2020 Annual and Corporate Social Responsibility Report

Illustration by Jeff Sylvester, Edmonton

Moving Forward

At the time of writing this annual report, the world was in the midst of the still-unfolding COVID-19 crisis and concurrent market volatility and oil price shocks. Right now, we are all facing challenges unlike anything we've ever experienced, and Albertans and their businesses are unsure of what the future holds.

So, what can ATB do? That's not a question that's new to us. It's the one that's guided how we have served Albertans since 1938.

Today, it's a question with bigger implications, yet the answer remains the same. We can be here. To listen. To help. And to do our best to offer meaningful advice, information, and solutions. Solutions that can help our customers navigate the here and now, and move all of us forward.

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Message from President and CEO Curtis Stange

In some ways, it's hard to even remember what the world was like before COVID-19. This crisis has been all-consuming and has required us to commit all of our resources and energy to being there for Albertans and Alberta businesses—whether that's in the form of near-term relief or longer-term recovery.

Despite this reality, or perhaps even because of it, we must take time to reexamine and remember the year that was, before the public health and economic crises hit.

FY2020 was, in fact, a solid year, with plenty of bright spots and learnings that have put us in a stronger position to move forward even in light of current events. Despite ongoing and multi-year economic challenges, FY2020 demonstrated signs and signals that Alberta was beginning to rebuild, giving us a sense that we were—albeit gradually—starting to find our footing again. With this in mind, we began to lean in with cautious optimism that better days were ahead.

Some of the highlights from this past fiscal year's business performance include the following:

- Just one day after the Province declared a public health emergency, ATB deployed a relief package for customers that included deferred mortgages, loans, and credit card payments—keeping approximately $240 million in Albertans' pockets during this difficult time.
- Rapidly, ATB was able to transition into a new operating model for its branch and agency locations to prioritize health and safety of customers and team members, and also moved the majority of its operations and corporate teams to home-based workplaces.
- ATB reached a milestone of $10 million in donations to support children's hospitals in Alberta, and raised a record $5.8 million through ATB Cares for Alberta-based charities this year.
- ATB was proud to be named the #1 place to work in the country by Great Place to Work® Canada. This was the first year ATB was recognized as the top workplace in the nation, and ATB was the only financial institution to make the top 20.
- ATB captured the biggest share of the small business market in the province, with nearly one-quarter of Alberta businesses choosing to bank with ATB.
- ATB closed the acquisition of all outstanding Class B shares of AltaCorp Capital Inc., making it a wholly owned subsidiary. This broadens ATB's service offering and provides customers with holistic corporate and capital markets advice and solutions.

- ATB acquired Grow Technologies Inc. so customers will have access to an easy-to-use and time-saving digital platform that will significantly improve their banking experience.
- ATB was the first financial institution in Canada to offer mortgage support for factory-built homes and residential outbuildings, changing national mortgage insurance policies across Canada.
- ATB's second Build Her Business crowdfunding campaign encouraged 32 women entrepreneurs to start and grow their business, raising close to $100,000 for participants.
- ATB committed $250,000 to support agriculture technology, an important pillar of Alberta's economic viability, through Olds College's Smart Farm program.

> "The speed of technological, social, and economic change requires us to think far ahead to a world that will look different, perhaps even unrecognizable, 10 years from now."
>
> Curtis Stange, President and CEO

One of our most remarkable milestones this year was the development of ATB's new 10-Year Strategic Plan. We took on this challenge, to courageously plan our future direction a full decade in advance, because we knew we had to. The speed of technological, social, and economic change requires us to think far ahead to a world that will look different, perhaps even unrecognizable, 10 years from now.

So, we rolled up our sleeves and spent months researching works from the best minds in technology, finance, social society, and economics, giving ourselves the background we needed to intentionally begin placing bets to secure our long-term sustainability. The resulting strategy is bold and built to ensure ATB is still relevant and thriving in another 80 years in Alberta.

It's true: Our resolve was tested when the pandemic hit, but it was also strengthened. On the eve of our new fiscal year, like so many other institutions and organizations, we had to rapidly change course. Without delay, we triaged our new priorities to ensure we were looking after the health and safety of our team members and our customers, while at the same time getting to work meeting customer needs.

We play a unique role in the province in helping Albertans and Alberta businesses respond to and recover from this crisis. We mobilized in record time to launch our credit relief programs. Thanks to the tremendous commitment and expertise of our teams, we were able to provide real solutions to our customers just 24 hours after the Province declared a public health emergency.

Because we also knew our communities needed us during these extraordinary circumstances, we devoted additional funding to the United Way across Alberta to deploy on-the-ground emergency support to those in poverty, the elderly, and to mental health support agencies.

We were created during the Great Depression to help serve Albertans at a time when other financial institutions weren't all that interested in our province. Back then, it helped our province rebuild, recover, and cultivate prosperity. Today, that commitment is more important than ever. We are being called to impact the province's history once again—and it is a role we take very seriously.

Curtis Stange
President and CEO

> “We understand Alberta because Alberta is home. And we’ll be here, right beside Albertans, as we move forward.”
>
> Joan Hertz, Chair of the Board

Message from Board Chair Joan Hertz

I’ve served on the Board of ATB for 12 years now, and am in my second year as Chair, but it wasn’t until recently on a walk with my father that he told me his ATB story. He recounted how the gravel company he worked for in the early days of the oil sands was an ATB customer. When they were at a point where they were ready to expand, he thought he should diversify his lender support, so he went to another bank to ask for a loan for $25,000. They took six weeks to get back to him and turned him down. So he went back to ATB. ATB looked at his management team and said, “Here’s $75,000.” They used that money to build and grow. And they grew and expanded, eventually becoming one of the largest gravel companies in Alberta, and helping to build the oil sands. All of that was possible because ATB saw potential when other banks didn’t.

I hear stories like that from other customers too, and the theme is always the same: ATB was willing to listen and work with us, when no one else would. That’s a pretty powerful statement about who ATB is and what we do for customers in Alberta.

We spent much of the past year focused on improving our customer experiences and understanding the needs of our business owners so we could do more for them. This included increasing our technology infrastructure so we could respond quickly during this crisis and help customers access our relief programs as well as provincial and federal programs. Because of our investment in digital transformation, we were able to help customers when they needed it most.

> “As a Board, we serve with ATB because we share a passion for Alberta, and I am so grateful to be part of that.”
>
> Joan Hertz, Chair of the Board

No one could have imagined how drastically things would change in the last few weeks of our fiscal year. We had been cautiously optimistic that we were entering the beginnings of a recovery from some of our economic challenges. We were anticipating GDP growth of 0.9%, which isn’t a lot, but it was growth. Thankfully, the work we had done prior to the global pandemic placed us in a stronger position to help Albertans and Alberta businesses during this crisis. We were very proactive in managing our balance sheet and pricing for risk. With a strong book, we were able to do things that made sense for our customers and for our long-term sustainability. That may sound very “banky,” but it ensured we could step up and stand by customers as we work towards recovery. And I know we will see a recovery in this province.

If you look around our boardroom table, you will see a very diverse set of Board members with experience in small, medium, and extremely large businesses. Each of our members leans in to bring their best advice and support to ATB. We are a corporate enterprise, owned by the Province of Alberta, and operationally independent. We act in a commercial and cost-effective manner, and are focused on earning a risk-adjusted return for our Shareholder comparable to other financial institutions—that’s our mandate. As a Board, we serve with ATB because we share a passion for Alberta, and I am so grateful to be part of that. We’ll be saying goodbye to two of our Board members in June. Jim Drinkwater and Jim Carter have been instrumental in helping to build a strong foundation at ATB and we thank them for their collective impact.

While today’s pandemic is unprecedented, our province has weathered other challenges: floods and fires and long down-cycles in our energy industry. Through it all, ATB has been unwavering in its support to help Albertans get through it. We understand Alberta because Alberta is home. And we’ll be here, right beside Albertans, as we move forward.

Joan Hertz
Chair of the Board

> “We are being called to impact the province’s history once again—and it is a role we take very seriously.”
>
> Curtis Stange, President and CEO

Our Strategic Leadership Team

Curtis Stange
President and Chief Executive Officer

Camille Weleschuk
Vice President, Office of the CEO and Government Relations

Chris Turchansky
Chief Experience Officer

Dan Hugo
Chief Financial Officer

Debbie Blakeman
Chief People Officer

Denise Man
Chief Technology Officer

John Tarnowski
Executive Vice President, Everyday Financial Services

Jon Horsman
Senior Executive Vice President, ATB Business, and Chief Executive Officer, AltaCorp Capital

Lisa McDonald
Chief Risk Officer

Ursula Holmsten
Executive Vice President, ATB, and President and CEO, ATB Wealth

> "Our recent selection as the #1 place to work by Great Place to Work® Canada tells us our team members think we're getting it right."
>
> Curtis Stange, President and CEO

Business Highlights

Success isn't always measured in numbers. But numbers do help show us if the work we do is working for Albertans and keeping our province moving.

Here are a few highlights from the past year that demonstrate the impact of what we do for the economy and our communities:

$16.2B

Invested in Alberta's growth with $16.2 billion in new and renewed lending

$1.7B

Achieved $1.7 billion in operating revenue

Welcomed 8,000 net-new customers

$3.0M

Supported more than 325 charities with $3.0 million in donations

$7.6M

Sponsored Alberta events, festivals, and organizations with $7.6 million

Surpassed $10 million with 20th year of Teddy for a Toonie and United Way fundraisers

Raised and donated a record $5.8 million to charities through ATB Cares

Partnered with 84 Alberta schools to run Junior ATB programs

Awards

Great Place to Work® Canada

#1 (best!) place to work
(April 2020; #2 in April 2019)
Best workplaces in Alberta
(November 2019)
Best workplaces for millennials
(October 2019)
Best workplaces in financial services and insurance
(August 2019)

Best workplaces for mental wellness
(May 2019)
Best workplaces for giving back
(April 2019)
Best workplaces for inclusion
(January 2020)
Best workplaces for women
(March 2020)

Fundata Canada Inc.

FundGrade A+ awards for four ATB Wealth products:

Compass Balanced Growth Portfolio
(January 2020)
Compass Balanced Portfolio
(January 2020)
Compass Conservative Balanced Portfolio
(January 2020)
Compass Conservative Portfolio
(January 2020)

Other Recognitions

Kincentric
Best employers in Canada
(December 2019)

Chief Learning Officer®
Learning In Practice strategy award
(October 2019)

JD Power
#2 midsize bank in Canada Retail
Banking study (May 2019)

Forrester Research
Among Canada’s elite for customer experience
(July 2019)

> “Our commitment to the greater good has never been more important than it is right now, as our province begins our post-COVID-19 rebuilding and recovery.”

Corporate Social Responsibility (CSR)

Curtis Stange helped announce the total raised for children’s mental health at our Teddy for a Toonie celebration this summer. We also unveiled the 2020 campaign bear: Koola the Koala!

In Business for the Greater Good

ATB was established in 1938 to serve Albertans who were struggling from the Great Depression. Over the past 81 years we’ve never wavered in our purpose—that when Albertans have a need, we are here to help them, their communities and their businesses.

Our CSR efforts are a testament to how we have expanded our impact in Alberta beyond our role as a financial institution. We see our commitment to the greater good as an essential part of who we are, and we believe that purpose and profit not only belong together—they are intertwined. As we embark on our 10-year strategy, which recognizes the interconnectedness of purpose and profit, we will evolve our CSR work to support socioeconomic opportunities that will drive economic growth in Alberta.

Our commitment to the greater good has never been more important than it is right now, as our province begins our post-COVID-19 rebuilding and recovery. We’ll be here for that, too, because this is our home and we are invested in Alberta’s growth.

The Board of Directors (Governance Committee) reviews CSR policies and procedures to ensure they align with our overall CSR strategy, and is also responsible for reviewing our CSR reporting.

Chett Matchett, Managing Director of People and Culture, leads our CSR governance on a management level and reports directly to the Chief People Officer.

Corporate Donations Committee

The Corporate Donations Committee reviews and approves funding for donation requests at the broader organizational level, based on principles and criteria approved by the Board of Directors. Holly Regel, Director of Corporate Giving and Strategic Partnerships, chairs the committee. It provides direction and monitors progress for all aspects of our CSR program, including corporate donations and fundraising.

Give Locally Committees

The Corporate Donations Committee guides six regional donations committees, which review and approve funding for donation requests at the regional level. A member of the Corporate Donations Committee sits on each regional committee to ensure a coordinated approach to our giving.

Scorecard Advisory Committee

For more information on this committee, please see About This Report section.

> “While the COVID-19 situation has fundamentally changed many aspects of our lives, it has also amplified ATB’s commitment to being there for Albertans.”

Economy

Understanding How Economy Fuels the Greater Good

When the COVID-19 pandemic arrived in March 2020, it created a global economic shock without comparison in modern times. A sudden recession gripped the province, the country, and the world.

In the midst of this new reality, ATB is doing our best to help our customers and all Albertans navigate uncharted territory. We’ve worked with customers to offer tangible, meaningful solutions that helped them address urgent needs and plan for what comes next. And we continued to invest in our communities to help to ensure everyone had what they needed to get through this crisis. While the COVID-19 situation has fundamentally changed many aspects of our lives, it has also amplified ATB’s commitment to being there for Albertans.

This commitment is brought to life in many ways, from ensuring all Albertans have access to banking, to lending a hand to people living in poverty, and contributing to our societal impact. We also work to help Albertans develop the financial literacy skills they need to take control of their money, so everyone can play a role in keeping Alberta moving forward.

Understanding our role and responsibility to the economic health of our province helps us measure our impact and plan for where to focus going forward.

Making Banking Work for Everyone

Four Directions Financial uses biometric technology to make banking more accessible to Albertans experiencing homelessness or living in poverty. Over the last three years, Four Directions has grown to approximately 1,400 customers, with 59% seeing savings at the end of each month.

I don’t feel anxiety coming to the bank because the staff is really helpful, really friendly. I guess the best thing is they’re non-judgmental. And we don’t need any more people judging us for being who we are.

–Yvonne, Four Directions customer

This year we partnered with the Government of Alberta to help open accounts for Alberta Works and Assured Income for the Severely Handicapped (AISH) customers. As many of these customers have limited or no identification, they are now accessing Four Directions Financial to take advantage of the biometric technology, as well as the additional services offered by Boyle Street Community Services.

Indigenous Relations

As part of our commitment to the greater good, becoming more inclusive and advancing recommendations from the Truth and Reconciliation Commission, we continued working towards Progressive Aboriginal Relations (PAR) certification with the Canadian Council for Aboriginal Business (CCAB). We also continued the work that began in 2017 to build a comprehensive Indigenous Relations Strategy, a strategy guided by the following commitment statement that articulates our promise.

> *For ATB to succeed as a truly inclusive organization and as both financial and community partners in reconciliation, it's vital for team members to be ALL IN with our Indigenous Relations Strategy and we continue to share meaningful ways for them to get involved.*
>
> *We're changing the way we work, finding new ways to create happiness and make banking work for Indigenous Peoples, communities and businesses, all while advancing change in our business processes to ensure inclusion practices are embedded throughout our operations.*
>
> *This work will help ATB become ambassadors of cultural change and active participants in the reconciliation movement across the province. And that is when we truly know we're listening.*

Practising our ABCs

This year, we continued to apply the principle of "ABC"—that's access, belonging, and clarity—to rebuild ATB's tools, processes, and policies with particular regard for people with disabilities. For too many people living with a disability, accessing financial services is hard or even impossible. Over the past year we focused on addressing this through our business banking and re-banking apps. This work also expanded to include the atb.com redesign.

The Harmony of Purpose and Profit

For ATB, purpose and profit are intrinsically woven together. Our dedication to support the greater good of Albertans is not something we do "on the side"—it's incorporated into every aspect of our business and our strategic plan.

Here are some of our initiatives that marry business with our commitment to the greater good:

- BoostR, our crowdfunding platform for Alberta businesses.
- Offering free banking to Alberta entrepreneurs during their first year.
- ATB X Accelerator, an intensive 14-week accelerator for business start-ups.
- Custom financing at below-market rates to nonprofits including Attainable Homes, Habitat for Humanity, and the Home Space Society.
- Our innovative partnership with Cashco to reach Albertans outside the conventional financial services system.
- Four Directions Financial, making banking more accessible to Albertans experiencing homelessness or living in poverty.
- Branch for Arts and Culture in both Edmonton and Calgary that caters to artists and arts and culture organizations.
- ATB Entrepreneur Centres in Calgary, Edmonton, Grande Prairie, and Lethbridge, where business owners can meet to share ideas, garner support and learn from banking and business experts.

This Calgary family was welcomed into their new home through Habitat for Humanity's home ownership program.

Financial Empowerment

Over the last year, more than 80 ATB team members volunteered to deliver financial literacy programming for more than 2,000 Albertans. Many of these programs reached some of the most vulnerable, including people experiencing poverty and homelessness.

Junior ATB in Action

Junior ATB spreads financial literacy and job skills to young Albertans in 84 schools across the province. Each "branch" runs as a partnership between a local elementary school and a nearby ATB branch. Students run the whole thing (with some adult oversight) to learn about how banks work firsthand. They accept real money for deposits and teach students about concepts like customer service, professionalism and financial applications of math. The program aims to show students how to manage and save money, while helping Junior ATB team members develop invaluable life and leadership skills as they learn to navigate the ins and outs of running a bank. Students even run their own boards of directors (miniature suits and ties optional).

