings (4)	**-**	**294,421**	**-**	**-**	**3,468,031**	**3,762,452**
Collateralized borrowings (5)	**-**	-	**-**	**-**	**7,991,595**	**7,991,595**
Derivative financial instruments (1)	**904,499**	**-**	**-**	**-**	**-**	**904,499**
Other liabilities (1)	**-**	**-**	**-**	**-**	**1,300,693**	**1,300,693**
Total other liabilities	**904,499**	**294,421**	**-**	-	**12,800,983**	**13,999,903**

(1) Fair value is estimated to equal carrying value.
(2) Fair value of loans is estimated at $46,794,347.
(3) Fair value of deposits is estimated at $37,212,474.
(4) Fair value of wholesale borrowings is estimated at $3,920,832.
(5) Fair value of collateralized borrowings is estimated at $8,331,204.

As at March 31, 2020 ($ in thousands)	Carrying value Financial instruments classified as at FVTPL	Financial instruments designated as at FVTPL	Financial instruments classified as at FVOCI	Financial instruments designated as at FVOCI	Financial instruments measured at amortized cost	Total carrying value
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 1,312,544	$ 1,312,544
Interest-bearing deposits with financial institutions (1)	-	101,028	-	-	-	101,028
Securities measured at FVTPL (1)	45,302		-	-	-	45,302
Securities measured at FVOCI	-	-	4,576,143	10,081	-	4,586,224
Total securities	45,302	-	4,576,143	10,081	-	4,631,526
Business loans	-	-	-	-	24,369,982	24,369,982
Residential mortgages	-	-	-	-	16,212,297	16,212,297
Personal loans	-	-	-	-	6,369,432	6,369,432
Credit card	-	-	-	-	729,712	729,712
Allowances for loan losses	-	-	-	-	(699,255)	(699,255)
Total loans (2)	-	-	-	-	46,982,168	46,982,168
Derivative financial instruments	1,539,634	-	-	-	-	1,539,634
Other assets	-	-	-	-	410,609	410,609
Total other assets (1)	1,539,634	-	-	-	410,609	1,950,243
Financial liabilities						
Redeemable fixed-date deposits	$ -	$ -	$ -	$ -	$ 1,462,566	$ 1,462,566
Non-redeemable fixed-date deposits	-	-	-	-	8,527,652	8,527,652
Savings accounts	-	-	-	-	9,485,318	9,485,318
Transaction accounts	-	-	-	-	8,653,216	8,653,216
Notice accounts	-	-	-	-	7,244,615	7,244,615
Total deposits (3)	-	-	-	-	35,373,367	35,373,367
Securities sold under repurchase agreements (1)	-	-	-	-	350,828	350,828
Wholesale borrowings (4)	-	318,665	-	-	4,083,502	4,402,167
Collateralized borrowings (5)	-	-	-	-	8,545,092	8,545,092
Derivative financial instruments (1)	989,256	-	-	-	-	989,256
Other liabilities (1)	-	-	-	-	2,030,530	2,030,530
Total other liabilities	989,256	318,665	-	-	15,009,952	16,317,873

(1) Fair value is estimated to equal carrying value.
(2) Fair value of loans is estimated at $48,942,323.
(3) Fair value of deposits is estimated at $35,479,325.
(4) Fair value of wholesale borrowings is estimated at $4,554,685.
(5) Fair value of collateralized borrowings is estimated at $8,855,759.

Fair-Value Hierarchy

The following tables present the financial instruments ATB has recognized at fair value using the fair-value hierarchy described in Note 5 to the consolidated financial statements for the year ended March 31, 2020. Transfers between fair-value levels can result from additional, revised, or new information about the availability of quoted market prices or observable market inputs. For the nine months ended December 31, 2020, and the year ended March 31, 2020, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at December 31, 2020 *($ in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Interest-bearing deposits with financial institutions	**$ -**	**$ 154,487**	**$ -**	**$ 154,487**
Securities				
Securities measured at FVTPL	**22,209**	**-**	**50,567**	**72,776**
Securities measured at FVOCI	**3,428,614**	**-**	**14,373**	**3,442,987**
Other assets				
Derivative financial instruments	**35,348**	**1,306,609**	**-**	**1,341,957**
Total financial assets	**$ 3,486,171**	**$ 1,461,096**	**$ 64,940**	**$ 5,012,207**
Financial liabilities				
Wholesale borrowings	**$ -**	**$ 294,421**	**$ -**	**$ 294,421**
Other liabilities				
Derivative financial instruments	**31,216**	**873,283**	**-**	**904,499**
Total financial liabilities	**$ 31,216**	**$ 1,167,704**	**$ -**	**$ 1,198,920**

As at March 31, 2020 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 101,028	$ -	$ 101,028
Securities				
Securities measured at FVTPL	9,190	-	36,112	45,302
Securities measured at FVOCI	4,576,143	-	10,081	4,586,224
Other assets				
Derivative financial instruments	33,757	1,505,877	-	1,539,634
Total financial assets	$ 4,619,090	$ 1,606,905	$ 46,193	$ 6,272,188
Financial liabilities				
Wholesale borrowings	$ -	$ 318,665	$ -	$ 318,665
Other liabilities				
Derivative financial instruments	29,495	959,761	-	989,256
Total financial liabilities	$ 29,495	$ 1,278,426	$ -	$ 1,307,921

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

The following table presents the changes in fair value of Level 3 financial instruments for the nine months ended December 31, 2020.

($ in thousands)	**Securities designated as at FVOCI**	**Securities classified as at FVTPL**
Fair value as at March 31, 2020	**$ 10,081**	**$ 36,112**
Total realized and unrealized losses included in net income	**-**	**(866)**
Total realized and unrealized gains included in other comprehensive income	**(541)**	**-**
Purchases and issuances	**4,833**	**15,321**
Sales and settlements	**-**	**-**
Fair value as at December 31, 2020	**$ 14,373**	**$ 50,567**
Change in unrealized loss included in income regarding financial instruments held as at December 31, 2020	**$ -**	**$ (866)**

The interim condensed consolidated statement of income line item for net gains on securities captures both realized and unrealized fair-value movements on all financial instruments classified and designated at FVTPL and realized gains on securities measured at fair value through other comprehensive income (FVOCI).