Financial Pathways Collaborative

Financial Pathways is a unique partnership between three community agencies and seven financial institutions. It brings the "Each One, Teach One" series of workshops to over 1,000 people in the Edmonton community each year. These free workshops cover a variety of topics, from banking basics to RRSPs and RESPs. Attendees include everyone from newcomers to Canada and at-risk youth, to people seeking employment and those living with mental illness. There's no selling involved—the focus is exclusively on empowering people with knowledge, so they can better understand and manage their finances.

Junior Achievement

This year we continued to support junior high and high school student financial literacy programming in Edmonton and Southern Alberta. We ran two ATB Junior Achievement days in Calgary, where volunteers delivered programs to junior high students on everything from financial literacy to leadership. In total, approximately 50 ATB team members helped reach over 1,000 students.

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

Empower U

Empower U—a partnership between ATB, nine Edmonton-based social agencies and the United Way—offers knowledge and matched savings to vulnerable people in the Edmonton area, primarily geared to women. Participants attend volunteer-run workshops and have the opportunity to save money in an Empower U account designed specifically for this program. At the end of the program, savings the participants have accumulated are matched.

Since its inception, over 1,600 Edmontonians have gone through Empower U, with 235 participants having completed the program in 2019. Together with matched savings, participants saved $129,973 this year ($841,274 to date).

The Alex Centre

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

Momentum Tax Time Savings

ATB partnered with Momentum to support Tax Time Savings, a two-year pilot program designed to help low-income Albertans maximize their tax savings. By encouraging people to save a portion of their tax refund in a dedicated ATB account, we helped over 300 participants save more than $320,000 in the two years of the program.

This year the program is providing relief during the pandemic by allowing the 184 participants to withdraw the funds early without sacrificing their matched savings. Beyond Tax Time Savings, looking ahead to next year we will partner with Momentum on the Money Matters program, which gives adults with mental health and addiction challenges the tools they need to take control of their money and manage it successfully.

University of Alberta students spent five nights outside in March to raise awareness and funds for the Youth Emergency Shelter in Edmonton.

Support for Post-Secondary Education

Education nurtures the ingenuity that fuels Alberta's economy and makes our communities stronger and more resilient. That's why supporting students and schools over the last year continued to be a focus for ATB.

ATB Loran Scholars

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

ATB 101

ATB 101 is our student work experience and engagement program. Now in its fifth year, it provides meaningful employment, rich in real-world learning experiences. It encourages students to think big, aim higher and make it happen. Last year we welcomed 92 students into our ranks, with one-third of them having their contracts extended.

Norquest Agency

NorQuest College broke new ground in 2019 when it became the first post-secondary institution in Alberta to manage a banking facility. ATB NorQuest is run by college staff and offers students, employees and the community a full suite of banking services. Half of its profits go directly back into NorQuest itself to benefit students. So far, around 570 accounts have been opened on campus.

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

Bow Valley College

We've teamed up with Bow Valley College to create the ATB Centre for Financial Empowerment on campus, which gives students access to free financial literacy programming and services. Throughout the year, we also work with Bow Valley to deliver events such as "Ask the Banker," budget boot camps, money management workshops, a matched savings bursary program, one-on-one coaching, and more.

Post-Secondary Student Financial Literacy and Engagement

Over the last year, we've teamed up with six of Alberta's post-secondary institutions to help students gain an understanding of the basics of finance. We've created four learning units covering budgeting, saving, the Canadian banking system and taking control of money. More than 700 students from our partner institutions—SAIT, NAIT, the University of Calgary, the University of Alberta, Mount Royal University and MacEwan University—attended the events this year.

In addition to the focus on financial literacy, our post-secondary teams travelled the province listening to our students at over 120 events, covering a broad range of topics around student successes and engagement. This is made possible through partnerships and efforts with local student clubs, groups, student unions and faculties at 10 post-secondary campuses across Alberta.

Helping Albertans in Times of Crisis

Although the full health and economic fallout from the COVID-19 global pandemic is still unfolding, there is no doubt that the world has changed.

ATB was built specifically to help in times of need. We were first formed to support Alberta through the Great Depression, with a goal to help Albertans rebuild, recover and move forward. We used those lessons, which have guided us over the past 81 years, as we mobilized COVID-19 resources for our customers and all Albertans. This included creating a comprehensive relief program to help people with their most urgent financial needs, supporting the not-for-profit organizations that are helping everyone make it through, and gathering information on available government assistance. You can find the most current info here: https://www.atb.com/resources/alerts/covid-19/.

No one knows exactly what will happen next, but ATB will be here to help Alberta through this too.

Economy Scorecard

Metric	FY2019	FY2020	FY2021 target	Action plan
Money spent on goods and services from suppliers	$564 million	$550 million		Continue using a supply base that conforms to environmental standards.
Direct economic value generated and distributed	Economic value generated: $1.6 billion Economic value distributed: $1.5 billion Economic value retained: $147 million	Economic value generated: $1.7 billion Economic value distributed: $1.6 billion Economic value retained: $102 million		Grow our direct economic value generated and distributed to the Alberta economy through execution of our 10-year strategy.
Net income [1]	$138.9 million	$101.9 million		Grow our net income through execution of our 10-year strategy.
Economic profit [1]	$109.6 million	$81.6 million		Grow our economic profit through execution of our 10-year strategy.
Societal impact [2]	$852.9 million	$867 million		Grow our societal impact through execution of our 10-year strategy.
Range of ratios of standard entry-level wages compared to local minimum wage at significant locations of operation	1.063:1	1.063:1		Continue to keep entry-level wages above minimum wage.

(1) Given the current economic challenges, net income after loan loss provisions has declined year over year.

(2) Includes net income plus total compensation, agency commission, deposit guarantee fee, payment in lieu of tax, sponsorships, and donations.

“Our new 10-year strategy recognizes that our people are the gateway to providing remarkable customer experiences, and that in order for us to succeed, we need the right people with the right skills and mindsets, aligned to the right culture.”

Workplace

Working for the Greater Good

Work should be more than a place where you put in time from 9 to 5. It should be the place that fires your passion, ignites your purpose, and inspires you to do more every day. It should allow you to be part of a team that personifies diversity, inclusion, and compassion. It should support your individuality, celebrate your accomplishments, and nourish your wellness and potential. That’s exactly the kind of workplace we aspire to create for every ATB team member. Our recent selection as the #1 place to work by Great Place to Work® Canada tells us our team members think we’re getting it right.

Our new 10-year strategy recognizes that our people are the gateway to providing remarkable customer experiences, and that in order for us to succeed, we need the right people with the right skills and mindsets, aligned to the right culture. There will be changes ahead, but we know our team members are up to that challenge. We also know that when we support and empower our people, they are able to take care of our customers.

When the COVID-19 crisis arrived, making sure our people were safe became our first priority. Those that could work from home found ways to collaborate and keep work moving, and we quickly set up processes to protect the team members that needed to be on the front lines to serve customers in our 315 branches and agencies. Once our people were taken care of, we immediately got to work taking care of our customers—because taking care of our customers is the purpose that unites us.

Creating an inclusive, supportive workplace is one of our key measures of corporate social responsibility. Here are some of the ways we accomplished that this year.

Helping Hands

In this year of economic challenges, ATB team members responded by pitching in across their communities. Helping Hands was there to amplify their actions. For any team member who volunteers 40 hours or more in a year, Helping Hands donates $500 to the cause of their choice. If the volunteering involves fundraising, ATB chips in 20% of their goal up to a maximum of $500.

This year, ATB team members donated more than 35,000 hours of their time to causes they cared about, resulting in over $106,000 in donations to charities.

Hundreds of team members supported Pink Shirt Day in February to stand up against bullying, and our ATB executives helped lead the charge.

Everyday Heroes and President's League

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

Quarterly award winners are also eligible for induction into the President's League. League inductees are invited to a personal reception with the executive team, monthly surprise and delight gifts and a celebration where their achievements are recognized.

Inclusion and Diversity

Our external commitment to inclusion and diversity is echoed in our internal support for these values. We live what we say. So much so, that through a combination of engaged executive leadership and grassroots initiatives, ATB team members have built six uniquely different networks, all unified in their desire to empower every team member to courageously be themselves and to be allies for each other. These include:

- An Indigenous network;
- An LGBTQ2+ network;
- A group for team members who are new to Canada;
- A group for ATB team members of Filipino heritage;
- Ellevate, a group for empowering women at ATB; and
- The Ability team, for team members with disabilities.

These groups created opportunities for like-minded people to connect with and support each other. They also help guide ATB on how we can improve our communication and attract talent and customers in this increasingly diverse province.

Learning and Leadership

If we want great leaders, we need to invest in the next generation of leaders at the start.

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

Mental Health and Wellness

We want every ATB team member to have the health services they need to live their best life. That includes mental health services, which too often carry an unwarranted stigma. Mental illness can impact a life, a family, and a community just like any physical illness can.

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

To support our leaders and all team members, ATB adopted the Mental Health Commission of Canada's best-in-class workplace mental health training called The Working Mind. ATB's internally certified trainers delivered more than 50 sessions to ATB leaders and provided customized follow-up to cement the learning. Custom surveys captured data to track an increase in resilience, decrease in stigma, and tangible behaviour change.

We've also created two grassroots internal ATB teams, the Mental Health Action Team and the Wellness Leadership Committee, that are made up of leaders from across ATB.

This past year we launched Wellness Wednesdays, a monthly video series led by our President and CEO. Each video invites ATB team members to learn about a different aspect of health, like physical, mental, spiritual, and financial.

The Man Van Plan

We continued our partnership with the Prostate Cancer Centre to bring 11 Man Van clinics to rural Alberta, including first-time appearances at Siksika First Nation, Maskwacis First Nations, and at the ATB Financial Classic, where they were also the charity of choice. The only mobile prostate cancer screening clinics in the world, these manly motor vehicles offer convenient blood testing with confidential results, making it quick and easy for Albertan men (including ATB team members) to access prostate cancer screening wherever they live. This year the vans also offered a mental health "stress check," an important addition for the many men who are hesitant to discuss mental wellness.

After five successful "Summer Tours," ATB locations have now hosted an amazing 59 Man Vans and tested more than 2,700 Albertan men.

The Man Van made a stop in Siksika First Nation for the first time this year, providing an easy health screening option for prostate cancer and mental health.

Creating an "ALL IN" environment

Metric	FY2019	FY2020	FY2021 target	Action plan
Employee engagement[1]	91%	86%	76% cultural health index score (moving to new form of measuring team member engagement)	Evaluate our key performance indicators and consider moving to a cultural health index to measure our workplace performance.
Percentage of ATB team members who responded positively to the statement: "I feel good about the ways we contribute to the community."	95%	95%	96%	Raise CSR awareness among team members via the Greater Good strategy.
Percentage of ATB team members who responded positively to the statement: "I am offered training or development to further myself professionally."	84%	84%	88%	Foster an environment of learning, seeking out and sharing of new ideas, and continuous improvement.
Absenteeism[2]	5.1 days	8.2 days	6 days	

(1) The FY2020 result is based on a mid-year Pulse team member survey. The timing of the full survey has been moved to September 2020. We are currently re-evaluating our key performance indicators to measure our workplace performance.

(2) Absenteeism had a significant spike in FY2020 in the fourth quarter, specifically in terms of general illness (i.e., sick leave) due to ATB's decision to offer immediate paid leave to any team members experiencing flu-like symptoms in order to minimize the spread of COVID-19.

Fostering a diverse and inclusive workplace

Metric	FY2019	FY2020	FY2021 target	Action plan
Compensation ratio men vs. women[1]	1.02	1.01	Parity	Ensure compensation plans are fair and equitable.
Senior executives who are women (11 of 29)[2]	38%	38%	Parity	Work towards more balanced gender representation, along with other dimensions of diversity, on our executive team.
Board directors who are women (6 of 12)	50%	50%	Parity	Support our existing Board diversity policy.
Diversity indicators among all team members (as a percentage of population)[3] - Women - Indigenous peoples - Visible minorities - LGBTQ2+ - Persons with disabilities	 63.5% 2.3% 29.2% 3.1% 3.1	No current data	Increase representation of Indigenous people, people with disabilities and LGBTQ2+ team members.	Identify gaps in hiring, especially of people with disabilities and Indigenous people. Continue to grow awareness and create an inclusive workplace through team member networks, and set specific targets for our diversity indicators.

(1) At the overall average level, the wage parity gap at ATB remains small. The 1.01 ratio means that, on average, men earn 1% more than women in equivalent roles. It is believed that men earn somewhere between 13% to 25% more than women nationally, on average.

(2) Includes Strategic Leadership Team and vice presidents. This number rises to 50% when including only the Strategic Leadership Team.

(3) This data is typically collected as part of our annual team member engagement survey. We are not able to include current numbers as the timing of the 2020 survey has been moved to September. We plan to transition to a Cultural Health Index to measure our workplace performance in the future.

“Alberta is our home too. We live here, we work here, and our customers are also often our friends, our neighbours, and our families.”

Community

Building Communities for the Greater Good

The importance of community was never clearer than it is in the age of COVID-19. If community brings us joy in good times, it is a lifeline in the midst of a global health crisis. ATB takes our commitment to our community seriously, in both good times and bad. In part, because of our commitment to the greater good. In larger part, because Alberta is our home too. We live here, we work here, and our customers are also often our friends, our neighbours, and our families. In better times, we see them at the grocery store, at hockey games, and around town. That’s why we look for opportunities to support our communities in meaningful ways, in any way we can.

Our community involvement is one of the measures we use to track our corporate social responsibility efforts. Here are some of the highlights from this past year.

ATB Fundraisers

This year was a significant milestone for two of our biggest annual fundraising campaigns. Both our Teddy for a Toonie and United Way fundraising campaigns turned 20 years old, and both reached a total of $10 million in cumulative contributions.

ATB Cares

ATB Cares aims to amplify the spirit of giving across Alberta. The premise is simple, but the effects are profound. Here’s how it works:

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

Last year was the third year in a row that we achieved record donations through ATB Cares. In total, $5.8 million made its way to Alberta charities last year, up from $5.03 million the year before. Although we know the COVID-19 crisis has made it harder for some people to donate, it has also increased the needs, and we are hopeful Albertans will step up again this coming year, which we have already started to see.

This year was a significant milestone for two of our biggest annual fundraising campaigns. Both our Teddy for a Toonie and United Way fundraising campaigns turned 20 years old, and both reached a total of $10 million in cumulative contributions.

Teddy for a Toonie

Teddy for a Toonie has become an annual tradition in Alberta's fundraising calendar. This year ATB customers and team members came together to raise $644,000 for the Stollery Children's Hospital in Edmonton, the Alberta Children's Hospital in Calgary and the Grande Prairie Regional Hospital. In 2019, Teddy for a Toonie donations were directed to building new mental health facilities and programs to help Alberta's children and youth.

Over the past 20 years, Teddy for a Toonie has raised an astounding $10.3 million for children's health in Alberta.

United Way

This year's United Way campaign inspired ATB team members to ramp up their creativity and take their fundraising to new heights. The campaign raised over $583,000, mostly through donations from team members, to fund programs in all nine United Way Alberta regions. We also continued our efforts to use storytelling and interactive tools to share information on the United Way's impact on our province with ATB team members. This year's campaign brings our total United Way contribution to $10.2 million.

Distress Centre

As part of our commitment to supporting the mental health of Albertans, we partnered with the Calgary Distress Centre's volunteer program. It takes a lot of volunteers to run the Distress Centre, which provides 24-hour crisis support through a crisis line, email, chat, and text throughout southern Alberta. Our partnership will help support valuable resources and training.

Indigenous dancers at a Spirit North event in Canmore.

Pride

We believe in the power of love, diversity, and acceptance. It's a movement we're proud to support in our workplaces and communities.

In 2019, ATB was the presenting partner of the Calgary Pride Parade and supported provincial programs like Reading With Royalty, Camp fYrefly, and fYrefly in Schools, which support LGBTQ2+ youth.

Calgary Centre for Sexuality

We also partnered with the Calgary Centre for Sexuality to help Alberta teens take better care of their sexual health. Since 2017, we have supported WizeGuyz, a program aimed at grade nine boys in Calgary and rural Alberta that teaches them about healthy sexuality. Through a series of four weekly classes, boys learn the skills to have healthy relationships, respect others, and challenge stereotypes about masculinity, all with an ultimate goal of influencing the next generation of young men.

ATB Future Transformer Camp

We know technology will be important to build our future and the future of Alberta. So, we hosted the first-ever ATB Future Transformer Camp. This four-day, immersive experience for high school students in Calgary and Edmonton focused on game-changing technology, including artificial intelligence, machine learning, and digital app development.

More than 80 team members came together to create this opportunity for 139 students, inspiring them to learn new skills and exposing them to a range of technology-related career paths.

Community Solutions Accelerator

This year, we announced a new partnership with Edmonton Police Services to tackle socioeconomic challenges affecting Edmontonians and Albertans, and deliver innovative solutions using a data-driven approach. The Community Solutions Accelerator, the first of its kind in North America, is a collaborative forum bringing together a broad cross-section of stakeholders, including business leaders, law enforcement, health care providers and community agencies.

Wearing Our Support on Our Sleeves

As ATB advances its Indigenous Relations Strategy and the values we call our ATBs (especially ATB #11 to "Courageously be yourself and a true ally for others"), we look for opportunities to care, connect, and act in our communities. On September 30, team members proudly celebrated Orange Shirt Day. Orange Shirt Day is an opportunity to help build awareness and understanding of residential schools, listen and learn more about the Indigenous experience, and demonstrate support and allyship in reconciliation.

ATB also continued to take part in Pink Shirt Day to stand up to bullying on February 26, when team members from across the province proudly donned their pink shirts and took to social media to make their support known.

Even our youngest team members stood with us. "Employees" of the Junior ATB at Chester Ronning Elementary School in Camrose spent their lunch hour distributing cookies and handwritten messages of kindness to other students in their school.

Community Investment

Arts and Culture

We know how music and art can bring communities together. That's why we sponsor several large music and art festivals every year, including the Calgary Folk Music Festival, Calgary International Film Festival, Edmonton International Fringe Festival, and Edmonton Comedy Festival. We also sponsor the Lethbridge Dragonboat Festival and Grande Prairie Street Performers Festival, both of which are long-time partners.

We are proud to partner with the Nina Haggerty Centre, a collective made up entirely of artists with developmental disabilities. This year we supported the Here's Nina event, an annual fundraiser and awards show for the Centre, where we presented ATB's Emerging Artist Award to illustrator Kim Casarin. We also supported provincial arts organizations such as the National Music Centre in Calgary and the Art Gallery of Alberta in Edmonton.

Sports and Wellness

Hockey is an integral part of Alberta's identity, and we support it at the NHL, university, and minor levels, as well as the Western Hockey League. Our partnership with Hockey Alberta helps 12,000 players hit the ice and supports the Hockey Alberta Provincial playdowns in 36 different communities across the province.

Our customer cycling program has grown to include 141 customers and team members who joined us for 15 weeks of scheduled rides.

We are long-time sponsors of curling and golf, and we support Team Koe, one of Canada’s best curling squads. The ATB Financial Classic (1 of 12 PGA Tour Canada events) raises an average $50,000 each year for the charity of choice.

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

These kids got to learn from the pros at an ATB Junior Hockey Clinic with the Red Deer Rebels.

Community Scorecard

Metric	FY2019	FY2020	FY2021 target	Action plan
Donations	$3 million	$3 million	$3 million	Review our giving focus areas to align with ATB's Greater Good Strategy and ensure our donations have the greatest impact for Albertans. Consider how we can support economic recovery from COVID-19.
Sponsorships [1]	$7.5 million	$7.6 million	$6.4 million	Create memorable and relevant experiences that continue to unite Albertans in, and further connect them with, their communities while delivering value back to ATB's business and our brand.
ATB fundraising	$1.3 million	$1.2 million	Match or exceed FY2020 results	Align our fundraising efforts to ATB's Greater Good Strategy, and respond to community needs by switching the timing of our enterprise-wide campaigns: United Way in the spring to support COVID-19 efforts and Teddy for a Toonie in the fall that will focus on enhancing mental health for children and youth.
Junior ATB [2]	96 schools	84 schools	90 schools participating (depends on branch and school networks running at regular capacity in the fall)	Increase the number of Junior ATB schools particularly outside of the Edmonton area, including establishing a Junior ATB school in an Indigenous community.
Employee giving program (Helping Hands)	$111,000 in grants; 27,000-plus volunteer hours	$106,000 in grants; 35,000-plus volunteer hours	$110,000 in grants; 30,000 volunteer hours	Evaluate the program and how it can best support our Greater Good Strategy. Consider an online platform for its administration.
ATB Cares	$4.78 million in donations, $250,000 matched by ATB, $5.03 million total donated to charities	$5.5 million in donations, $250,000 matched by ATB, $5.8 million total donated to charities	$6 million donated to charities (including match from ATB	Review the program as a whole and assess the current fee structure and platform to maximize the impact in our communities and ensure the program's longevity, in line with the Greater Good Strategy.

(1) ATB has been centralizing sponsorship activities over the past couple years, so there have been some efficiencies in spending and sharing benefits across multiple teams, without having multiple sponsorships.

(2) The decrease in numbers is predominantly due to reduced branch capacity in terms of dedicated personnel to administer the program.

“Every year, we take on the challenge of finding new ways to use less, reuse more, and move us all toward a more sustainable future.”

Environment

Protecting the Environment for the Greater Good

You can’t be committed to the greater good without committing to protect the environment. That’s why over the past several years ATB has dialled up our efforts to dial down our environmental impact. Every year, we take on the challenge of finding new ways to use less, reuse more, and move us all toward a more sustainable future. We’re not there yet, but we’re on our way.

Reducing our carbon footprint and minimizing our environmental impact is a key part of our corporate social responsibility.

Carbon Footprint

We’ve known for a while that our branches and office space account for almost three-quarters of our carbon footprint. So it only makes sense that most of our reduction efforts focus on the spaces where we work.

To date, we succeeded in retrofitting more than 140 of our branches for energy efficiency. Since we undertook our 2014 carbon inventory study, these upgrades to cooling controls and lighting systems have helped us achieve a 23% reduction in direct energy emissions. They’ve also reduced electricity consumption by more than 3.6 million kilowatt-hours.

As in previous years, we used the savings from our power bill to buy Campus Energy renewable energy certificates that are equivalent to 18,000 kilowatt-hours of electricity. That means that all of ATB’s purchased power is green.

This past year we commissioned a study to look at the impact of installing solar power (PV) at corporate and branch locations. Information from the study led to planning a pilot project that will examine the financial impact and scalability. We also conducted a survey to help develop a strategy for electric car charging needs for our Calgary campus. Of the 417 respondents, 5% own an electric/hybrid vehicle and 15% plan to purchase an electric/hybrid vehicle in the next two years.

At the Ames site near Stettler, Alberta, Ducks Unlimited has managed to restore several wetlands, which filter and clean the water that eventually runs into the Red Deer River.

Around the Office

Paper Reduction

Our digital signature project continued to cut down the amount of paper we use.

For 2019, DocuSign helped ATB save:

- 102,057 pounds of wood, equal to 306 trees and 2/5 of a neighborhood park;
- 273,002 gallons of water, equal to a little more than 9 backyard swimming pools;
- 229,628 pounds of CO_2, equal to the output of 1,170 refrigerators or 20 cars per year; and
- 15,053 pounds of solid waste, equal to over 90 trash cans, 2 dumpsters or half a dump truck full of waste.

Planting Seeds

We continued to work on a few smaller-scale projects that have the potential to grow into something spectacular:

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

Solar Panel Financing

ATB continued to support our solar panel financing program that helps our commercial, residential and agricultural customers install solar panels on their business or property. The program runs through 45 participating vendors across the province. Moving forward, we are focusing our efforts on adjusting the program to ensure it is easier to access and exploring additional financing options.

Calgary Campus Activities

Campus Waste

Our Calgary Campus office has been steadily reducing waste, thanks in large part to “Chewie”—a thermal vacuum reactor that converts organic waste into biofuel. Chewie is 12 feet long and not particularly choosy, which means he eats everything the 1,100 local team members feed him: food waste, paper cups, coffee grounds, wooden stir sticks, tea bags and more. In the past year waste has been collected from the Calgary branches to be included in this program.

Stats from the past year:

- Organic waste processed: 17,747 kg;
- Biomass fuel generated from the organic waste: 6,273 kg; and
- Kilowatts of energy produced: 4,830 kwh.

Campus Water Reduction

Washroom faucets have been replaced with solar powered hands-free faucets, an installation that has reduced water consumption by 10% and created a healthier no-touch alternative.

With over three acres of irrigated property, an upgrade to irrigation controls and schedules has netted a reduction of 20% of irrigation water onsite. A review of the viability of using rainwater runoff for irrigation use will be undertaken this year.

Lighting Upgrades

Over the past year, incremental conversion of lighting to LED has occurred in common areas, parking garage and exterior pathway and light standards. Energy reduction is 60% in the areas converted and a marked increase of light emission providing a safer environment for team members.

A Bank on Wheels

Two years ago, we launched a rideshare program designed to make it easier for our teams to coordinate car trips. Sharing the ride saves on gas, builds community and lets passengers enjoy the trip. These rides are still in action and popular with team members.

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

Workplace 3.0

ATB continued to reimagine office space this year, so we could encourage collaboration and reduce wasted space. The size of our workforce, a shift in our core service offering and how we use technology, and the continued adoption of a flexible workstyle has already reduced the actual square footage we occupy by 14% and we estimate we'll reduce by another 10% over the next three years. Not only will we work smarter, harder and happier, we'll also cut down on our carbon emissions and reduce our environmental impacts by yet-to-be-quantified amounts.

Community Partnerships

Ducks Unlimited Canada

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

As of March 31, 2020, the combined amount of conserved land is 9,547 acres over 29 different projects. Of this conserved land, 1,489 acres are wetlands. These wetlands have the capacity to store approximately 166,734 metric tons of carbon over 33 years. The wetlands and the lands that surround them will also provide a host of other environmental benefits. The partnership is projected to secure over 10,000 acres of habitat in its 10-year lifespan.

Goodwill Industries of Alberta

In 2017 we partnered up with Goodwill Industries of Alberta to divert items from landfills and provide meaningful employment opportunities to Albertans living with disabilities. This year they launched a furniture refurbishment program (ATB Repair for Good program) that will divert more furniture from the landfill and create more job opportunities for Albertans with disabilities.

Goodwill's Sustainability Action Plan has been recognized by many community organizations including the Alberta Emerald Foundation, the Calgary Chamber of Voluntary Organizations and the Recycling Council of Alberta. Goodwill Industries of Alberta diverted 15,891,037 kilos from landfills in 2019, up from 12,358,567 kilos in 2017. They now have a diversion of 85% from the landfill.

Environment Scorecard

Metric	2018 carbon inventory study	2019 carbon inventory study	FY2021 target	Action plan
Total carbon footprint	37,675 tCO_2e	37,522 tCO_2e	Achieve average 5% per year reduction improvements.	Implement carbon tracking recommendations from our carbon inventory study.
Direct energy consumption by primary source (natural gas only)	6,190 tCO_2e	6,353 tCO_2e	Achieve average 5% per year reduction improvements.	Continue investment in branch energy retrofit program, and implement remote utility monitoring and control for increased energy savings.
Indirect energy consumption by primary source (electricity only)	19,765 tCO_2e	19,349 tCO_2e	Continue average 5% per year reduction improvements.	Continue investment in branch energy retrofit program, and implement remote utility monitoring and control for increased energy savings.
Other indirect emissions sources:	11,734 tCO_2e	11,758 tCO_2e	Decrease overall travel volumes and paper usage.	Improve and optimize distance communication using technologies and applications available in business productivity suites.
Business travel (air)	397 tCO_2e	519 tCO_2e	Decrease air travel volumes in favour of digital or lower impact options such as bus or ride share.	Continue to encourage videoconferencing and other remote work strategies to reduce travel requirements for meetings.
Hotel	147 tCO_2e	195 tCO_2e		Continue to encourage videoconferencing and other remote work strategies to reduce travel requirements for meetings.
Business travel (other) [1]	1,729 tCO_2e	1,729 tCO_2e		Business travel reporting has captured this under-reported carbon-emission source. Data tracking will allow for team consideration of lower carbon transportation options.
Employee commuting [1]	8,978 tCO_2e	8,978 tCO_2e	Work with People and Culture team to create an up to date data source for this information.	Continue to support Workspace 2.0 (flex-work/work from home) strategies. Support bike-to-work initiatives by adding secure bike parking areas, lockers, and onsite showers.

Waste	349 tCO_2e	254 tCO_2e	Re-implement education program and waste audits.	Conduct formal waste audit of primary locations in Edmonton and Calgary over the next three years.
Paper usage	104 tCO_2e	83 tCO_2e	Decrease amount of paper used.	Continue to drive paperless solutions for staff and ATB statements and communications.
Meeting environmental standards in all new buildings and renovations	Achieved	Achieved	All new locations follow environmental standards.	Evolve and enhance environmental standards with changing branch design.
Land conserved through Ducks Unlimited partnership to date and resultant carbon capture(running total over 33 years)	**FY2019 cumulative:** 8,605 acres conserved; 138,000 tons of captured carbon	**FY2020 cumulative:** 9,547 acres conserved; 166,734 tons of captured carbon	Our 10-year target has already been achieved.	Originally estimated 9,500 acres conserved over the 10 years of our partnership with Ducks Unlimited, now projected at over 10,000 acres.

(1) Improved data is available in 2019 for team member use of personal vehicles for business purposes and team member commuting. The 2018 data has been adjusted to establish a baseline for comparison in this and future reports.

"Things that might have seemed impossible a month before COVID-19 got done with amazing efficiency, and I am so proud to be part of the amazing ATB team."

Dan Hugo, Chief Financial Officer

2019–20 Financial Highlights

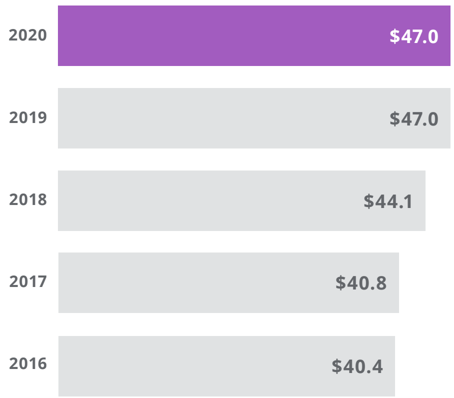
For the year ended March 31	**2020**	**2019**
Operating results *($ in thousands)*		
Net interest income	**$ 1,194,189**	$ 1,191,800
Other income	**532,629**	490,839
Operating revenue	**1,726,818**	1,682,639
Provision for loan losses	**385,980**	338,145
Non-interest expenses	**1,208,255**	1,164,170
Net income before payment in lieu of tax	**132,583**	180,324
Payment in lieu of tax	**30,675**	41,629
Net income	**$ 101,908**	$ 138,695
Income before provision for loan losses [1]		
Operating revenue	**$ 1,726,818**	$ 1,682,639
Less: non-interest expenses	**(1,208,255)**	(1,164,170)
Income before provision for loan losses	**$ 518,56**	$ 518,469
Financial position *($ in thousands)*		
Net loans	**$ 46,982,168**	$ 47,005,724
Total assets	**55,801,456**	54,344,151
Total risk-weighted assets	**38,803,887**	37,441,480
Total deposits	**35,373,367**	35,921,949
Equity	**4,081,109**	3,644,117
Key performance measures *(%)*		
Return on average assets	**0.19**	0.26
Return on average risk-weighted assets	**0.28**	0.38
Operating revenue growth	**2.6**	6.3
Other income to operating revenue	**30.8**	29.2
Operating expense growth	**3.8**	3.8
Efficiency ratio	**70.0**	69.2
Net interest margin	**2.28**	2.28
Loan losses to average loans	**0.83**	0.73
Net loan change	**(0.05)**	6.6
Total asset growth	**2.7**	4.7
Total deposit change	**(1.5)**	9.9
Change in assets under administration	**(2.2)**	8.8
Tier 1 capital ratio [2]	**9.7**	9.8
Total capital ratio [2]	**15.1**	15.0
Other information		
ATB Wealth's assets under administration *($ in thousands)*	**$ 19,855,943**	$ 47,005,724
Branches	**173**	54,344,151
Agencies	**141**	37,441,480
Total customers	**776,985**	35,921,949
Team members [3]	**5,383**	3,644,117

(1) A non-GAAP (generally accepted accounting principles) measure.
(2) Calculated in accordance with the Alberta Superintendent of Financial Institutions (ASFI) capital requirements guidelines.
(3) Reported as full-time equivalents (FTEs).