5 Financial Instruments – Risk Management

ATB has included certain disclosures required by IFRS 7 in the Risk Management section of the MD&A relating to credit, market, foreign-exchange, and liquidity risks. The use of financial instruments exposes ATB to credit, liquidity, market, interest-rate, and foreign-exchange risk. ATB's risk management practices and key measures are disclosed in the Risk Management section of the MD&A in ATB's *2020 Annual and Corporate Social Responsibility Report*.

6 Securities

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

As at December 31, 2020 *($ in thousands)*	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total carrying value**
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	**$ 22,060**	**$ -**	**$ -**	**$ 22,060**
Other securities	**76**	**40,857**	**9,783**	**50,716**
Total securities measured at FVTPL	**$ 22,136**	**$ 40,857**	**$ 9,783**	**$ 72,776**
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	**$ 677,179**	**$ 2,751,435**	**$ -**	**$ 3,428,614**
Other securities	**-**	**-**	**14,373**	**14,373**
Total securities measured at FVOCI	**$ 677,179**	**$ 2,751,435**	**$ 14,373**	**$ 3,442,987**

As at March 31, 2020 *($ in thousands)*	Within 1 year	1 to 5 years	Over 5 years	Total carrying value
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	$ 9,027	$ -	$ -	$ 9,027
Other securities	140	29,981	6,154	36,275
Total securities measured at FVTPL	$ 9,167	$ 29,981	$ 6,154	$ 45,302
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	$ 3,223,635	$ 1,352,508	$ -	$ 4,576,143
Other securities	-	-	10,081	10,081
Total securities measured at FVOCI	$ 3,223,635	$ 1,352,508	$ 10,081	$ 4,586,224

Other Securities

These securities in the current year relate to investments made by ATB and its subsidiaries in a broad range of private Alberta companies. There is no observable market price for the investments made in these private Alberta companies as at the balance sheet date. ATB estimated the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies, specifically the expected earnings before interest, income tax, depreciation, and amortization (EBITDA). The key assumptions in this model are the EBITDA multiple of 3.67 to 9.11. A 10% change to each multiple would result in a $1.2-million change in fair value. (September 2020: $0.8 million; December 2019: $1.5 million). Note that September 2020 and December 2019 used a different valuation technique, so it will not be exactly comparable to this year's result).The estimate is also adjusted for the effect of the non-marketability of these investments.

7 Loans

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

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

Credit Quality

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

As at *($ in thousands)*				Dec 31 2020				March 31 2020
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$ 3,439,465	$ 377,426	-	$ 3,816,891	$ 3,336,305	$ 786,025	$ -	$ 4,122,330
Low risk	10,830,501	2,391,607	-	13,222,108	7,470,953	6,951,518	-	14,422,471
Medium risk	3,104,165	1,386,599	-	4,490,764	2,445,622	1,977,782	-	4,423,404
High risk	-	751,497	-	751,497	611	431,582	-	432,193
Not rated (1)	24,757	8,154	-	32,911	27,190	5,145	-	32,335
Impaired	-	-	876,071	876,071	-	-	937,249	937,249
Total business loans	17,398,888	4,915,283	876,071	23,190,242	13,280,681	10,152,052	937,249	24,369,982
Very low risk	7,182,056	16,854	-	7,198,910	6,711,002	7,709	-	6,718,711
Low risk	4,575,955	1,026,525	-	5,602,480	4,818,879	859,244	-	5,678,123
Medium risk	1,276,680	1,173,624	-	2,450,304	1,577,366	1,112,308	-	2,689,674
High risk	192,580	440,812	-	633,392	273,116	733,869	-	1,006,985
Not rated (1)	6,564	5,611	-	12,175	10,287	4,272	-	14,559
Impaired	-	-	83,850	83,850	-	-	104,245	104,245
Total residential mortgages	13,233,835	2,663,426	83,850	15,981,111	13,390,650	2,717,402	104,245	16,212,297
Very low risk	2,519,140	13,077	-	2,532,217	2,544,666	7,987	-	2,552,653
Low risk	1,423,801	592,991	-	2,016,792	1,655,631	530,452	-	2,186,083
Medium risk	472,415	444,395	-	916,810	705,639	412,800	-	1,118,439
High risk	73,036	192,933	-	265,969	137,184	283,022	-	420,206
Not rated (1)	4,916	16,509	-	21,425	17,621	7,167	-	24,788
Impaired	-	-	52,450	52,450	-	-	67,263	67,263
Total personal loans	4,493,308	1,259,905	52,450	5,805,663	5,060,741	1,241,428	67,263	6,369,432
Very low risk	95,347	7,617	-	102,964	67,909	11,899	-	79,808
Low risk	232,649	63,860	-	296,509	195,386	66,612	-	261,998
Medium risk	147,965	52,690	-	200,655	155,396	50,083	-	205,479
High risk	22,958	15,320	-	38,278	36,516	62,341	-	98,857
Not rated (1)	8,423	43,454	-	51,877	15,120	61,539	-	76,659
Impaired	-	-	4,427	4,427	-	-	6,911	6,911
Total credit card	507,342	182,941	4,427	694,710	470,327	252,474	6,911	729,712
Total loans	35,633,373	9,021,555	1,016,798	45,671,726	32,202,399	14,363,356	1,115,668	47,681,423
Total allowances for loan losses	(123,801)	(351,111)	(377,825)	(852,737)	(108,827)	(206,626)	(383,802)	(699,255)
Total net loans	$ 35,509,572	$ 8,670,444	$ 638,973	$ 44,818,989	$ 32,093,572	$ 14,156,730	$ 731,866	$ 46,982,168
Very low risk	$ 4,248,671	$ 45,170	-	$ 4,293,841	$ 4,224,656	$ 7,839	$ -	$ 4,232,495
Low risk	862,415	174,837	-	1,037,252	719,723	291,104	-	1,010,827
Medium risk	124,735	48,260	-	172,995	94,513	56,042	-	150,555
High risk	-	264	-	264	10,555	25,994	-	36,549
Not rated (1)	68,216	18,565	-	86,781	6,707	9,156	-	15,863
Total undrawn loan commitments – retail	$ 5,304,037	$ 287,096	$ -	$ 5,591,133	$ 5,056,154	$ 390,135	$ -	$ 5,446,289
Very low risk	$ 4,458,093	$ 508,918	-	$ 4,967,011	$ 3,484,632	$ 333,879	$ -	$ 3,818,511
Low risk	5,365,860	1,200,581	-	6,566,441	3,461,944	2,468,023	-	5,929,967
Medium risk	730,917	496,788	-	1,227,705	467,592	494,239	-	961,831
High risk	891	239,761	-	240,652	30	151,807	-	151,837
Not rated (1)	113,662	138,584	-	252,246	119,493	154,081	-	273,574
Total undrawn loan commitments – non-retail	$ 10,669,423	$ 2,584,632	$ -	$ 13,254,055	$ 7,533,691	$ 3,602,029	$ -	$ 11,135,720