Financials at a Glance

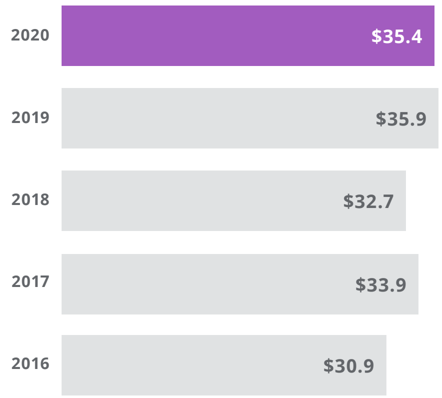
Net loans

($in billions)



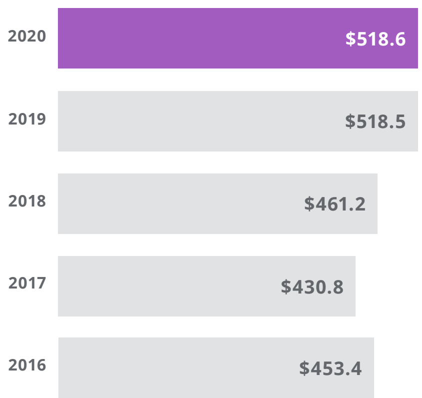
Deposits

($in billions)



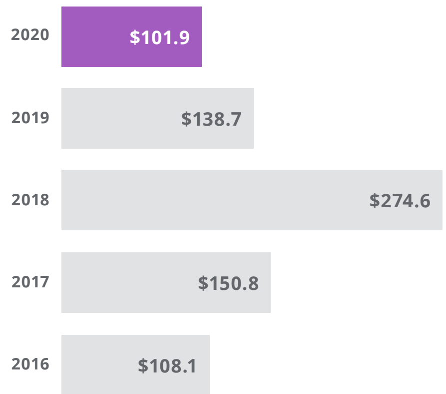
Income before provision for loan losses [1]

($in billions)

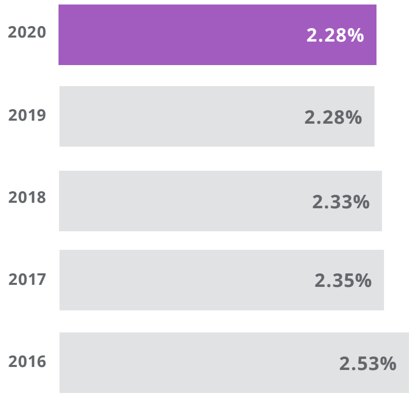


Net income

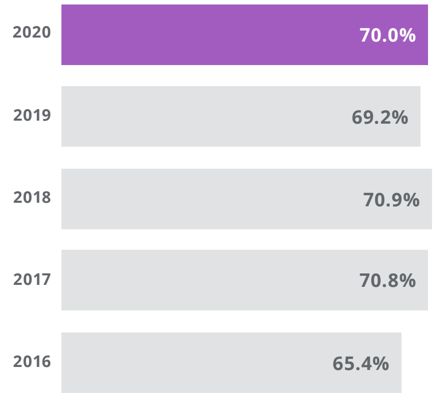
($in billions)



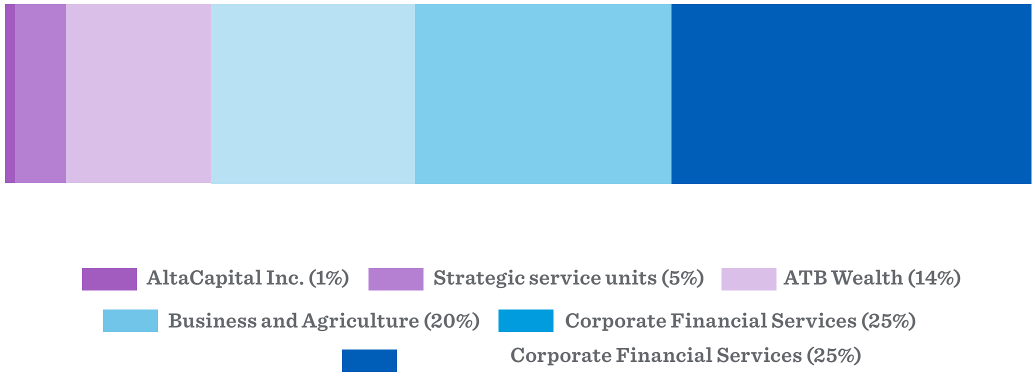
Net interest margin



Efficiency ratio

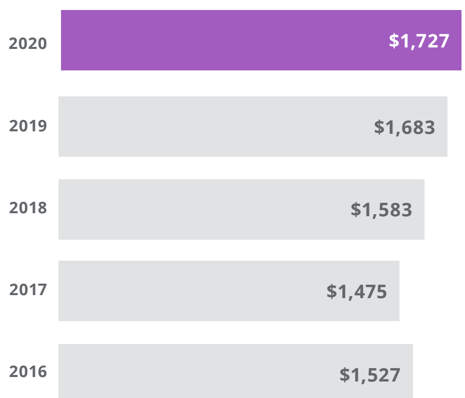


Revenue earned by area of expertise



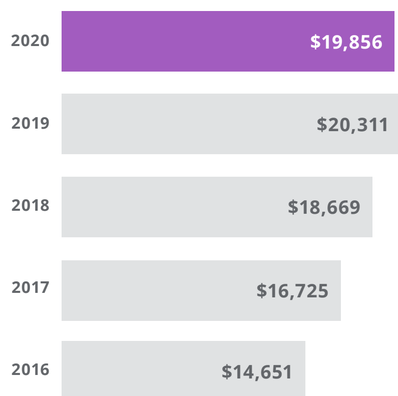
Operating revenue

($in billions)



Assets under adminstration

($in billions)



Message from Chief Financial Officer Dan Hugo

One of the main reasons I joined ATB is because I believe that ATB is big enough to matter, yet small enough to care. This unique mix creates an opportunity to accomplish some amazing things in Alberta. Making today better than yesterday and tomorrow better than today has always been a core part of my being, and really aligns with how ATB serves its customers and the entire province. It's an approach that's never been more needed than it is right now.

The first 11 months of the past year were business as usual, delivering solid revenues given the soft Albertan economic backdrop. We focused on balance sheet optimization and expense rationalization to deliver more than $500 million in net income before provision.

This last month of the year shifted dramatically from business as usual as the trifecta of the COVID-19 pandemic, economic recession, and plummeting oil prices shifted our focus to making sure our team members and fellow Albertans are safe and that Alberta businesses are supported.

There's also no doubt that this unprecedented crisis will impact our results, and that we and the entire financial services industry will experience significant increases in credit losses going forward. While we work towards mitigating these losses, our priority will continue to be supporting our customers.

> "One of the main reasons I joined ATB is because I believe that ATB is big enough to matter, yet small enough to care."
>
> Dan Hugo, Chief Financial Officer

I believe that any crisis creates an opportunity to find out exactly what you're capable of and how much you can accomplish. Things that might have seemed impossible a month before COVID-19 got done with amazing efficiency, and I am so proud to be part of the amazing ATB team.

Although we're still navigating our way through this, I truly believe there are more opportunities than challenges ahead, in part because challenges force you to ask what's truly important—in business and in life. Right now our focus is on being here for our team members and our fellow Albertans. But as we forge ahead, I think this will be a launching pad that propels our 10-year strategy forward, faster.

Even though our journey into 2021 may be slightly different than we thought, I think companies and people will come out stronger on the other end. When you look at the major events society has faced over the past century, you can see that pattern. The First World War and Spanish Flu ran into each other, but soon after we enjoyed the prosperity and creativity of the Roaring '20s. The next big thing was the Great Depression, and that prompted immense social change. Then there was World War II, which led to what many people consider the greatest generation ever. Out of every one of those major events, the world became stronger. I think that will happen again. When we look back in 5 or 10 years, we will see this as a catalyst that actually drove us to a better place.

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

Dan Hugo
Chief Financial Officer

Stakeholder Engagement

ATB is constantly working to better serve Albertans. We do that by looking to our team members, our suppliers, our community partners, and most importantly, our customers and asking them what we can do to make banking work for them. The chart below contains more detail on how we connect with each group and the metrics we use to help us track our progress.

Stakeholder	Engagement channels	Indicator
Our Shareholder (Province of Alberta)	• ATB's Board Chair provides regular reports to the President of the Alberta Treasury Board and Minister of Finance. • ATB's CEO provides regular reports to the Deputy Minister of Alberta's Treasury Board and to the Minister of Finance. • The Minister provides direction and feedback to the Board and the CEO during the annual strategic planning process. • ATB provides information to the Superintendent of Financial Institutions on an ongoing basis, consistent with the requirements of our mandate and roles document. • Each quarter, the Superintendent of Financial Institutions reviews our financial results as well as the minutes of all major management committee and board committee meetings. • ATB holds an annual public meeting open to all customers, team members and interested community members.	Return on risk-weighted assets
Our team members	• We survey team members twice per year to obtain feedback on their overall experience working at ATB as well as to obtain a measure of engagement. • All team members have access to Google Currents, where they can receive, post and comment on relevant information for that community. • ATB's intranet site promotes team member interaction and engagement. • Our CEO, Curtis Stange, spends at least 15 minutes with all team members each week in a segment called "Fridays in 15." During this time, Curtis gives team members insight into what's on his mind and responds to questions. • Any team member can directly contact our President and CEO and Strategic Leadership Team. • Each area of expertise / strategic support unit has regularly scheduled meetings and/or broadcasts where leaders share high-level updates and team members are encouraged to ask questions to their leaders. • "Dear John" is a Google app where Everyday Financial Services (EFS) team members have the opportunity to share their voice. It is open for any and all ideas about our products and services, how we can transform and elevate our customer experience, or let us know when something isn't working properly. The tool has received more than 7,150 submissions, including 850 this year alone.	Employee engagement scores

	• ATB is subject to the Public Interest Disclosure (Whistleblower Protection) Act (PIDA). Under the Board-approved safe disclosure policy, team members may anonymously contact an external service provider to issue suggestions and complaints.	
Our customers	• Customer loyalty is measured through our Customer Advocacy Index (CAI) in all areas of expertise. (Everyday Financial Services, Business, and ATB Wealth) • Service Quality Evaluation studies are completed with new customers joining ATB as well as disappointed customers leaving ATB. We use what we learn to improve our products, processes, and customer service. • My Two Cents Panel is an ATB owned and operated customer panel where in-house researchers run studies with our customers. Along with the ability to run our own independent study, we have the opportunity to include questions in a quarterly omnibus study to receive regular feedback on all aspects of our service. • The Customer Intelligence team exists to hear the Voice of the Customer (VoC), which is a program focused on collecting customer feedback, mining that feedback for insights, and then incorporating the insights into business decisions. • We record every call to ATB Client Care and mine the conversations for insights. • We have a formalized Customer Feedback Policy that guides customers should they have concerns. • We use social media to directly engage customers. • We engage small and medium-sized business owners through our Business area of expertise and our Entrepreneur Centres. • Anyone can directly contact our President and CEO at curtis@atb.com. • The Owl is a daily economic forecast produced by our economists. • ATB Investor Beat is a quarterly report providing insight into Albertans' saving and investing behaviours. • ATB leaders and experts participate in business and community events across the province. • Marketing campaigns invite Albertans to engage in conversations with ATB in support of ATB's brand promise to listen. • Every quarter, we engage a representative sample of Albertans who do not use ATB to assess their willingness to bank with ATB and their perceptions of ATB as a company.	CAI is based on willingness to recommend ATB (Say) and the intention to continue to use ATB (Stay). We classify customers as advocates, committed, indifferent, or detractors. The derived CAI is a weighted average of the categories. The CAI score ranges from -20 to 90.
Our customers	• As a Crown Corporation, ATB is subject to the US Mexico Canada Agreement and the New West Partnership Trade Agreement. • Vendor Resources Website is an online portal for ATB vendors. • Alberta Purchasing Connection is the Province of Alberta's website for managing public purchasing opportunities.	Money spent on goods and services from suppliers

Our community partners	• ATB has a Corporate Social Responsibility team that engages with our community partners on an ongoing basis. • ATB has a Community Initiatives team that manages our corporate sponsorships across the province. • We have an online application portal for donation and sponsorship requests on atb.com. • We use corporategiving@atb.com to address inquiries regarding applications for funding.	Community scorecard

Privacy

We take the privacy of all our stakeholders very seriously and stringently track reports of privacy infringement so that we are compliant with all applicable legislations. You can find more info about this in the Management's Discussion and Analysis.

Metric	FY2019	FY2020	FY2021 target	Action plan
Substantiated reports of privacy infringement	122	213	0	Monitor privacy infringement trends to develop targeted training and provide suitable and timely guidance to assist branch resolution of incidents. Increase the number of privacy updates to team members on current trends for prevention and awareness.

Scope

This is ATB's second combined Annual and Corporate Social Responsibility (CSR) Report. We have combined these reports because we believe that supporting Alberta's greater good is an intrinsic part of who we are. Within the CSR section of the report, there are four key areas of social responsibility: Economy, Workplace, Community, and Environment. We follow international standards for CSR reporting and recognize that transparency is key to ATB's long-term sustainability.

ATB Financial (ATB) operates mainly in Alberta. Our AltaCorp Capital Inc., AltaCorp Capital USA Inc., and ATB Private Equity GP Inc. subsidiaries operate through our AltaCorp area of expertise, and ATB Investment Management Inc., ATB Securities Inc., and ATB Insurance Advisors Inc. operate through our Investor Services area of expertise.

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

Reporting Period

All activities described in this report were undertaken within fiscal year 2020 (April 1, 2019 to March 31, 2020), unless otherwise noted. This report and its content will be updated in May of each year.

CSR Reporting

To develop and present our content in a balanced, transparent and reasonable way, we have used Global Reporting Initiative's (GRI) guidance since our first CSR report 10 years ago. We used the materiality principle to choose significant economic, workplace, community, and environmental topics relevant to our stakeholders. The stakeholder inclusiveness principle helped us to identify our stakeholders and their expectations. All information in this report is presented to show what makes ATB sustainable, profitable, and responsible stewards. It reflects our significant economic, community, workplace, and environmental activities. The completeness of the report will enable our stakeholders to accurately assess our performance over the reporting period.

CSR Scorecard Committee

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

To ensure accuracy, members from across the organization also reviewed the data. ATB's Board-approved Corporate Social Responsibility Policy, our CSR values and commitment, combined with the understanding of fundamental operations at ATB, helped us to focus our efforts.

Scorecard Committee: Javier Cuervo, Suzana Kudelic, Dale Lechelt, Chett Matchett, and Holly Regel.

Aligning with Global Reporting Initiative

Transparency and accountability are key elements of corporate citizenship. ATB continues to align our Annual and CSR report with Global Reporting Initiative's (GRI) guidelines to ensure its completeness and balance.

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

ATB's internal reviewer (CSR): Sean Garritty

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

GRI Index

A list of Global Reporting Initiative standards we follow and where to find the information for each metric can be found in the online version of this report.

Our 173 Branches

We're wherever you need us to be. To find a location near you, visit atb.com/branchlocator.

Our 173 Branches

Airdrie (2)	Carstairs	Falher	Oyen	St. Albert (2)	Wainwright
Andrew	Castor	Foremost	Peace River	St. Paul	Westlock
Athabasca	Chestermere	Forestburg	Picture Butte	Stettler	Wetaskiwin
Banff	Claresholm	Fort Macleod	Pincher Creek	Stony Plain	Whitecourt
Barrhead	Coaldale	Fort McMurray (2)	Ponoka	Strathmore	Wildwood
Beaverlodge	Cochrane	Fort Saskatchewan	Provost	Sundre	
Black Diamond	Cold Lake	Fort Vermilion	Raymond	Sylvan Lake	
Bonnyville	Consort	Grande Prairie (3)	Red Deer (2)	Taber	
Bow Island	Coronation	Granum	Redwater	Thorsby	
Boyle	Crossfield	Grimshaw	Rimbey	Three Hills	
Breton	Daysland	Hanna	Rocky Mountain House	Tofield	
Brooks	Didsbury	High Level	Rycroft	Trochu	
Bruderheim	Drayton Valley	High Prairie	Ryley	Two Hills	
Calgary (27)	Drumheller	Hinton	Sherwood Park (2)	Valleyview	
Camrose	Edmonton (24)	Hythe	Slave Lake	Vegreville	
Canmore	Edson	Innisfail	Smoky Lake	Vermilion	
Cardston	Elk Point	Jasper	Spirit River	Viking	
Caroline	Fairview	Killam	Spruce Grove	Vulcan	

Our 141 Agencies

Acadia Valley	Bonanza	Eckville	Mulhurst	Sherwood Park	Wembley
Airdrie	Bowden	Edberg	Mundare	Spruce Grove	Westerose
Alberta Beach	Bragg Creek	Edgerton	Myrnam	St. Albert	Willingdon
Alder Flats	Bruce	Edmonton (10)	Nampa	Standard	Winfield
Alix	Calmar	Elnora	New Norway	Stavely	Worsley
Alliance	Carmangay	Empress	New Sarepta	Stirling	Youngstown
Altario	Carseland	Enchant	Newbrook	Strome	
Amisk	Cereal	Evansburg	Nobleford	Swan Hills	
Arrowwood	Champion	Ferintosh	Paradise Valley	Tangent	
Barons	Chauvin	Fort Assiniboine	Penhold	Thorhild	
Bashaw	Cleardale	Fox Creek	Plamondon	Tilley	
Bassano	Clive	Galahad	Radway	Vauxhall	
Bawlf	Coutts	Gibbons	Rainbow Lake	Veteran	
Beaumont	Czar	Gleichen	Red Earth Creek	Vilna	
Benalto	Delburne	Glendon	Redcliff	Wabamun	
Berwyn	Delia	Grande Cache	Rockyford	Wabasca	
Big Valley	Devon	Grassland	Rolling Hills	Wandering River	
Blackfalds	Dewberry	Halkirk	Rosemary	Wanham	
Blackie	Donalda	Hardisty	Sangudo	Warburg	
Blairmore	Duchess	Hay Lakes	Sedgewick	Warner	
Bon Accord	Eaglesham	Heisler	Sexsmith	Waskatenau	

Management's Discussion and Analysis and Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This is management's discussion and analysis (MD&A) of the consolidated results of operations and financial position of ATB Financial (ATB) for the year ended March 31, 2020. The MD&A is current as at May 28, 2020. All amounts are reported in millions of Canadian dollars, except where otherwise stated, and are derived from the consolidated financial statements prepared in accordance with International Financial Reporting Standards. For further details about the amounts reported, see the consolidated financial statements.

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

Caution Regarding Forward-Looking Statements

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

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

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

About ATB

History and Mandate

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

Legislative Mandate

ATB's legislative mandate, as established in the *ATB Act* and *ATB Regulation,* is to provide Albertans with access to financial services and enhance competition in the financial services marketplace in Alberta, with the objective of earning a risk-adjusted return that is similar or better than that of comparable financial institutions in both the short and long terms. The President of Treasury Board and Minister of Finance (the Minister) and ATB have entered into an agreement formalized in a mandate and roles document, which reflects a common understanding of each party's respective roles and responsibilities in fulfilling ATB's mandate.

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

ATB also operates within the legal framework established by provincial legislation generally applying to provincial Crown corporations, such as the *Financial Administration Act, Fiscal Planning and Transparency Act,* and *Alberta Public Agencies Governance Act (APAGA),* as well as applicable legislation governing consumer protection and privacy. Under *APAGA,* ATB is recognized as a government enterprise but remains operationally independent from the provincial government. ATB's legal framework also includes certain applicable federal legislation governing money laundering. ATB strives to hold itself to the standards of its peers and implements industry best practices. As such, ATB voluntarily adopts certain federal requirements and guidance that apply to its activities.

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

The Minister has also implemented the *Legislative Compliance Management* guideline for financial institutions, pursuant to which the Board has adopted the regulatory compliance management policy. The key aim of this guideline and policy is to ensure that ATB establishes and maintains an enterprise-wide framework of regulatory risk-management controls and practices to enable compliance with regulatory requirements. Our dedicated Compliance department is responsible for identifying and monitoring regulatory risk across ATB and ensuring that all areas have implemented key day-to-day controls that ensure compliance with applicable legislation.

The Minister has also approved a number of guidelines for ATB similar to those issued by the Office of the Superintendent of Financial Institutions (OSFI), which supervises federally regulated deposit-taking institutions. Regulatory oversight of these guidelines is the responsibility of the Alberta Superintendent of Financial Institutions (ASFI), the regulatory governing body that supervises ATB. ASFI's activities are established in the ASFI Supervisory Framework, which is modelled on OSFI standards.

Among ATB's voluntary compliance activities is compliance with the international capital measurement framework promoted by the Bank of International Settlements, known widely as the Basel Capital framework, which includes internal capital adequacy assessment process (ICAAP) practices.

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

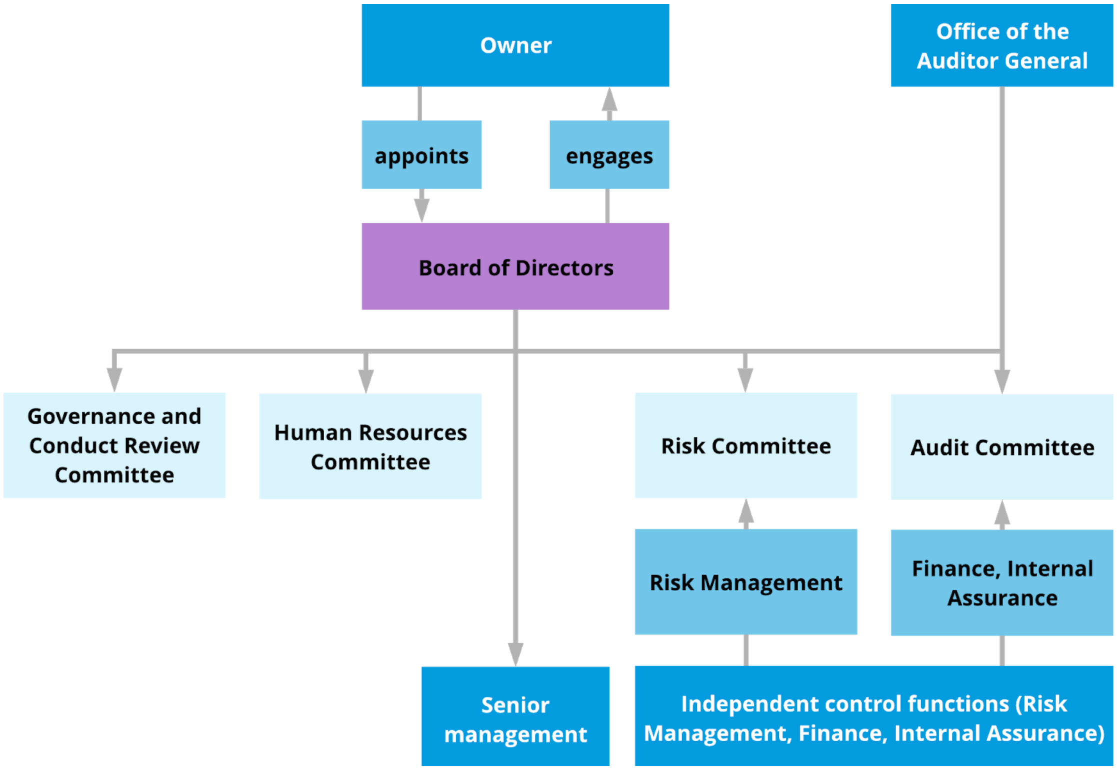
ATB and its subsidiaries pursue compliance with all applicable laws and regulations. Annually, ATB provides the Minister with a formal report on compliance pursuant to the *ATB Regulation*.

Corporate Governance

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

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

Governance Structure



Board of Directors and Committees

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

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

Board and Committee Structure

Board of Directors (Chair: Joan Hertz) Terms of reference	**Audit Committee** Terms of reference	• Oversees the integrity of ATB's financial reporting and internal control systems and its internal assurance and finance functions • Facilitates communication between the Board and its internal and external auditors
		Members: Barry James (Chair), Jim Drinkwater, Diane Brickner, Robert Pearce, and Wendy Henkelman
	Human Resources Committee Terms of reference	• Oversees human resources policies, procedures, and compensation programs, including pension plans • Oversees talent management, and executive succession and compensation
		Members: Wendy Henkelman (Chair), Diane Brickner, Diane Pettie, Todd Pruden, Jim Carter, and Manjit Minhas

	Governance and Conduct Review Committee **Terms of reference**	● Develops governance policies and procedures, including those related to team member conduct and ethics ● Oversees Board and committee evaluations ● Recommends Board candidates
		Members: Diane Pettie (Chair), Todd Pruden, Manjit Minhas, Mary Ellen Neilson, and Patrick Lor
	Risk Committee **Terms of reference**	● Oversees management of key business risks within risk appetite ● Establishes key risk-management policies ● Oversees ATB's compliance with regulatory requirements
		Members: Jim Drinkwater (Chair), Jim Carter, Barry James, Mary Ellen Neilson, Robert Pearce, and Patrick Lor

Chair of the Board

The Chair of the Board is an independent director. The Chair allows the Board to operate independently of management and gives its directors an independent leadership contact.

Joan Hertz was appointed Chair effective January 1, 2019, by the Lieutenant-Governor in Council. The roles of Chair and Chief Executive Officer (CEO) are separate.

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

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

The Chair's key responsibilities are set out in the Chair position description and mandate and roles document. The Board approves any amendments to the position description, and the Governance and Conduct Review Committee annually assesses the Chair's effectiveness in fulfilling the requirements of her role.

Board Mandate

ATB is a Crown corporation with regulatory requirements similar to those of the chartered banks and credit unions. Pursuant to the *Alberta Public Agencies Governance Act,* ATB and the Minister agreed, via the mandate and roles document, on the respective roles and responsibilities of each party in fulfilling ATB's mandate. As a fundamental principle, ATB shall foster competition for financial services throughout Alberta and promote access to financial services and strong financial services providers by operating a prudent and sound financial institution, with the objective of earning a risk-adjusted return that is similar or better than that of comparable financial institutions in both the short and long terms.

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

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

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

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

Succession planning: The Board approves succession planning processes for the Board, CEO, and senior executives. The Governance and Conduct Review Committee reviews the Board succession plan, and the Human Resources Committee oversees CEO and executive succession planning through its review of succession plans and ATB's structure at the executive level.

Governance: The Board establishes ATB's approach to corporate governance and is assisted by the Governance and Conduct Review Committee in reviewing leading governance practices; conducting evaluations of the performance of the Board, committees, Chair, and individual directors; and reviewing terms of reference of the Board and its committees.

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

Communications and disclosure: The Board oversees communications with ATB's Shareholder and other stakeholders. This includes the Audit Committee reviewing and/or approving key disclosure documents, such as the quarterly and annual financial statements and the annual and corporate social responsibility report.

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

Pension governance: The Human Resources Committee assists the Board in ensuring that ATB has appropriate pension governance policies and procedures in place.

Position Descriptions

The Board has approved a written position description for each of the Board Chair and committee chairs.

The Governance and Conduct Review Committee periodically reviews the position descriptions for the Board Chair and the committee chairs and recommends amendments to the Board.

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

Codes of Conduct and Ethics

The Board endorses the principles expressed in the codes of conduct and ethics, which is reviewed annually by the Ethics Committee and at least once every three years by the Governance and Conduct Review Committee, and is approved by the Board.

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

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

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

Compliance with the code is part of the terms and conditions of employment of every team member at ATB. The Board, along with the Governance and Conduct Review Committee, oversees ATB team members' compliance with the team member code. The Chair is ultimately responsible for monitoring compliance with the directors' code of conduct and ethics by members of the Board. All directors and team members receive online code training and are required to review and attest to compliance with the relevant code when they join ATB and annually thereafter.

During fiscal 2019–20, the Board had no occasion to consider granting any waiver from the relevant code for the benefit of any director or executive officer of ATB. Further, during this fiscal year, the Board had no occasion to determine that any conduct by a director or executive officer of ATB Financial was a material departure from the relevant code as defined in National Instrument 51-102.

Conflicts of Interest

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

Safe Disclosure and Whistleblower Protection

As a Crown corporation, ATB is subject to the *Public Interest Disclosure (Whistleblower Protection) Act (PIDA)*. To meet ATB's obligations under *PIDA* and to further enhance its commitment to ethical behaviour, the Board has approved the whistleblower policy, which has resulted in the Ethics Committee implementing a safe disclosure program to provide team members, directors, customers, and vendors with a method by which they can confidentially report good faith concerns about unethical or inappropriate activity (including wrongdoing) of team members or directors in the conduct of ATB's business, without fear of reprisal. Under this program, ATB has arrangements with an external service provider to manage anonymous email, telephone, and web-based reports regarding alleged improper activity and wrongdoing. Such reports are reviewed and managed in accordance with the applicable framework. In fiscal year 2019–20, ATB did not receive any reports or commence any investigations related to wrongdoing under PIDA.

Independence

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

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

Pursuant to the director independence policy, a director will be determined independent if the Governance and Conduct Review Committee has affirmatively determined that the director has no direct or indirect material relationship with ATB. To determine this, such matters as the nature and importance of the director's connections to ATB and the people or organizations the director is related to (such as a spouse) are considered. Such information is collected through an annual due diligence process that includes the following:

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

The Governance and Conduct Review Committee then considers whether the director could reasonably be expected to be objective about management's recommendations and performance.

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

- At each regularly scheduled Board meeting, including regularly scheduled meetings of Board committees, the Board and each committee meet *in camera*, without management. Time to do so is provided at each regular Board and committee meeting. During fiscal 2019–20, the Board held four regular meetings and three special meetings, and the committees held 26 meetings in total.
- The Board and each committee may engage their own independent advisors at the expense of ATB.

To ensure directors have sufficient time and energy to devote to their responsibilities and no conflicts or circumstances arise that could impact independent thinking, ATB monitors other boards on which its directors serve. An "interlock" occurs when two or more directors of ATB are also directors of some other company. Although ATB does not set a formal limit on the number of interlocking Board and committee memberships, the Governance and Conduct Review Committee reviews these memberships as part of the annual director attestation process.

In fiscal 2019–20, there were no interlocking directorships among ATB's Board of Directors.

Diversity and Inclusion

Diversity Policy

The Board recognizes the benefits of promoting a corporate culture that supports diversity and inclusion in the composition and operation of its Board and throughout ATB. The Board has approved a diversity policy to promote an environment conducive to the recruitment of highly qualified director candidates with diverse backgrounds. To foster a corporate environment where diversity and inclusion are achievable and maintainable, the Governance and Conduct Review Committee determines the diversity profile best suited to meet the particular needs of ATB and documents this annually in a diversity profile and measures document. In addition, the committee identifies measures to track the Board's progress in achieving its goals. The measures and targets identified in the diversity profile and measures document are regularly reviewed by and reported to the Governance and Conduct Review Committee. While the diversity profile is considered in the recruitment of qualified Board candidates, director recruitment is based on merit and the expected contribution the selected candidate will bring to the Board. From 2014–17, the Board's target for female representation on the Board was 25%, and that target was achieved in each of those years. *In November 2017, the Board revised its target to have 50% female representation and to ensure the Board is open to people of any gender identity. That target remained unchanged for 2019–20. As of March 31, 2020, 6 of the 12 Board members (50%), including the Chair, are women.*

Year	Diversity target	Gender representation
2014	25% female	16.7% female
2015–16	25% female	41.7% female
2017–20	50% female	50% female

Diversity in Executive Officer Positions

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

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

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

The following chart shows the number and percentage of men and women in "executive officer" and "executive" roles at ATB as of March 31, 2020. (The phrase "executive officer" is used in the regulations to disclose gender diversity and create a comparison across companies, whereas "executive" is ATB's preferred term.) The executive officers also include officers of Investor Services subsidiaries and AltaCorp Capital Inc.

Gender	Number of executive officers	Percentage of executive officers	Number of executives	Percentage of executives
Men	9	53%	32	57%
Women	8	47%	24	43%
Total	**17**	**100%**	**56**	**100%**

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

Effectiveness and Evaluations

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

The Board annually evaluates the effectiveness of the Board and its Chair, its committees and their chairs, its individual directors, and the CEO. Directors complete a questionnaire that assesses the effectiveness of the Board and its committees. The results are reviewed by the members of each committee, who consider whether any changes to its structure or terms of reference are required. The Board and its committees also annually review whether they have completed their responsibilities under their terms of reference and work plans and report to the Governance and Conduct Review Committee. *For fiscal 2019–20, the Board and its committees assessed that they had met their key accountabilities.*

The Board also conducts annual peer assessments of director performance. The evaluation of individual directors involves a self-evaluation and peer review. The Chair is responsible for collecting, investigating, analyzing, and otherwise actioning and communicating relevant information to the directors, with the objective of performance improvement. The Board periodically engages a third party to conduct evaluations and assessments. *A third-party evaluation and assessment, led by the Governance and Conduct Review Committee, was conducted in 2018.*

Succession and Director Nomination/Appointment

The Governance and Conduct Review Committee, composed entirely of independent directors, oversees director succession and nomination. The recruitment process is an opportunity for the Board to seek eligible qualified candidates who possess the skills and competencies identified in the director skills matrix determined through the annual evaluation and assessment.

The Chair is responsible for, among other duties, working with the Province of Alberta's Public Agency Secretariat and Executive Search branch, as well as representatives of the Minister who assist the Governance and Conduct Review Committee in nominating candidates for the Board based on an inventory of the Board's overall skill-set requirements and competencies. The recommendation is based on careful examination of the Board's size, composition, and director tenure, and balances factors such as age and geographical, professional, and industry representation, taking into account ATB's diversity policy.

The Governance and Conduct Review Committee ensures that Board selection complies with the *Alberta Public Agencies Governance Act* and mandate and roles document, and that director recruitment is publicly advertised and considers general qualifications, legal requirements, business experience, independence, and the Board's diversity profile and future needs.

With the assistance of the Governance and Conduct Review Committee, the Board creates and monitors a Board succession plan and skills matrix and provides an inventory of director competencies to the Minister. When a vacancy occurs, the Board identifies the required competencies and provides these to the Executive Search branch of the Province who assists in recruitment. The Executive Search branch and the Governance and Conduct Review Committee then review the application. A selection and interview panel consisting of the Chair, the Governance and Conduct Review Committee Chair, and representatives of the Province screens and then interviews potential candidates with the required competencies and values. A short list of selected candidates is then reviewed and the search team conducts background checks. The selection and interview panel then provides its recommendations to the Minister, who recommends appointments to the Lieutenant-Governor in Council. The mandate and roles document sets forth the Minister's expectations with respect to director selection.

Director Tenure

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

Board Size

There is no minimum or maximum required number of directors for the Board. Annually, the Governance and Conduct Review Committee reviews the Board size. To do so, they balance the competing goals of keeping the Board small enough for effective discussions and offering adequate representation to meet the demands of Board and committee work in the context of ATB's business and operating environment.

Orientation and Professional Development

The Governance and Conduct Review Committee oversees the process to assist new directors with understanding the nature and operation of ATB's business, the role of the Board and its committees, and the contribution that individual directors are expected to make.

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

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

All new directors receive a digital Board member handbook, which includes:

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

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

In fiscal 2019–20, individual Board members participated in the following training, conferences, or courses:

- Singularity University Summit;
- Council for Excellence in Canadian Crown Corporations Conference;
- Institute of Corporate Directors Conference;
- Energy Disruptors;
- Global Business Forum; and
- Calgary Economic Development – 2020 Economic Summit.

In fiscal 2019–20, Board and committee members participated in the following presentations that were organized by management:

April	April Board Retreat – 10-Year-Strategy Work ● Artificial Intelligence ● Future of Work
May	KPI and Metrics
August	10-Year-Strategy Work ● Future Scenarios ● Corporate Purpose
September	September Board Retreat – 10-Year-Strategy Work ● Strategic Pillars ● Evolving Purpose ● Capabilities for the Future
January	Pension Education Session

Subsidiary Governance

The Board plays a key role in overseeing the governance of ATB's wholly owned subsidiaries, and coordination is overseen by the Governance and Conduct Review Committee. In 2019, the Board approved a subsidiary governance policy that categorizes ATB's subsidiaries and sets out Board composition for subsidiaries and governance standards. The Board and committees receive regular reporting on the subsidiaries' governance, risk, and compliance.