(1) Loans where the customer-account-level risk rating has not been determined have been included within "not rated."

Loans Past Due

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

As at December 31, 2020 *($ in thousands)*	**Business loans**	**Residential mortgages**	**Personal loans**	**Credit card**	**Total**	**Percentage of total gross loans**
Up to 1 month (1)	**$ 33,476**	**$ 104,265**	**$ 31,741**	**$ 33,250**	**$ 202,732**	**0.44%**
Over 1 month up to 2 months	**68,204**	**70,506**	**27,781**	**7,054**	**173,545**	**0.38%**
Over 2 months up to 3 months	**27,613**	**18,142**	**12,192**	**2,506**	**60,453**	**0.13%**
Over 3 months	**59**	**886**	**283**	**4,297**	**5,525**	**0.01%**
Total past due but not impaired	**$ 129,352**	**$ 193,799**	**$ 71,997**	**$ 47,107**	**$ 442,255**	**0.97%**

As at March 31, 2020 *($ in thousands)*	Business loans	Residential mortgages	Personal loans	Credit card	Total	Percentage of total gross loans
Up to 1 month (1)	$ 41,049	$ 95,250	$ 54,729	$ 41,826	$ 232,854	0.49%
Over 1 month up to 2 months	143,962	89,787	66,418	10,534	310,701	0.65%
Over 2 months up to 3 months	59,812	31,086	19,146	5,337	115,381	0.24%
Over 3 months	14,259	1,673	1,120	7,955	25,007	0.05%
Total past due but not impaired	$ 259,082	$ 217,796	$ 141,413	$ 65,652	$ 683,943	1.4%

(1) Loans past due by one day do not represent the borrowers' ability to meet their payment obligations and therefore are not considered by management to be past due nor are they disclosed. Loans in our COVID-19 payment deferral program will temporarily have their days past due not extended during the deferral period unless there are other mitigating factors.

8 Allowances for Loan Losses

Key Inputs and Assumptions

Measuring expected credit losses is based on a complex calculation that involves a number of variables and assumptions. The key inputs for determining expected credit losses are:

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

The fact that borrowers opt to participate in payment-deferral programs does not on its own cause a significant increase in credit risk or trigger a stage migration.

Forward-Looking Information

Relevant forward-looking economic information is incorporated for each loan portfolio when measuring expected credit losses, based on a five-year outlook considering a combination of past, current, and future economic conditions and outlooks.

While there is an elevated level of measurement uncertainty in the COVID-19 environment, there are detailed policies and internal controls in place to ensure these judgments and estimates are controlled, reviewed, and consistently applied.

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

	As at Dec 31, 2020								
	Baseline scenario			**Optimistic scenario**			**Pessimistic scenario**		
	2020	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Unemployment rate *(%)*	**11.4%**	**11.0%**	**10.1%**	**11.2%**	**10.1%**	**9.4%**	**12.2%**	**12.9%**	**10.0%**
Housing starts	**20,600**	**20,100**	**19,800**	**21,400**	**24,200**	**24,600**	**19,700**	**17,100**	**17,800**
Oil prices *(WTI, US$/bbl)*	**38**	**41**	**45**	**40**	**50**	**55**	**37**	**30**	**35**
Foreign-exchange rate *(CDN$1/US$1)*	**0.75**	**0.76**	**0.80**	**0.75**	**0.78**	**0.82**	**0.73**	**0.74**	**0.75**

	As at March 31, 2020								
	Baseline scenario			Optimistic scenario			Pessimistic scenario		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Unemployment rate *(%)*	8.7%	8.5%	8.0%	7.7%	7.6%	7.6%	9.4%	8.9%	8.6%
Housing starts	19,400	18,100	21,700	20,200	20,100	18,500	18,100	18,200	16,200
Oil prices *(WTI, US$/bbl)*	35	40	45	40	45	45	30	35	40
Foreign-exchange rate *(CDN$1/US$1)*	0.74	0.75	0.76	0.75	0.76	0.77	0.70	0.72	0.73

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

	For the three months ended Dec 31, 2020				
($ in thousands)	**Balance at beginning of period**	**Provision for loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**
Business loans	**$ 751,120**	**$ (17,447)**	**$ (27,410)**	**$ 333**	**$ 706,596**
Residential mortgages	**11,338**	**(587)**	**(459)**	**$ (196)**	**10,096**
Personal loans	**96,900**	**9,907**	**(9,623)**	**$ (483)**	**96,701**
Credit card	**44,755**	**(3,889)**	**(1,474)**	**$ (48)**	**39,344**
Total	**$ 904,113**	**$ (12,016)**	**$ (38,966)**	**$ (394)**	**$ 852,737**

	For the three months ended Dec 31, 2019				
($ in thousands)	Balance at beginning of period	Provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period
Business loans	$ 544,904	$ 32,019	$ (59,295)	$ (464)	$ 517,164
Residential mortgages	6,950	1,499	(1,129)	6	7,326
Personal loans	76,964	8,001	(14,137)	(90)	70,738
Credit card	43,316	760	(5,139)	(6)	38,931
Total	$ 672,134	$ 42,279	$ (79,700)	$ (554)	$ 634,159

	For the nine months ended Dec 31, 2020				
($ in thousands)	**Balance at beginning of period**	**Provision for loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**
Business loans	**$ 552,640**	**$ 242,912**	**$ (81,006)**	**$ (7,950)**	**$ 706,596**
Residential mortgages	**12,858**	**1,770**	**(4,163)**	**(369)**	**10,096**
Personal loans	**92,624**	**32,911**	**(28,014)**	**(820)**	**96,701**
Credit card	**41,133**	**7,861**	**(9,592)**	**(58)**	**39,344**
Total	**$ 699,255**	**$ 285,454**	**$ (122,775)**	**$ (9,197)**	**$ 852,737**

($ in thousands)	Balance at beginning of period	Provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period
	For the nine months ended Dec 31, 2019				
Business loans	$ 546,825	$ 92,506	$ (114,513)	$ (7,654)	$ 517,164
Residential mortgages	5,493	4,184	(2,358)	7	7,326
Personal loans	71,498	33,452	(33,895)	(317)	70,738
Credit card	41,097	10,556	(12,669)	(53)	38,931
Total	$ 664,913	$ 140,698	$ (163,435)	$ (8,017)	$ 634,159

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

	For the three months ended Dec 31, 2020				For the three months ended Dec 31, 2019			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – business loans								
Balance at beginning of period	**$ 94,705**	**$ 266,233**	**$ 390,182**	**$ 751,120**	$ 15,780	$ 110,902	$ 418,222	$ 544,904
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**10,381**	**(10,511)**	**130**	**-**	(628)	546	82	-
Transfers into (out of) Stage 2 (1)	**28,962**	**(32,753)**	**3,791**	**-**	(378)	(2,477)	2,855	-
Transfers into (out of) Stage 3 (1)	**(6,339)**	**2,312**	**4,027**	**-**	(4,473)	(10,513)	14,986	-
New originations (2)	**13,328**	**50,190**	**21,515**	**85,033**	4,749	9,741	13,029	27,519
Repayments (3)	**(14,111)**	**(55,583)**	**(37,040)**	**(106,734)**	(5)	(13,229)	(3,292)	(16,526)
Remeasurements (4)	**(46,848)**	**48,947**	**2,155**	**4,254**	1,480	4,660	14,886	21,026
Total provision for loan losses	**(14,627)**	**2,602**	**(5,422)**	**(17,447)**	745	(11,272)	42,546	32,019
Write-offs	**-**	**-**	**(30,687)**	**(30,687)**	-	-	(77,345)	(77,345)
Recoveries	**-**	**-**	**3,277**	**3,277**	-	-	18,050	18,050
Discounted cash flows on impaired loans and other	**(114)**	**(492)**	**939**	**333**	(5)	(22)	(437)	(464)
Balance at end of period	**$ 79,964**	**$ 268,343**	**$ 358,289**	**$ 706,596**	$ 16,520	$ 99,608	$ 401,036	$ 517,164

	For the three months ended Dec 31, 2020				For the three months ended Dec 31, 2019			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – residential mortgages								
Balance at beginning of period	**$ 3,035**	**$ 4,700**	**$ 3,603**	**$ 11,338**	$ 2,193	$ 1,588	$ 3,169	$ 6,950
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**36**	**(34)**	**(2)**	**-**	(56)	48	8	-
Transfers into (out of) Stage 2 (1)	**(157)**	**311**	**(154)**	**-**	(200)	125	75	-
Transfers into (out of) Stage 3 (1)	**38**	**413**	**(451)**	**-**	(517)	(114)	631	-
New originations (2)	**148**	**51**	**34**	**233**	106	39	24	169
Repayments (3)	**(71)**	**(134)**	**(112)**	**(317)**	-	(23)	-	(23)
Remeasurements (4)	**(974)**	**(1,383)**	**1,854**	**(503)**	492	(39)	900	1,353
Total provision for loan losses	**(980)**	**(776)**	**1,169**	**(587)**	(175)	36	1,638	1,499
Write-offs	**-**	**-**	**(627)**	**(627)**	-	-	(1,270)	(1,270)
Recoveries	**-**	**-**	**168**	**168**	-	-	141	141
Discounted cash flows on impaired loans and other	**-**	**-**	**(196)**	**(196)**	-	-	6	6
Balance at end of period	**$ 2,055**	**$ 3,924**	**$ 4,117**	**$ 10,096**	$ 2,018	$ 1,624	$ 3,684	$ 7,326

	For the three months ended Dec 31, 2020				For the three months ended Dec 31, 2019			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – personal loans								
Balance at beginning of period	**$ 34,367**	**$ 47,090**	**$ 15,443**	**$ 96,900**	$ 41,392	$ 12,951	$ 22,621	$ 76,964
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**329**	**(377)**	**48**	**-**	(501)	442	59	-
Transfers into (out of) Stage 2 (1)	**3,621**	**(4,288)**	**667**	**-**	(2,883)	1,623	1,260	-
Transfers into (out of) Stage 3 (1)	**(909)**	**(1,539)**	**2,448**	**-**	(1,169)	(2,442)	3,611	-
New originations (2)	**1,016**	**1,248**	**69**	**2,333**	1,579	295	187	2,061
Repayments (3)	**(1,124)**	**(1,404)**	**(4,363)**	**(6,891)**	(267)	(417)	(33)	(717)
Remeasurements (4)	**(9,426)**	**14,929**	**8,962**	**14,465**	2,792	1,247	2,618	6,657
Total provision for loan losses	**(6,493)**	**8,569**	**7,831**	**9,907**	(449)	748	7,702	8,001
Write-offs	**-**	**-**	**(9,705)**	**(9,705)**	-	-	(15,076)	(15,076)
Recoveries	**-**	**-**	**82**	**82**	-	-	939	939
Discounted cash flows on impaired loans and other	**-**	**-**	**(483)**	**(483)**	-	-	(90)	(90)
Balance at end of period	**$ 27,874**	**$ 55,659**	**$ 13,168**	**$ 96,701**	$ 40,943	$ 13,699	$ 16,096	$ 70,738