A Closer Look at Our Directors

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

Joan Hertz
LLB, Q.C., ICD.D

Residence Edmonton
Age 50–59
Director since 2019
ATB committees Chair of the Board
Employment Owner

Career and education summary
Joan Hertz chairs ATB Financial's Board of Directors. She previously served as a director at ATB from 2008 to 2018 and as Chair of the Governance and Conduct Review Committee. Joan is currently Interim President and CEO of NorQuest College and is a corporate commercial lawyer and strategic consultant. She serves as a board member and Chair of the Audit Committee for Edmonton International Airport, and she vice-chairs the Board for Covenant Health and chairs their Growth and Innovation Committee. Joan also sits as a public member on the Chartered Professional Accountants Canada Board. She has served on Alberta's Promise and was formerly with the Kids Kottage Foundation and Edmonton Catholic Cemeteries board, as well as with numerous other Crown and community boards.

Current directorships
- Edmonton International Airport
- Covenant Health
- CPA Canada Board
- Silvacom Holdings Corp.

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

Diane Brickner
CIP, ICD.D

Residence Edmonton
Age 60–69
Director since 2019
ATB committees Human Resources; Audit
Employment Corporate director

Career and education summary
Having worked at Peace Hills Insurance since its inception in 1981, Diane Brickner became CEO in 1990. She successfully oversaw expansion of the organization to all provinces and territories west of Ontario. Diane has her Chartered Insurance Professional designation from the Insurance Institute and her ICD.D from the Institute of Corporate Directors. Diane has been recognized by several organizations including the Senate (150th Anniversary Medal), Edmonton YWCA (Women of Distinction in Business), and Alberta Venture (Person of the Year 2013).

Current directorships
- Peace Hills Insurance
- ZCL Composites Inc.
- Aliex (reciprocal for the Law Society of Alberta)

Past directorships
- Property and Casualty Insurance Compensation Corporation
- Insurance Bureau of Canada
- Edmonton Eskimos Football Club
- Western Financial Group
- Edmonton Chamber of Commerce
- Canelson Drilling

Jim Carter
B.E., O.C., FCAE, F.ICD

Residence Spruce Grove
Age 70–79
Director since 2010
ATB committees Investor Services (Chair); Human Resources; Risk
Employment Corporate director

Career and education summary
Jim Carter vice-chairs ATB Financial's Board of Directors and chairs the Investor Services Board. He is an Officer of the Order of Canada and spent 28 years of his career with Syncrude Canada Ltd., including 10 years as President and 18 years as Chief Operating Officer. Jim has his bachelor of engineering degree from Nova Scotia Tech, is a Fellow of the Canadian Academy of Engineering, and graduated from the advanced management program at the Harvard Graduate School of Business Administration. He has received honorary doctorates from three Canadian universities.

Current directorships
- Finning International Inc.
- Irving Oil Limited
- Brand Energy and Industrial Services
- Careers: The Next Generation (Board Chair)
- EllisDon Construction Ltd.
- Crestwynd Exploration Ltd.

Past directorships
- Edmonton Symphony Orchestra and Francis Winspear Centre for Music
- EPCOR Utilities Inc.
- Clark Builders Ltd.
- Alberta Economic Development Authority
- Alberta Research Council
- Mining Industry Advisory Committee to the University of Alberta School of Mining and Petroleum Engineering
- Climate Change and Emissions Management Corp.

Jim Drinkwater

BSc, MA, ICD.D

Residence Edmonton
Age 70–79
Director since 2010
ATB committees Risk (Chair); Audit; Investor Services
Employment Corporate director

Career and education summary

Jim Drinkwater has gained extensive experience from his roles as Assistant Deputy Provincial Treasurer with the Alberta government and in executive roles with Canadian Western Bank, Telus Corporation, and Oskar Mobil. He has also served as an investment committee member for several major organizations. Jim has his BSc in math from the University of Alberta, an MA in economics from Carleton University, and his ICD.D from the Institute of Corporate Directors.

Past directorships

- Board Investment Committee of the Alberta Teachers' Retirement Fund
- Province of Alberta's Advisory Committee on Alternative Capital Financing
- Alberta Municipal Financing Corporation
- University of Alberta Endowment Fund

Wendy Henkelman

BCom, CPA, CA

Residence Canmore
Age 50–59
Director since 2014
ATB committees Human Resources (Chair); Audit
Employment Corporate director

Career and education summary

Having worked as a financial executive, holding positions in major oil and gas companies, Wendy Henkelman has gained comprehensive experience in all aspects of the finance industry. She worked as Vice President of Treasury and Compliance, as an executive in charge of information technology with Penn West Exploration, and as an executive in charge of tax and royalties at Shell Canada. Wendy has her BCom with distinction from the University of Alberta, is a chartered professional accountant (CPA) and chartered accountant (CA), completed the In-depth Income Tax program through the Chartered Professional Accountants of Canada, and completed an executive leadership program from Wharton School of Business at the University of Pennsylvania.

Current directorships

- Postmedia Network Canada Corp. (Audit Committee Chair)
- Cervus Equipment Corporation (Audit Committee Chair)

Past directorships

- Shell Canada Pension Trust (Chair)
- Albian Sands Pension Trust (Chair)
- Canadian Petroleum Tax Society (President)
- Cochrane and Area Humane Society

Barry James

BCom, CA, FCPA, FCA, ICD.D

Residence Edmonton
Age 60–69
Director since 2014
ATB committees Audit (Chair); Risk
Employment Owner

Career and education summary

Barry James chairs the Board's Audit Committee and is a member of the Board's Risk Committee. He serves on fiduciary and advisory boards of public and private companies, foundations, and other organizations and is Chief Corporate Development Officer at Lloyd Sadd Insurance Services. Barry has a BCom with distinction from the University of Alberta, CA from the Canadian Institute of Chartered Accountants, Fellowship of the Institute of the Chartered Accountants of Alberta, and ICD.D from the Institute of Corporate Directors. Barry was a partner at PwC, including 10 years as Managing Partner of the Edmonton office.

Current directorships

- Corus Entertainment Inc. (Audit Committee Chair)
- AutoCanada Inc. (Audit Committee Chair)
- Edmonton Galleria Foundation
- Norseman Group
- Kipnes Foundation
- Inuvialuit Investment Corp.
- Treadmark Properties

Past directorships

- Stollery Children's Hospital Foundation
- Edmonton Convention Centre Authority
- Forest Industry Suppliers' Association of Alberta
- Edmonton Space and Science Foundation
- Support Network Foundation
- University of Alberta Board of Governors
- Government of Alberta (Audit Committee)
- University of Alberta Hospital Foundation

Patrick Lor

BA, MBA

Residence Calgary
Age 50–59
Director since 2018
ATB committees Risk; Governance and Conduct Review
Employment Owner

Career and education summary

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

Current directorships

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

Manjit Minhas

BSc, ICD.D

Residence Calgary
Age 40–49
Director since 2017
ATB committees Human Resources; Governance and Conduct Review
Employment Owner

Career and education summary

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

Current directorships

- Spotlight TV and Film Production
- Inner Spirit Holdings

Past directorships

- West Island College
- TransCanada Trail
- United Way (Campaign Co-Chair)

Mary Ellen Neilson

BCom, CPA, CMA, MBA, ICD.D

Residence Calgary
Age 60–69
Director since 2017
ATB committees Risk; Governance and Conduct Review
Employment Corporate director

Career and education summary

Mary Ellen Neilson was Executive Director at the Association for Rehabilitation of the Brain Injured until early 2020. She is an elected senator for the University of Calgary and a member of the Board of Governors, where she vice-chairs the Investment Committee and chairs the Finance and Property Committee. Mary Ellen has had a successful career in financial services, where she has held various senior executive positions. She has served on and chaired various boards, committees, and organizations. She has her BCom from the University of Calgary, her MBA from York University, her CMA and CPA from the Chartered Professional Accountants of Alberta, and her ICD.D from the Institute of Corporate Directors.

Current directorships

- University of Calgary Board of Governors (Vice Chair, Finance and Property Committee; Vice Chair, Investment Committee)

Past directorships

- Art Gallery of Alberta
- Glenbow Museum Board of Governors
- Society of Management Accountants of Alberta
- YWCA of Calgary (Chair, Audit Committee)
- University of Calgary Senator (Vice Chair, Senate Development Committee)
- Association for the Rehabilitation of the Brain Injured

Robert Pearce

B.A.Sc., MBA, ICD.D

Residence Calgary
Age 60–69
Director since 2014
ATB committees Risk; Audit
Employment Corporate director

Career and education summary

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

Current directorships

- Prospect Human Services
- Jupiter Resources

Past directorships

- North West Upgrading
- Aliron Exploration

Diane Pettie

J.D., FCIS, Q.C., ICD.D

Residence Calgary
Age 60–69
Director since 2014
ATB committees Governance and Conduct Review (Chair), Human Resources
Employment Corporate director

Career and education summary

Diane Pettie is a retired lawyer with over 35 years of legal experience and significant executive experience in the energy and chemical sectors. She was Associate General Counsel for Mirant Corporation for three and a half years; Vice President and Associate General Counsel for Sempra Energy Trading for two years; and Vice President, General Counsel, and Corporate Secretary for Canexus Corporation for nine years. Diane became self-employed in 2015 and currently serves as a public member of the Chartered Professional Accountants of Alberta and as a director of the Alberta Petroleum Marketing Commission. She has her Juris Doctorate from the University of Alberta, is a Fellow of the Chartered Governance Institute of Canada, and has her ICD.D from the Institute of Corporate Directors.

Current directorships

- Chartered Professional Accountants of Alberta
- Alberta Petroleum Marketing Commission
- Women in Law Leadership

Past directorships

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

Todd Pruden

MEd, BEd

Residence Edmonton
Age 50–59
Director since 2015
ATB committees Governance and Conduct Review; Human Resources
Employment Owner

Career and education summary

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

Current directorships

- Northeastern Alberta Aboriginal Business Association
- Circle for Aboriginal Relations

Key Areas of Competency

ATB's directors' skills matrix supports ATB's Board outcome: "Generating long-term shareholder value by effectively competing in the market with a level playing field."

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

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

Area of competency (knowledge, skills, and experience)	Individual directors												Board as a whole
	Joan Hertz	Diane Brickner	Jim Carter	Jim Drinkwater	Wendy Henkelman	Barry James	Patrick Lor	Manjit Minhas	Mary Ellen Neilson	Robert Pearce	Diane Pettie	Todd Pruden	
Strategic thinking/ planning at a board level (1)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial literacy (2)	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓
Governance (3)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Critical thinking / risk management (4)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human resources (5)	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓
Leadership/ teamwork acumen (a) (6)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership/ teamwork acumen (b) (7)	✓	✓	✓			✓	✓	✓		✓			✓
Financial industry (8)	✓	✓	✓	✓	✓	✓			✓	✓			✓
Entrepreneurialism (9)	✓	✓				✓	✓	✓		✓		✓	✓
IT/Technology (10)		✓		✓	✓	✓	✓						✓
Community (11)	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓
Legal acumen (12)	✓	✓	✓		✓	✓				✓	✓		✓ (13)

(1) Demonstrates a high level of strategic thinking ability and has prior experience as a board or committee member of a larger public entity, Crown corporation, or major organization with a governance board.
(2) Can read and understand ATB's financial statements, including the breadth and level of complexity of accounting issues that can reasonably be expected to be raised within such financial statements.
(3) Understands governance processes, policies, and accountabilities by which organizations are directed and controlled, including understanding the roles and relationships between stakeholders, directors, and management.
(4) Applies critical thinking and creativity and understands and can identify and oversee key risks in wide-ranging areas (enterprise, reputational, human resources, legal and regulatory, credit, market, liquidity, operational, business, and strategic risks). Generates novel or innovative solutions.
(5) Demonstrates proficiency in human resources issues (recruitment, succession planning, talent development, retention, change management, compensation programs, and pensions).
(6) Can inspire and motivate others through leadership and direction. Demonstrates an understanding of the importance of teamwork to the success of the board and organization.
(7) Has led as CEO or senior executive in a larger organizational setting.
(8) Understands the financial services industry, gained from experience at a Canadian bank, U.S. regional bank, or related financial services industry participant (insurer, wealth manager) or was auditor of one.
(9) Has owned or led a small or medium-sized enterprise.
(10) Understands IT-related issues (project management, information or record management, cybersecurity).

(11) Understands community dynamics, such as fostering corporate social responsibility or communications.
(12) Demonstrates a strong understanding of legal issues, particularly corporate law, legal and regulatory compliance, finance/securities, insolvency, litigation, employment.
(13) The Board considers its members to have necessary subject matter expertise for legal acumen, given its ability to engage ATB's Legal Services team and/or seek external assistance.

Director and Committee Meeting Attendance

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

Director [Total number of meetings]	**Board** [4] (1) **(Special Board)*** [3]	**Audit** [4]	**Governance** [4]	**Human Resources** [4]	**Risk** [5] **(Special Risk)*** [9]	**Attendance percentage (2) (Special Board)* (3)**
Joan Hertz (Chair)	4/4 2/2*	4/4	4/4	1/1	5/5 9/9*	100% 100%*
Diane Brickner (4)	3/3 2/3*	3/3	n/a	3/3	n/a	100% 92%
James (Jim) Carter	4/4 3/3*	n/a	n/a	3/4	4/5 8/9*	88% 88%*
Jim Drinkwater	5/5 3/3*	4/4	n/a	n/a	5/5 9/9*	100% 100%*
Wendy Henkelman	5/5 3/3*	4/4	n/a	4/4	n/a	100% 100%*
Barry James	5/5 3/3*	4/4	1/1 (5)	n/a	5/5 9/9*	100% 100%*
Patrick Lor	3/4 3/3*	n/a	2/4	n/a	4/4 9/9*	86% 89%*
Colette Miller (6)	1/1 1/1*	1/1	n/a	1/1	n/a	100% 100%*
Manjit Minhas	4/4 1/3*	n/a	2/4	3/4	n/a	75% 67%*
Mary Ellen Neilson	5/5 3/3*	n/a	4/4	1/1 (7)	5/5 9/9*	100% 100%
Robert Pearce	4/4 3/3*	4/4	n/a	n/a	5/5 9/9*	100% 100%*
Diane Pettie	4/4 3/3*	n/a	4/4	4/4	n/a	100% 100%*
Todd Pruden	4/4 3/3*	n/a	4/4	4/4	n/a	100% 100%*

(1) The Board meetings took place on two consecutive days but are each counted as one meeting for the purpose of this report.
(2) The attendance percentage is calculated based upon the total of all regularly scheduled Board and committee meetings possible for each applicable director for the fiscal year. The Chair of the Board may attend all committee meetings but this percentage is calculated using Board meetings only.
(3) The attendance percentage is calculated based on the total of all regularly scheduled Board and committee meetings plus any special meetings that were not scheduled in advance.
(4) Diane Brickner was appointed to the Board on July 2, 2019.
(5) Barry James attended the Governance and Conduct Review Committee as a guest director.
(6) Colette Miller's term expired on June 15, 2019.
(7) Mary Ellen Neilsen attended the Human Resources Committee as a guest director.

Director Compensation

Executive Council for the Province of Alberta determines and sets director compensation, including retainers and meeting fees, by order-in-council. The Board's Governance and Conduct Review Committee periodically conducts research and makes recommendations to the Minister on director compensation. The Board has approved the *Directors' Remuneration Policy and Expense Guideline*, which identifies key principles underlying the payment of remuneration and reimbursement of expenses.

The total compensation paid to non-management directors as at March 31, 2020, is as follows:

Director name	Annual retainer	Board Chair retainer	Investor Services Board and committee chair retainer	ATB meeting fees	Investor Services Board meeting fees	Total
Joan Hertz	$ 15,000	$ 15,000	$ -	$ 30,500	$ 6,100	$ 66,600
Diane Brickner (1)	11,250	-	-	15,900	-	27,150
Jim Carter	15,000	-	2,000	21,900	3,300	42,200
Jim Drinkwater (2)	15,000	-	2,000	23,800	6,600	47,400
Wendy Henkelman	15,000	-	2,000	23,700	-	40,700
Barry James	15,000	-	2,000	26,000	-	43,000
Patrick Lor	15,000	-	-	21,900	-	36,900
Colette Miller (3) (4)	3,750	-	-	5,900	1,400	11,050
Manjit Minhas	15,000	-	-	12,800	-	27,800
Mary Ellen Neilson (5)	15,000	-	-	26,700	5,600	47,300
Robert Pearce	15,000	-	-	24,500	-	39,500
Diane Pettie	15,000	-	2,000	23,700	-	40,700
Todd Pruden	15,000	-	-	20,000	-	35,000
Total						**$ 505,300**

(1) Diane Brickner joined the board on July 2, 2019.
(2) Jim Drinkwater chaired the ATBIS meeting for February 2020 and was given an honorarium.
(3) Colette Miller's term expired on June 15, 2019.
(4) Colette Miller guest attended the Investor Services Board meeting in May 2019.
(5) Mary Ellen Neilson guest-attends the Investor Services Board meetings.