	For the three months ended Dec 31, 2020				For the three months ended Dec 31, 2019			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – credit cards								
Balance at beginning of period	**$ 13,708**	**$ 28,949**	**$ 2,098**	**$ 44,755**	$ 10,465	$ 29,823	$ 3,028	$ 43,316
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**(427)**	**425**	**2**	**-**	(117)	100	17	-
Transfers into (out of) Stage 2 (1)	**1,613**	**(1,297)**	**(316)**	**-**	534	(1,096)	562	-
Transfers into (out of) Stage 3 (1)	**8**	**33**	**(41)**	**-**	(197)	(1,393)	1,590	-
New originations (2)	**189**	**95**	**-**	**284**	141	116	-	257
Repayments (3)	**137**	**168**	**(10)**	**295**	(19)	(898)	-	(917)
Remeasurements (4)	**(1,303)**	**(5,184)**	**2,019**	**(4,468)**	(2,803)	1,412	2,811	1,420
Total provision for loan losses	**217**	**(5,760)**	**1,654**	**(3,889)**	(2,461)	(1,759)	4,980	760
Write-offs	**-**	**-**	**(3,866)**	**(3,866)**	-	-	(6,855)	(6,855)
Recoveries	**-**	**-**	**2,392**	**2,392**	-	-	1,716	1,716
Discounted cash flows on impaired loans and other	**(17)**	**(4)**	**(27)**	**(48)**	(9)	(3)	6	(6)
Balance at end of period	**$ 13,908**	**$ 23,185**	**$ 2,251**	**$ 39,344**	$ 7,995	$ 28,061	$ 2,875	$ 38,931

	For the nine months ended Dec 31, 2020				For the nine months ended Dec 31, 2019			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – business loans								
Balance at beginning of period	**$ 54,309**	**$ 139,869**	**$ 358,462**	**$ 552,640**	$ 22,314	$ 77,863	$ 446,648	$ 546,825
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**9,086**	**(9,609)**	**523**	**-**	(1,888)	1,634	254	-
Transfers into (out of) Stage 2 (1)	**6,286**	**(621)**	**(5,665)**	**-**	(3,879)	(3,242)	7,121	-
Transfers into (out of) Stage 3 (1)	**(14,813)**	**(3,706)**	**18,519**	**-**	(2,822)	(45,604)	48,426	-
New originations (2)	**54,953**	**145,002**	**117,381**	**317,336**	13,963	38,450	53,843	106,256
Repayments (3)	**(27,528)**	**(125,223)**	**(89,645)**	**(242,396)**	(3,691)	(31,408)	(25,149)	(60,248)
Remeasurements (4)	**(2,168)**	**123,562**	**46,578**	**167,972**	(7,447)	62,038	(8,093)	46,498
Total provision for loan losses	**25,816**	**129,405**	**87,691**	**242,912**	(5,764)	21,868	76,402	92,506
Write-offs	**-**	**-**	**(105,624)**	**(105,624)**	-	-	(135,961)	(135,961)
Recoveries	**-**	**-**	**24,618**	**24,618**	-	-	21,448	21,448
Discounted cash flows on impaired loans and other	**(161)**	**(931)**	**(6,858)**	**(7,950)**	(30)	(123)	(7,501)	(7,654)
Balance at end of period	**$ 79,964**	**$ 268,343**	**$ 358,289**	**$ 706,596**	$ 16,520	$ 99,608	$ 401,036	$ 517,164

($ in thousands)	For the nine months ended Dec 31, 2020 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	For the nine months ended Dec 31, 2019 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowances for loan losses – residential mortgages								
Balance at beginning of period	**$ 3,007**	**$ 5,469**	**$ 4,382**	**$ 12,858**	$ 1,495	$ 952	$ 3,046	$ 5,493
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**553**	**(555)**	**2**	**-**	(59)	50	9	-
Transfers into (out of) Stage 2 (1)	**2,065**	**(1,753)**	**(312)**	**-**	(640)	320	320	-
Transfers into (out of) Stage 3 (1)	**105**	**955**	**(1,060)**	**-**	(630)	(1,362)	1,992	-
New originations (2)	**1,110**	**(743)**	**87**	**454**	346	238	63	647
Repayments (3)	**(188)**	**(365)**	**(117)**	**(670)**	-	(54)	-	(54)
Remeasurements (4)	**(4,597)**	**916**	**5,667**	**1,986**	1,506	1,480	605	3,591
Total provision for loan losses	**(952)**	**(1,545)**	**4,267**	**1,770**	523	672	2,989	4,184
Write-offs	**-**	**-**	**(4,649)**	**(4,649)**	-	-	(2,745)	(2,745)
Recoveries	**-**	**-**	**486**	**486**	-	-	387	387
Discounted cash flows on impaired loans and other	**-**	**-**	**(369)**	**(369)**	-	-	7	7
Balance at end of period	**$ 2,055**	**$ 3,924**	**$ 4,117**	**$ 10,096**	$ 2,018	$ 1,624	$ 3,684	$ 7,326

($ in thousands)	For the nine months ended Dec 31, 2020 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	For the nine months ended Dec 31, 2019 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowances for loan losses – personal loans								
Balance at beginning of period	**$ 42,834**	**$ 31,697**	**$ 18,093**	**$ 92,624**	$ 38,898	$ 11,764	$ 20,836	$ 71,498
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**(3,546)**	**3,420**	**126**	**-**	(1,666)	1,299	367	-
Transfers into (out of) Stage 2 (1)	**(15,622)**	**13,058**	**2,564**	**-**	(6,284)	1,573	4,711	-
Transfers into (out of) Stage 3 (1)	**(2,442)**	**(4,636)**	**7,078**	**-**	(6,771)	(10,174)	16,945	-
New originations (2)	**5,165**	**(377)**	**387**	**5,175**	5,247	1,002	1,396	7,645
Repayments (3)	**(3,143)**	**(3,691)**	**(5,315)**	**(12,149)**	(366)	(1,012)	(154)	(1,532)
Remeasurements (4)	**4,628**	**16,188**	**19,069**	**39,885**	11,885	9,247	6,207	27,339
Total provision for loan losses	**(14,960)**	**23,962**	**23,909**	**32,911**	2,045	1,935	29,472	33,452
Write-offs	**-**	**-**	**(29,114)**	**(29,114)**	-	-	(36,203)	(36,203)
Recoveries	**-**	**-**	**1,100**	**1,100**	-	-	2,308	2,308
Discounted cash flows on impaired loans and other	**-**	**-**	**(820)**	**(820)**	-	-	(317)	(317)
Balance at end of period	**$ 27,874**	**$ 55,659**	**$ 13,168**	**$ 96,701**	$ 40,943	$ 13,699	$ 16,096	$ 70,738

($ in thousands)	For the nine months ended Dec 31, 2020 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	For the nine months ended Dec 31, 2019 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowances for loan losses – credit cards								
Balance at beginning of period	**$ 8,677**	**$ 29,591**	**$ 2,865**	**$ 41,133**	$ 10,567	$ 26,041	$ 4,489	$ 41,097
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**(316)**	**318**	**(2)**	**-**	778	(818)	40	-
Transfers into (out of) Stage 2 (1)	**(2,307)**	**2,396**	**(89)**	**-**	4,139	(5,593)	1,454	-
Transfers into (out of) Stage 3 (1)	**(4)**	**(759)**	**763**	**-**	(569)	(3,508)	4,077	-
New originations (2)	**443**	**184**	**-**	**627**	622	370	-	992
Repayments (3)	**163**	**448**	**(36)**	**575**	(284)	(1,877)	(2)	(2,163)
Remeasurements (4)	**7,266**	**(8,993)**	**8,386**	**6,659**	(7,244)	13,454	5,517	11,727
Total provision for loan losses	**5,245**	**(6,406)**	**9,022**	**7,861**	(2,558)	2,028	11,086	10,556
Write-offs	**-**	**-**	**(16,630)**	**(16,630)**	-	-	(21,521)	(21,521)
Recoveries	**-**	**-**	**7,038**	**7,038**	-	-	8,852	8,852
Discounted cash flows on impaired loans and other	**(14)**	**-**	**(44)**	**(58)**	(14)	(8)	(31)	(53)
Balance at end of period	**$ 13,908**	**$ 23,185**	**$ 2,251**	**$ 39,344**	$ 7,995	$ 28,061	$ 2,875	$ 38,931

(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 changes in allowances due to changes in economic factors and risk and model parameters.

9 Derivative Financial Instruments

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

	Dec 31 2020			March 31 2020		
As at *($ in thousands)*	**Notional amount**	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Over-the-counter contracts						
Interest rate contracts						
Swaps	**$ 26,963,193**	**$ 560,980**	**$ (307,332)**	$ 32,298,975	$ 577,561	$ (335,189)
Other	**5,510,513**	**181,835**	**(78,032)**	3,855,596	167,702	(61,818)
Total interest rate contracts	**32,473,706**	**742,815**	**(385,364)**	36,154,571	745,263	(397,007)
Foreign-exchange contracts						
Forwards	**2,840,976**	**95,685**	**(82,706)**	2,136,282	140,793	(83,494)
Cross-currency swaps	**1,536,731**	**49,305**	**(39,180)**	2,085,030	180,909	(59,258)
Total foreign-exchange contracts	**4,377,707**	**144,990**	**(121,886)**	4,221,312	321,702	(142,752)
Commodity contracts						
Forwards	**5,861,074**	**418,804**	**(365,258)**	2,130,535	438,912	(418,083)
Total commodity contracts	**5,861,074**	**418,804**	**(365,258)**	2,130,535	438,912	(418,083)
Embedded derivatives						
Market-linked deposits	**410,136**	**-**	**(775)**	423,127	-	(1,919)
Total embedded derivatives	**410,136**	**-**	**(775)**	423,127	-	(1,919)
Total over-the-counter contracts	**43,122,623**	**1,306,609**	**(873,283)**	42,929,545	1,505,877	(959,761)
Exchange-traded contracts						
Interest rate contracts						
Futures	**26,466,000**	**35,348**	**(31,216)**	23,688,000	33,757	(29,495)
Total interest rate contracts	**26,466,000**	**35,348**	**(31,216)**	23,688,000	33,757	(29,495)
Total exchange-traded contracts	**26,466,000**	**35,348**	**(31,216)**	23,688,000	33,757	(29,495)
Total fair value of contracts	**$ 69,588,623**	**$ 1,341,957**	**$ (904,499)**	$ 66,617,545	$ 1,539,634	$ (989,256)

In addition to the notional amounts of derivative instruments shown above, ATB has certain foreign-exchange spot deals that settle in one day. These deals had notional amounts of $108.8 million as at December 31, 2020 (March 31, 2020: $116.1 million).

(Refer to Note 11 of the consolidated financial statements for the year ended March 31, 2020, for more on ATB's derivative-related activities.)

10 Collateralized Borrowings

Canada Mortgage Bonds (CMB) Program

ATB periodically securitizes insured residential mortgage loans by participating in the *National Housing Act* Mortgage-Backed Security Program. The mortgage-backed securities issued as a result of this program are pledged to the CMB Program or to third-party investors. The terms of this transaction do not meet the derecognition criteria as outlined in IFRS 9 *Financial Instruments*; therefore, it is accounted for as a collateralized borrowing. (Refer to Note 16 of the consolidated financial statements for the year ended March 31, 2020, for more on the program.)

Credit Card Securitization

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

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

As at *($ in thousands)*	**Dec 31 2020**	March 31 2020
Principal value of mortgages pledged as collateral	**$ 6,647,647**	$ 7,394,422
ATB mortgage-backed securities pledged as collateral through repurchase agreements	**1,244,803**	605,722
Principal value of credit card receivables pledged as collateral	**628,520**	678,852
Total	**$ 8,520,970**	$ 8,678,996
Associated liabilities	**$ 7,991,595**	$ 8,545,092

11 Payment in Lieu of Tax (PILOT)

For the three and nine months ended December 31, 2020, ATB accrued payment in lieu of tax (PILOT) of $35.2 million for both periods (December 31, 2019: $23.6 million and $58.5 million, respectively). Any PILOT will continue to be settled by issuing subordinated debentures until ATB's Tier 2 notional capital is eliminated. PILOT is calculated as 23.0% of net income reported under IFRS. As noted in the 2020 annual consolidated financial statements, the net income that ATB Capital Markets (formerly AltaCorp Capital Inc.) earned in Canada is subject to PILOT effective April 1, 2020. In addition, net income earned by ATB Private Equity LP, a new legal entity registered March 23, 2020, is also subject to PILOT. Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT is now based on 23% of their net income before PILOT.