2019–20 Business Highlights

We are obsessed with delivering remarkable experiences for our customers. Every time. In this era of the customer, we must put our customer at the centre of everything we do, every decision we make, to drive meaningful, long-term relationships with Albertans and Alberta businesses. We have to learn, unlearn, and adapt to meet our customers' changing needs and expectations. And be genuine and loyal. We've invested in new technology, tools, and processes to improve every customer experience. And in this remarkable end to the year, we were able to leverage these to new heights, allowing us to respond swiftly to support our nearly 777,000 customers more than ever in their time of need. We've enabled our team members to be better equipped to serve our customers—in good times and times of crisis—to deliver a more consistent experience every time.

Throughout the year we supported customers by listening and adapting to their evolving needs. We focused efforts across the business on helping Albertans, by being there for customers as their financial situations adjusted, leveraging our strong marketplace knowledge and team member expertise to offer solutions that truly fit our customers. And we will do so again and again.

ATB continued to focus on the following areas of expertise: Everyday Financial Services, ATB Business (formerly Business and Agriculture, Corporate Financial Services, and AltaCorp Capital Inc.), and ATB Wealth. The following highlights the key aspects of how our areas of expertise are managed and reported:

- **Everyday Financial Services** provides financial services to individuals and businesses through our branch, agency, Client Care, and ABM networks.
- **ATB Business** 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)

EFS is about putting the customer at the centre of everything we do—every day!

Our customer-driven focus was targeted through three key strategies in fiscal 2019–20—gathering core deposits for ATB, delivering consistent and exceptional customer experiences, and making it easy for team members to delight customers.

Gather Low-Cost Core Deposits for ATB

Core deposits are a crucial part of ATB's operations. More importantly, they define a customer's relationship and trust with their primary bank. Focusing on gathering core deposits allows us to be prominently connected with Albertans while driving revenue growth that benefits ATB. That effort paid off this year, as EFS further established our position as a net-liquidity contributor to ATB. This success resulted from deepening relationships with customers, delivering exceptional customer experiences, and maintaining competitive pricing and relevant marketing.

Delivering Consistent and Exceptional Service Experiences

This year we served our customers by differentiating ourselves and working together toward a common goal to provide excellence in service experience and in distribution, with our customers at the centre of our model.

Nothing shows how far EFS has come in this area like our response to the onset of the COVID-19 pandemic late in fiscal 2019–20. EFS needed to pivot our operations in a matter of days, from in-branch visits to an appointment or virtual delivery model. While doing this, we had to balance our ability to ensure no interruption in customer service with limiting COVID exposure to both customers and team members. Through this, we have been able to learn from and accelerate our plans to support customers with a more digitized offering.

Make It Easy for Team Members to Delight Customers

Focus, prioritization, and an engaged workforce that delivers extraordinary results are cornerstones to our success in this area. To maximize productivity and market share opportunities, EFS continued to build our people's capability and target them in a data-driven direction. EFS demonstrated our commitment this year through proactive connections, follow-up, and reduced response times. This allowed us to reduce the number of disappointed customers by 16% and hit our annual customer advocacy index (CAI) target of 55. EFS is about putting the customer at the centre of everything we do—every day!

This year EFS took the time to zoom in to assess what has created successful service experiences for customers today and then zoomed out to consider how we will continue to succeed in the eyes of customers tomorrow and into the future.

Going through this experience, we found that what matters to customers is our ability to know and value them; to be available, accessible, and responsive to their needs; and to make it easy to help them live better lives by building their financial confidence.

ATB Business

In fiscal 2019–20, Alberta business customers connected with ATB via our traditional channels. Business and Agriculture (B&Ag) supported small and medium-sized companies across the province, with an additional specialization in agriculture customers. Corporate Financial Services supported large companies across multiple industries and specializations. The subsidiary of AltaCorp Capital Inc. provided capital markets and advisory solutions Canada-wide as well as through U.S. operations. Our strategies were segmented accordingly, as you will see highlighted below. Markedly, the fourth quarter included a significant shift in value to the business customer by merging our three channels into one operating model, ATB Business. This broader and streamlined platform came just in time to address the current market conditions. As Albertans face the economic realities of the pandemic, we are able to address their needs more holistically with advice and services tailored to the unique challenges within their industry and/or business.

Business and Agriculture (B&Ag)

Ensure Balanced Growth through Customer Experience

Helping to fuel the economy through the support of Alberta business is something we take seriously. The success of our business customers' financial health is as important as our own. We know our B&Ag customers broaden their relationship with us the more they trust the partnership and advice that translates to results. This year we focused on our existing customers, working to balance their relationship with enhanced loan and deposit activity that enabled their businesses effectively. We also invested in strategic initiatives like entrepreneur education, trade finance, and manufacturing to grow our presence in these markets.

To enable the growth through trusted customer relationships, we implemented a new customer planning model and invested in deeper skill development. The new planning materials facilitate relationship managers being able to capture the unique traits of the business customer along their journey. Combined with enhancements to the manager entrepreneurship residency training program, we improved the continuity of relationships with customers and met our target customer advocacy index (CAI) score.

Strengthen Business Processes

Sustaining a positive bottom line allows ATB to reinvest in continuous improvement. B&Ag is focused on fully deploying technology enhancements and transformation tools that help create a simpler account opening experience for business customers. The implementation streamlined our team member effort on basic transactions while allowing for more tailored customer information to be captured. In turn, the adoption of improved tools allowed for new capacity to identify meaningful value for B&Ag customers by connecting them with broader ATB platforms and services such as Prosper, Personal Banking services, and more.

We rolled Business Performance Review (BPR) 2.0 into production, eliminating thousands of emails and allowing team members to spend more time focused proactively on customers. The tool also incorporates better portfolio risk management to minimize losses to ATB. We are working to automate even more annual reviews, improving efficiency and allowing us to adjust our support, products, and services accordingly to customer needs.

Corporate Financial Services (CFS)

Enable Performance Capability

As ATB and CFS evolve our thinking around performance, we took on a number of initiatives in fiscal 2019–20 with this in mind: (1) detailed talent reviews; (2) enhanced foundational improvements to portfolio-managed lending; (3) implementation of lean value stream mapping that identified opportunities to improve customer experience; (4) development of wellness skills through the Working Minds program; and (5) advanced training on margining and credit.

We turned our eyes to the future in the fourth quarter by combining the business units. The goal is to simplify the experience for customers, focusing mutual effort on enhancing their businesses rather than understanding nuances associated with the sectors. We have begun mapping activities and capabilities to ensure we can offer industry-specific advice.

Diversify Partnerships for an Enhanced Customer Offer

CFS continues to develop robust engagement with industry, municipalities, and institutions. We researched the complex customer experience with ATB in partnership with the Listening Post, to tailor our approach and efforts for improvements. As a result, we surpassed our customer advocacy index (CAI) target for fiscal 2019–20.

The Financial Markets Group continues to grow its footprint, adding key resources to create stability and partnering with ATB's areas of expertise to further align ATB with its goals of increasing non-lending revenue. Particular areas of growth are in foreign exchange (FX) with B&Ag and CFS in both new and existing relationships. We are seeing increased competition for this business and therefore some spread compression across asset classes. Further, Murex, and ATB FX providers continue to be excellent partners contributing to the long-term growth potential.

Ancillary revenue and balanced growth was attained, in part, through the sophisticated partnership platforms that these customers require. Much of this was achieved with AltaCorp, Financial Markets, Syndications, Project Finance, ATB Business Solutions, and Equipment Finance. The advisory capability available to customers in this segment will continue to gain momentum from this foundation, paving the way for enhancements in fiscal 2020–21 through the integration of the capital markets services. New synergies will be created now that all business units are combined under Business; this will enable a dual-coverage model and integrated service and product offerings, in turn allowing us to deliver a full suite of financial-service solutions for our clients.

AltaCorp Capital Inc. (AltaCorp)

Grow and Enhance Revenue Generation

Throughout fiscal 2019–20 we maintained our sector focus with alignment in those verticals that are of core competency to ATB—energy, life sciences, and diversified industries. With that, we moved to further align our efforts with a consistent sector strategy to partner with CFS alongside investment banking, research, and sales and trading. This alignment ensured that resources were focused around key, prioritized clients to deliver the best possible client experience around our capabilities and solutions. This approach has been a precursor to, and set the stage for, what became a concerted focus for the senior management team at AltaCorp at the end of the fiscal year—the full ownership and integration of the broker dealer into ATB.

Investment banking: Fiscal 2019–20 proved to be another year of difficulty for revenue generation in the energy sector. The tough markets of 2019 continued in 2020 as capital availability to the energy companies remained elusive. Weak commodity prices, leading to lower return on invested capital metrics, combined with climate change and environmental, social, and governance concerns, sustained the mostly “closed” window to new capital formation in the sector. For better-quality names, we saw that debt capital was still available for companies needing to either refinance existing maturities or finance new initiatives.

Although the first half of the fiscal year was strong in life sciences from a financing perspective, we saw a dramatic collapse mid-year in the sector due to ongoing uncertainty that caused investors to flee. However, our life sciences team, alongside CFS, coordinated exceptionally well to elevate our competitive position with key corporate clients by putting forth value-added solutions. New mandates were earned both on the financing side and that of mergers and acquisitions advisory.

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

Sales and trading: On the institutional sales and trading desk, we added additional distribution capabilities with new institutional sales team members in Calgary, Toronto, and Denver. Agency revenues remained challenged and range bound as two of our three key sectors (energy and life sciences) were the two weakest performers during the year. Our response and strategy is to focus our new analysts and service in diversified industries where capital availability continues to be present.

Deepen the Client Relationship

By working hand in hand with ATB—in particular, CFS and ATB Wealth—we have been able to meet our clients' full business cycle needs, including treasury, finance, and advisory, from start-up to successful exit. Access to comprehensive financial-service solutions has given our clients increased touch points with our team of experts, and this has helped ATB increase its influence and prominence in our core industries.

We also held valuable forums throughout the year for our corporate and institutional investors, demonstrating the growing extent of our reach into the North American capital markets. Notably, we once again held the Montney and Duvernay Conference in New York, which brought more than 100 corporate and institutional clients together to discuss the ecosystem necessary to develop this world-class resource in Canada. Our eighth-annual institutional investor conference brought clients together to explore strategies, trends, and opportunities in our country's core industries.

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

ATB Wealth

ATB Wealth, comprised of Investor Services and Private Banking, proudly promises to help Albertans achieve their goals by helping sort through the complexities in their financial lives, so they can focus on what matters most. As Albertans' lives become increasingly complex due to age, economic and political headwinds, digital enhancements, health concerns, and decisions relating to intergenerational wealth transfer, expectations for holistic financial services is increasing. In our pursuit to help clients reach their goals and build a lasting legacy, our integrated wealth offer and experience provides personal investment and private banking advice, and award-winning solutions to over 85,000 Albertans.

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

We continue to accelerate our growth plan through evolving, expanding, and strengthening our advisory team of financial advisors and private bankers to ensure we deliver on our service promise to Albertans. Over the past three years, we have continued to create capacity for our senior financial advisors to attract and retain clients, as a result of our investment in our financial advisor segment, who support clients with less than $250,000 in investable assets. We continue to expand our advisory team and wealth management services to under-serviced Alberta marketplaces. To ensure every ATB Wealth client receives personalized service, we will continue to transition clients to a new financial advisor. We also updated our regional market structure to provide tailored leadership for advisors and drive growth.

Transform Support to Advisors

A key strategic differentiator for our business over the past decade has been the investment made in professional development and proficiency of advisors through our Mastery program. We enhanced our Mastery road map to include six service commitments that were based on client feedback and expectations, and to position our advisory team for the future. We automated our behavioural finance assessment tool, Money 20, to further harness the wealth transfer opportunity and build invaluable relationships with our clients' spouses and children. We remain focused on optimizing tools and processes for advisors and clients to ensure we're positioned for future growth and adaptable to clients' evolving needs and demands.

Elevate Our Newly Aligned ATB Wealth Offering and Brand

We leveraged ATB Wealth's brand to competitively position our holistic wealth offering in the Alberta marketplace by building external awareness, internal confidence, and overall ambassadorship within our target market. Through broadening our relationship services, we surrounded clients with the right experts for financial, tax, and estate planning; insurance; charitable giving; and succession planning to ensure clients have a holistic plan that guides their financial decisions, supports wealth transfer conversations, and helps navigate the emotional side of wealth management.

Our Strategic Direction

At ATB, we have an 81-year history of driving economic growth, fuelling innovation, and providing the kind of advice that our customers need in order to build an incredible future for themselves and their businesses, especially in tough times.

Over fiscal 2019–20 we committed to focusing, ruthlessly, on building a stronger culture of execution and delivering against four enterprise strategies:

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

As we completed our 2018–2020 strategic plan, we began to look to the future. We forced ourselves to face uncertainty, become much more aware of what's happening in the banking industry of today and tomorrow, and ultimately permit ourselves to be courageous and bold in the actions we take for ATB's future.

In fiscal 2020–21, we are embarking on an intentional path to our long-term future, executing on year one of our 10-year strategic plan: *Courageously Advancing the Future*. In the final weeks of fiscal year 2019–20, the relevance of this rallying cry has only intensified as ATB, Alberta, Albertans, and the world advance in the ambiguous wake of COVID-19, severely low oil prices, and market volatility. The swiftness, severity, and uncertainty resulting from this trifecta is challenging our consumer customers and business customers in unprecedented ways. All industries, particularly the oil and gas sector and consumer-oriented businesses, have been directly affected, resulting in downstream impacts to other sectors such as agriculture. The province of Alberta is facing the deepest recession since the 1930s.

There is no doubt that people and organizations across Alberta are searching for effective ways to navigate and overcome these times. Our customers require us to not only be resourceful and knowledgeable, but also translate our expertise into real solutions. The calibre of advice we offer will be something that truly differentiates us today and will position ATB in a place of trust with our customers for the long term. After all, we are truly in this together.

Over the next decade, we will fundamentally shift how we invest in team members and technology to better deliver advice, products, and services through five strategies.

- ATB Customer Experience Strategy: Shifting Our Services and Service Model;
- ATB Growth Strategy: Investing in and Growing Business and Wealth;
- ATB Expert-Advisory-Services Strategy: Offering Personal, Data-Driven Advice;
- ATB Platform Strategy: Digitally Enabling a Better Experience for Our Customers; and
- ATB Edge Strategy: Exploring the Art of the Possible.

We will own the customer experience at every interaction and leverage digital platforms to scale business, wealth, and everyday banking services to as many customers as possible in the channels that they choose. We will meaningfully grow Alberta businesses and their wealth, offering personal, data-driven advice to our customers across their full set of financial needs to advance their future and help to differentiate us from our competitors. And, we will explore our edges to consider what is possible beyond banking for our customers—they are our source of inspiration and the only barometer of success.

ATB was created with a purpose of providing hope in 1938, as Alberta emerged from the Great Depression. We were here as a force of economic growth in the decades since then. What remains true today—from our history to our future—is why ATB exists: to embrace the art of the possible for Albertans and Alberta businesses, uplifting their legacies and livelihoods. And especially as together we emerge from challenging times.

Economic Outlook

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

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

Economic Challenges

The extent of the economic damage being caused by the COVID-19 pandemic is unclear. We can, however, forecast with confidence that both Alberta and Canada will experience a major economic contraction this year accompanied by high rates of unemployment.

The duration of the containment effort is the primary variable determining the extent of the damage. If most of the economy is reopened by the end of June, the pain will be concentrated in the second quarter. If containment measures remain in place after June or a second wave of virus brings them back later in the year, the economic contraction and spike in unemployment will also last longer.

The speed of the recovery will depend on a wide range of factors:

- The degree to which social/physical distancing measures remain in place;
- Behaviour changes linked to ongoing fears of the virus;
- New habits formed during the lockdown;
- The state of consumer confidence and personal finances;
- The financial health of businesses;
- The resilience of local, national, and international supply chains;
- The speed and extent of the recovery in the United States and other countries; and
- The length and effectiveness of government income support programs, stimulus spending, and efforts to shore up the financial system.

At the same time, low prices, reduced spending, production shut-ins and liquidity challenges are hitting Alberta's energy sector and adding to the harmful economic effects of the pandemic. Because it will take time to rebalance oil markets after the demand destruction brought on by COVID-19 ends, Alberta's economic recovery will be slower than places less reliant on oil and gas production. In the most likely scenario, energy sector capital spending is kept to a minimum and new investment is in short supply. Barring a major geopolitical shock, this scenario will remain in play well into 2021, if not longer. There is concern that numerous energy sector businesses will not survive the downturn even if additional federal government support is forthcoming.

Implications for ATB

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

- Lost income due to unemployment and market losses;
- Business closures;
- Cash flow problems;
- Reduced housing market activity;
- High levels of financial anxiety; and
- Turmoil in the energy sector.

Weathering the lockdown and then helping to restart and rebuild the economy will be critical challenges with which ATB can assist.

No sector of the economy will be spared the negative effects of the pandemic, but some segments may be better positioned (e.g., grocery stores, home entertainment, and delivery services). Other sectors may be able to seize opportunities that emerge after the pandemic (e.g., health technology, local food supply options, and digital services).