12 Capital Management

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

As a Crown corporation, ATB and its subsidiaries operate under a regulatory framework established pursuant to the *ATB Act* and associated regulations and guidelines. The capital adequacy requirements for ATB are defined in a guideline authorized by the Minister, which was modelled after guidelines governing other Canadian deposit-taking institutions. ATB's minimum Tier 1 capital requirement is 7%, and the total capital requirement is the greater of 10% of risk-weighted assets or 5% of total assets. Risk weights are established for various on- and off-balance-sheet assets according to the degree of credit risk. Tier 1 capital consists of retained earnings, and Tier 2 capital consists of eligible portions of subordinated debentures and wholesale borrowings, the collective allowances for loan losses, and notional capital. Wholesale borrowings became eligible as Tier 2 capital as of December 2015 due to a capital requirements guideline amendment. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Effective March 30, 2009, $600 million of notional capital was made available to ATB. This amount decreases by 25% of net income each quarter. Effective April 1, 2017, software and other intangibles were deducted from total capital.

As at December 31, 2020, ATB exceeded the total capital requirements and the Tier 1 capital requirement of the *Capital Requirements* guideline.

($ in thousands)	**Dec 31 2020**	March 31 2020
Tier 1 capital		
Retained earnings	**$ 3,868,470**	$ 3,752,651
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	**1,878,067**	2,018,480
Collective allowance for loan losses	**316,100**	315,453
Notional capital	**74,276**	74,276
Total Tier 2 capital	**$ 2,268,443**	$ 2,408,209
Deductions from capital		
Software and other intangibles	**282,934**	308,819
Total capital	**$ 5,853,979**	$ 5,852,041
Total risk-weighted assets	**$ 36,125,764**	$ 38,803,887
Risk-weighted capital ratios		
Tier 1 capital ratio	**10.7%**	9.7%
Total capital ratio	**16.2%**	15.1%

(1) Effective April 1, 2020, the methodology to calculate the risk-weighted assets was revised, resulting in a lower amount compared to prior-period results. Comparative results were not restated for the change.

13 Segmented Information

ATB has organized its operations and activities around the following three areas of expertise (AoEs) that differ in products and services offered:

- **Everyday Financial Services** provides financial services to individuals and small businesses through our branch, agency, Client Care, and ABM networks.
- **ATB Business,** created April 1, 2020, merged three channels into one operating model to provide more value to our business customers. It provides financial advisory services to medium and large businesses, corporations, and agricultural customers.
- **ATB Wealth** provides investment advisory, insurance solutions, private banking, and institutional portfolio management solutions.

ATB's strategic service units (SSUs) provide company-wide expertise and support to our AoEs toward being customer-obsessed and providing and delivering the best experience, products, and services to our customers. The SSUs comprise business units of a corporate nature, including finance, risk management, 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.

Net interest income is attributed to each AoE according to ATB's internal funds transfer pricing (FTP) system: assets earn net interest income (NII) to the extent that external revenues exceed internal FTP expenses, and liabilities earn NII to the extent that internal FTP revenues exceed external interest expenses. Provision for loan losses is allocated based on the loans the AoE has issued. Direct expenses are attributed across AoEs as incurred. Certain indirect expenses are allocated to ATB Wealth and ATB Capital Markets on the basis of service-level agreements. Other indirect costs are allocated between the reporting segments using indirect allocation methods incorporating financial and activity-based cost drivers. Indirect expenses that are not allocated and direct expenses of a corporate or support nature are reported under strategic service units. (Refer to Notes 2 and 8 of our 2020 annual consolidated financial statements for the year ended March 31, 2020, for more on how we generate the segmented information.)

For the three months ended *($ in thousands)*	**Everyday Financial Services**	**ATB Business (1)**	**ATB Wealth**	**Strategic service units**	**Total**
December 31, 2020					
Net interest income	**$ 127,876**	**$ 163,955**	**$ 5,267**	**$ 7,538**	**$ 304,636**
Other income	**26,405**	**57,440**	**62,498**	**11,002**	**157,345**
Total operating revenue	**154,281**	**221,395**	**67,765**	**18,540**	**461,981**
Provision for (recovery of) loan losses	**4,524**	**(15,124)**	**(1,416)**	**-**	**(12,016)**
Non-interest expenses (2)	**128,666**	**98,351**	**58,483**	**11,558**	**297,058**
Income before payment in lieu of taxes (PILOT)	**21,091**	**138,168**	**10,698**	**6,982**	**176,939**
PILOT (3)	**-**	**26,286**	**2,461**	**6,468**	**35,215**
Net income	**$ 21,091**	**$ 111,882**	**$ 8,237**	**$ 514**	**$ 141,724**
Total assets	**$ 27,621,183**	**$ 22,309,988**	**$ 1,675,861**	**$ 3,957,212**	**$ 55,564,244**
Total liabilities	**17,134,931**	**18,282,197**	**1,709,754**	**14,331,698**	**51,458,580**

($ in thousands)	Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic service units	Total
September 30, 2020					
Net interest income	$ 119,300	$ 161,198	$ 4,133	$ 10,246	$ 294,877
Other income (loss)	27,173	46,542	60,143	(376)	133,482
Total operating revenue	146,473	207,740	64,276	9,870	428,359
(Recovery of) provision for loan losses	(4,308)	56,111	351	-	52,154
Non-interest expenses (2)	128,207	90,424	54,112	13,072	285,815
Income (loss) before PILOT	22,574	61,205	9,813	(3,202)	90,390
PILOT (3)	-	-	2,257	(2,257)	-
Net income (loss)	$ 22,574	$ 61,205	$ 7,556	$ (945)	$ 90,390
Total assets	$ 27,066,730	$ 21,810,678	$ 1,655,786	$ 4,365,880	$ 54,899,074
Total liabilities	16,780,473	18,079,444	1,683,441	14,355,581	50,898,939

($ in thousands)	Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic service units	Total
December 31, 2019					
Net interest income	$ 125,253	$ 154,780	$ 5,580	$ 19,960	$ 305,573
Other income	28,506	43,782	57,966	10,975	141,229
Total operating revenue	153,759	198,562	63,546	30,935	446,802
Provision for loan losses	10,441	31,698	140	-	42,279
Non-interest expenses (2)	138,515	91,764	57,933	11,205	299,417
Income before PILOT	4,803	75,100	5,473	19,730	105,106
PILOT	-	(189)	3,555	20,064	23,430
Net income (loss)	$ 4,803	$ 75,289	$ 1,918	$ (334)	$ 81,676
Total assets	$ 24,708,491	$ 21,659,547	$ 1,076,026	$ 6,849,156	$ 54,293,220
Total liabilities	14,927,609	16,563,940	1,088,906	17,926,157	50,506,612

For the nine months ended *($ in thousands)*	**Everyday Financial Services**	**ATB Business (1)**	**ATB Wealth**	**Strategic service units**	**Total**
December 31, 2020					
Net interest income	**$ 363,317**	**$ 474,018**	**$ 14,058**	**$ 23,559**	**$ 874,952**
Other income	**78,555**	**151,465**	**178,283**	**31,689**	**439,992**
Total operating revenue	**441,872**	**625,483**	**192,341**	**55,248**	**1,314,944**
Provision for loan losses	**54,503**	**226,716**	**4,235**	**-**	**285,454**
Non-interest expenses (2)	**390,490**	**284,478**	**167,355**	**34,052**	**876,375**
(Loss) income before payment in lieu of taxes (PILOT)	**(3,121)**	**114,289**	**20,751**	**21,196**	**153,115**
PILOT (3)	**-**	**26,286**	**4,773**	**4,156**	**35,215**
Net (loss) income	**$ (3,121)**	**$ 88,003**	**$ 15,978**	**$ 17,040**	**$ 117,900**

($ in thousands)	Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic service units	Total
December 31, 2019					
Net interest income	$ 372,117	$ 456,566	$ 15,709	$ 55,855	$ 900,247
Other income	83,353	128,647	170,067	17,587	399,654
Total operating revenue	455,470	585,213	185,776	73,442	1,299,901
Provision for loan losses	38,186	102,132	380	-	140,698
Non-interest expenses (2)	416,483	290,725	167,803	31,459	906,470
Income before PILOT	801	192,356	17,593	41,983	252,733
PILOT	-	(1,138)	10,771	47,682	57,315
Net income (loss)	$ 801	$ 193,494	$ 6,822	$ (5,699)	$ 195,418

(1) Effective April 1, 2020, ATB Business includes Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and ATB Capital Markets Inc. (formerly AltaCorp Capital Inc.).
(2) Certain costs are allocated from the strategic service units (SSUs) to the areas of expertise. The allocation method, revised annually, creates fluctuations in ATB's segmented results.
(3) Effective April 1, 2020, the net income that ATB Capital Markets (formerly AltaCorp Capital Inc.) earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership. Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT has changed to be based on 23% of their net income before PILOT compared to 23% of their legal entity results that had been used in prior years.

14 Comparative Amounts

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

Glossary

Average assets	The average of the daily total asset balances during the quarter.
Average interest-earning assets	The daily average for the quarter consists of cash held in the Bank of Canada's large-value transfer system, deposits with financial institutions,, securities, and loans, including impaired loans and provision for loan losses.
Average risk-weighted assets	The monthly average value for the quarter of assets calculated by applying a prescribed risk-weighted factor to on- and off-balance-sheet asset exposures.
Change in asset under administration	The current quarter's assets under administration less the previous quarter's balance, divided by the previous quarter's assets under administration.
Efficiency ratio	Non-interest expenses for the quarter divided by total operating revenue for the quarter. Other financial institutions may call this the "productivity ratio."
Income before provision for loan losses	All ATB revenue (operating revenue) minus non-interest expenses (operating expenses). Does not include payment in lieu of taxes or provision for loan losses.
Loan loss to average loans	The current quarter's provision for loan losses divided by the average of daily net loan balance in the quarter.
Net interest margin	The ratio of net interest income for the quarter to the value of average interest-earning assets for the quarter.
Net loan change	The current quarter's net loan balance, less the previous quarter's balance, divided by the previous quarter's balance.
Operating expense change	The current quarter's non-interest expenses less the previous quarter's non-interest expenses, divided by the previous quarter's non-interest expenses.
Operating revenue change	The current quarter's total operating revenue less the previous quarter's total operating revenue, divided by the previous quarter's total operating revenue.
Other income to operating revenue	Other income for the quarter divided by operating revenue for the quarter.

Payment in lieu of tax (PILOT)	Payment in lieu of tax (PILOT) is calculated as 23% of ATB's consolidated net income reported under IFRS. If an area of expertise (AoE) is profitable, PILOT is accrued based on 23% of the AoE's net income reported under IFRS. If an AoE is not profitable, any remaining PILOT accrued based on ATB's consolidated net income is recorded to the Strategic service units (SSUs).
Return on average assets	Net income for the quarter divided by average total assets for the quarter.
Return on average risk-weighted assets	Net income for the quarter divided by average risk-weighted assets for the quarter.
Tier 1 capital	A measure of retained earnings used to determine regulatory ratios set out by our regulator, the Alberta Superintendent of Financial Institutions.
Tier 1 capital ratio	Tier 1 capital divided by risk-weighted assets.
Total capital	An internally assessed measure of Tier 1 capital; Tier 2 capital consisting of eligible portions of subordinated debentures, wholesale borrowings, collective allowance for loan losses, and notional capital; and the deduction of software and other intangibles.
Total capital ratio	Total capital divided by risk-weighted assets.
Total operating revenue	The sum of net interest income and other income.
Total deposit change	Total deposits outstanding at quarter-end less total deposits outstanding at the previous quarter-end, divided by the previous quarter’s balance.