Pent-up demand for financial services will be released once containment measures begin to lift, but we still expect the spike in overall economic activity to plateau relatively quickly due to stubbornly high unemployment, ongoing physical/social distancing measures, strained personal and business finances, and a slow recovery in the oil patch.

There is likely to be increased need for financial services related to:

- Loans;
- Retirement options given damaged investment portfolios;
- Debt restructuring;
- Home sales (during the initial period after containment lifts);
- Government stimulus spending;
- Building new supply chains; and
- New entrepreneurial activity related to the pandemic (e.g., business startups that provide “virus mitigation” services).

The Bank of Canada’s trendsetting interest rate is expected to stay at or near its current level of 0.25% for some time.

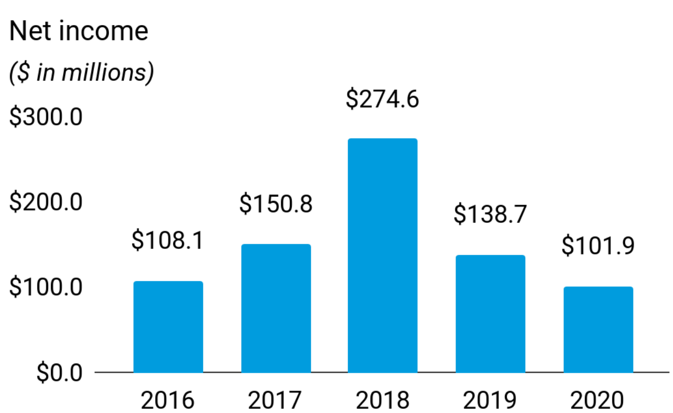
Review of 2019–20 Consolidated Operating Results and 2020–21 Future Outlook

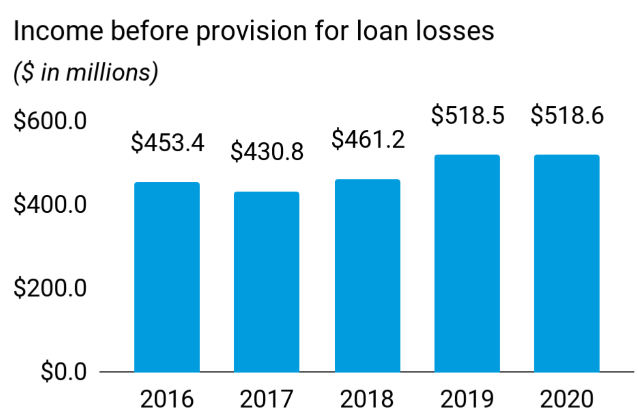
See detailed analysis in the consolidated financial statements.

2019–20 Performance and 2020–21 Objectives

Key Performance Indicator Targets and Results

(%)	2019–20 target	**2019–20 results**
Return on average assets	0.40–0.50	**0.19**
Return on average risk-weighted assets	0.45–0.55	**0.28**
Operating revenue growth	4.0–6.0	**2.6**
Efficiency ratio	70.0–72.0	**70.0**
Performing loan growth	3.0–5.0	**0.14**
Deposit growth	2.0–4.0	**(1.5)**
Growth in assets under administration	11.0–13.0	**(2.2)**





Net Income

Net income decreased by $36.8 million (26.5%) from the prior fiscal year. While we achieved our highest-ever operating revenue, it was overshadowed by a significant increase in loan loss provisions for our non-retail customers due to the deteriorating economic environment resulting from COVID-19 and the oil price collapse. ATB's net contribution to the Government of Alberta—composed of net income, payment in lieu of taxes, and deposit guarantee fee for fiscal 2019–20—was $186.8 million, a decrease of $47.2 million (20.2%) from last year's $234.0 million. The drop was due to a higher provision for loan losses discussed above.

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

($ in thousands)	**2020**	2020 vs 2019 increase (decrease)		2019
Operating revenue	**$ 1,726,818**	$ 44,179	2.6%	$ 1,682,639
Less: non-interest expense	**(1,208,255)**	44,085	3.8%	(1,164,170)
Income before provision for loan losses	**$ 518,563**	$ 94	0.02%	$ 518,469

Outlook for Fiscal 2020–21

In these unprecedented times of COVID-19, plummeting oil prices, and market volatility, it is hard to predict what fiscal 2020–21 will look like. As we continue to support our customers and Alberta through these challenging times, we expect a year of stabilization and limited growth opportunities, along with a higher provision for loan losses.

Return on Average Assets

The return on average assets for fiscal 2019–20 decreased from last year, driven by a decrease in net income and an increase in our average assets.

($ in thousands)	**2020**	2020 vs 2019 increase (decrease)		2019
Net income	**$ 101,908**	$ (36,787)	(26.5)%	$ 138,695
Average total assets	**$ 53,979,921**	$ 270,326	0.50%	$ 53,709,595
Return on average assets	**0.19%**	(0.07)%		0.26%

Operating Revenue

Total operating revenue consists of net interest income and other income. Growth in operating revenue this year is mainly attributed to other income due to ATB Wealth's average assets under administration increasing and revenue generated from our foreign-exchange, interest-rate, and liquidity risk management products.

($ in thousands)	**2020**	2020 vs 2019 increase (decrease)		2019
Net interest income	**$ 1,194,189**	$ 2,389	0.20%	$ 1,191,800
Other income	**532,629**	41,790	8.5%	490,839
Operating revenue	**$ 1,726,818**	$ 44,179	2.6%	$ 1,682,639

Net Interest Income

Net interest income represents the difference between the interest earned on assets (such as loans and securities) and interest paid on liabilities (such as deposits, wholesale, and collateralized borrowings). Net interest income increased by $2.4 million (0.2%) from last year, with $25.6 million of the increase coming from balance sheet growth, offset by a $23.2-million decrease due to pricing changes, both resulting from strategies rolled out this year. Over the last year, assets have grown by 1.4% while net interest margin has remained flat.

Changes in Net Interest Income

	2020 vs 2019			2019 vs 2018		
	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	**$ (8,116)**	**$ (1,924)**	**$ (10,040)**	$ 4,831	$48,382	$ 53,213
Loans	**24,304**	**47,918**	**72,222**	146,431	101,942	248,373
Change in interest income	**$ 16,188**	**$ 45,994**	**$ 62,182**	$ 151,262	$ 150,324	$ 301,586
Liabilities						
Deposits	**$ 17,156**	**$ 58,058**	**$ 75,214**	$ 14,268	$ 144,205	$ 158,473
Wholesale borrowings	**(22,956)**	**7,080**	**(15,876)**	21,806	8,415	30,221
Collateralized borrowings	**1,850**	**3,541**	**5,391**	22,379	17,041	39,420
Securities sold under repurchase agreements	**(2,367)**	**620**	**(1,747)**	2,370	1,986	4,356
Subordinated debentures	**(3,111)**	**(78)**	**(3,189)**	75	(379)	(304)
Change in interest expense	**$ (9,428)**	**$ 69,221**	**$ 59,793**	$ 60,898	$ 171,268	$ 232,166
Change in net interest income	**$ 25,616**	**$ (23,227)**	**$ 2,389**	$ 90,364	$ (20,944)	$ 69,420

Net Interest Margin Earned

The net interest margin is the ratio of net interest income to average total interest-earning assets for the year. It is an important measure for ATB, as it demonstrates how profitable our banking business is. The ratio remained flat, at 2.28%, compared to last year as higher yields earned from our loan portfolio were offset by higher funding costs.

Net Interest Income and Margin Earned

	Average balances		Interest income		Average rate *(%)*	
($ in thousands)	**2020**	2019	**2020**	2019	**2020**	2019
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 5,816,444**	$ 6,318,639	**$ 101,127**	$ 111,168	**1.7**	1.8
Loans	**46,617,490**	46,066,265	**1,981,498**	1,909,276	**4.3**	4.1
Total interest-earning assets	**52,433,934**	52,384,904	**2,082,625**	2,020,444	**4.0**	3.9
Non-interest-earning assets	**1,667,214**	1,325,097	**-**	-	**-**	-
Total assets	**$ 54,101,148**	$ 53,710,001	**$ 2,082,625**	$ 2,020,444	**3.8**	3.8
Liabilities and equity						
Deposits	**$ 35,904,947**	$ 34,928,113	**$ 601,478**	$ 526,263	**1.7**	1.5
Wholesale borrowings	**3,602,932**	4,638,193	**86,971**	102,847	**2.4**	2.2
Collateralized borrowings	**8,771,361**	8,677,162	**189,619**	184,228	**2.2**	2.1
Non-interest-bearing liabilities	**1,629,404**	1,358,507	**-**	-	**-**	-
Securities sold under repurchase agreements	**258,621**	420,952	**4,391**	6,138	**1.7**	1.5
Subordinated debentures	**223,165**	337,580	**5,977**	9,167	**2.7**	2.7
Equity	**3,710,718**	3,349,494	**-**	-	**-**	-
Total liabilities and equity	**$ 54,101,148**	$ 53,710,001	**$ 888,436**	$ 828,643	**1.6**	1.5
Net interest margin					**2.28**	2.28

Other Income

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

($ in thousands)	**2020**	2020 vs 2019 increase (decrease)		2019
Wealth management	**$ 221,431**	$ 16,952	8.3%	$ 204,479
Service charges	**75,463**	(896)	(1.2)%	76,359
Card fees	**65,103**	(1,392)	(2.1)%	66,495
Credit fees	**44,865**	(221)	(0.49)%	45,086
Insurance	**24,987**	965	4.0%	24,022
Capital markets revenue	**20,275**	19	0.09%	20,256
Foreign exchange	**21,709**	16,025	281.9%	5,684
Net gains on derivative financial instruments	**41,443**	5,884	16.5%	35,559
Net gains on securities	**11,353**	3,363	42.1%	7,990
Sundry	**6,000**	1,091	22.2%	4,909
Total other income	**$ 532,629**	$ 41,790	8.5%	$ 490,839

Other income increased primarily due to ATB Wealth, foreign-exchange income, and net gains on derivatives and securities.

Revenue generated from ATB Wealth increased this year due to higher average assets under administration.

Foreign-exchange and derivative income earned this year was bolstered by foreign-exchange and interest-rate trades executed by our Financial Markets Group (FMG) and unrealized gains from our corporate interest-rate-risk-management portfolio. The revenue earned from FMG's commodity deals, however, did drop from last year.

The ratio of other income to operating revenue was 30.8%, which increased by 1.6% from prior year. This ratio is significantly lower than that of other major Canadian banks, as ATB does not generate comparable revenue from trading, investment banking, or major brokerage activities.

Provision for Loan Losses

($ in thousands)	**2020**	2020 vs 2019 increase (decrease)		2019
Stage 3 (recovery) provision (1)	**$ (93,058)**	$ (287,788)	(147.8)%	$ 194,730
Stage 2 provision (1)	**89,913**	62,951	233.5%	26,962
Stage 1 provision (1)	**37,784**	34,877	1,199.8%	2,907
Net write-offs	**351,341**	237,795	209.4%	113,546
Total provision for loan losses	**$ 385,980**	$ 47,835	14.1%	$ 338,145
Provision for loan losses to average gross loans	**0.81%**	(0.10)%		0.71%

(1) Refer to the critical accounting policies and estimates section for further details.

ATB's provision for loan losses, comprising net write-offs, recoveries, and required changes to the allowance for Stage 1, 2, and 3 loans, increased from last year. This increase, mainly due to our Stage 1 and 2 provision reflecting a weakening economy, was compounded by falling oil prices and the COVID-19 pandemic impact on the economy affecting the entire loan portfolio. We continue to see new impairments in our Stage 3 provision, especially for our oil and gas customers as economic conditions remain bleak. The recovery in the Stage 3 provision occurred because a significant number of high-dollar oil and gas loans with Stage 3 provisions were written off during the year.

We recognize the impact that the ongoing challenges and uncertainties of the current environment will have on our customers. We remain committed to providing our customers with access to credit as we help stabilize and support Alberta's economy, while at the same time taking appropriate measures to limit losses. (See the Risk Management section of this report.) As at March 31, 2020, gross impaired loans of $1.1 billion make up 2.2% (2019: 2.0%) of the total loan portfolio.

Non-Interest Expenses (NIE)

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

($ in thousands)	**2020**	2020 vs 2019 increase (decrease)		2019
Salaries and employee benefits	**$ 663,461**	$ 64,291	10.7%	$ 599,170
Data processing	**121,478**	3,312	2.8%	118,166
Premises and occupancy, including depreciation	**82,639**	(5,886)	(6.6)%	88,525
Professional and consulting costs	**67,141**	1,490	2.3%	65,651
Deposit guarantee fee	**46,690**	(984)	(2.1)%	47,674
Equipment and software and other intangibles, including depreciation and amortization	**100,979**	(2,011)	(2.0)%	102,990
General and administrative	**83,328**	(7,280)	(8.0)%	90,608
ATB agencies	**13,812**	634	4.8%	13,178
Other	**28,727**	(9,481)	(24.8)%	38,208
Total non-interest expenses	**$ 1,208,255**	$ 44,085	3.8%	$ 1,164,170
Efficiency ratio	**70.0%**	(0.78)%		69.2%

Our expenses have increased this year as we invest in delivering better customer service and digital offerings.

Salaries and employee benefits increased due to five main factors: hiring new team members, promoting existing team members, offering higher salaries to new team members, transitioning to in-house resources for certain technology solutions, and increasing expenses related to severance.

General and administrative costs decreased from last year as we managed discretionary spending and decreased travel and media buys. Premises and occupancy costs decreased because, with the implementation of IFRS 16, our subleases are no longer amortized. Other expenses benefited from the lower fair value of our achievement notes.

Efficiency Ratio

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. As we continue to invest in team members to provide a better customer experience, our NIE outgrew our operating revenue, resulting in an efficiency ratio of 70.0%.

Review of Operating Results by Areas of Expertise

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

The manner in which ATB determines the revenues, expenses, and provision for loan losses attributable to the various areas of expertise is outlined below.

On January 20, 2020, we announced changes to our structure, which will merge three channels into one operating model to provide value to our business customers. In fiscal 2020–21 ATB Business will be created, which combines Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and AltaCorp Capital Inc. and provides financial advisory services to mid and large-sized businesses, corporations, and agricultural customers.

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

Year-Over-Year Segmented Results

($ in thousands)	Everyday Financial Services (1) (2)	Business and Agriculture (2)	Corporate Financial Services	AltaCorp Capital Inc.	ATB Wealth	Strategic service units	Total
For the year-end March 31, 2020							
Net interest income	**$ 489,800**	**$ 279,597**	**$ 329,918**	**$ 448**	**$ 21,386**	**$ 73,040**	**$ 1,194,189**
Other income	**113,566**	**61,433**	**90,751**	**20,508**	**227,957**	**18,414**	**532,629**
Total operating revenue	**603,366**	**341,030**	**420,669**	**20,956**	**249,343**	**91,454**	**1,726,818**
Provision for loan losses	**84,638**	**87,228**	**211,237**	**-**	**2,877**	**-**	**385,980**
Non-interest expenses (3)	**555,621**	**224,050**	**136,495**	**26,732**	**229,622**	**35,735**	**1,208,255**
Payment (recovery of) in lieu of tax	**-**	**-**	**-**	**(171)**	**13,944**	**16,902**	**30,675**
Net (loss) income	**$ (36,893)**	**$ 29,752**	**$ 72,937**	**$ (5,605)**	**$ 2,900**	**$ 38,817**	**$ 101,908**
Increase (decrease) from 2019							
Net interest income (loss)	$ 47,532	$ (56,159)	$ (8,148)	$ (63)	$ 5,207	$ 14,020	$ 2,389
Other income (loss)	21,145	(21,516)	4,849	(1,769)	15,801	23,280	41,790
Total operating revenue (loss)	68,677	(77,675)	(3,299)	(1,832)	21,008	37,300	44,179
Provision for (recovery of) loan losses	37,820	(61,079)	72,562	-	(1,468)	-	47,835
Non-interest expenses	52,684	(46,547)	(666)	4,502	22,812	11,300	44,085
Payment (recovery of) in lieu of tax	-	-	-	(188)	1,220	(11,986)	(10,954)
Net (loss) income	$ (21,827)	$ 29,951	$ (75,195)	$ (6,146)	$ (1,556)	$ 37,986	$ (36,787)
For the year-end March 31, 2019							
Net interest income	$ 442,268	$ 335,756	$ 338,066	$ 511	$ 16,179	$ 59,020	$ 1,191,800
Other income (loss)	92,421	82,949	85,902	22,277	212,156	(4,866)	490,839
Total operating revenue	534,689	418,705	423,968	22,788	228,335	54,154	1,682,639
Provision for loan losses	46,818	148,307	138,675	-	4,345	-	338,145
Non-interest expenses (3)	502,937	270,597	137,161	22,230	206,810	24,435	1,164,170
Payment in lieu of tax	-	-	-	17	12,724	28,888	41,629
Net (loss) income	$ (15,066)	$ (199)	$ 148,132	$ 541	$ 4,456	$ 831	$ 138,695

(1) Effective June 26, 2019, Retail Financial Services relaunched as Everyday Financial Services (EFS) to better describe the changing work and focus of this group.
(2) Effective April 2019, EFS includes ATB 360. Results for the year ended March 31, 2019, were not restated for ATB 360. Previously ATB 360 was reported under B&Ag.
(3) 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.

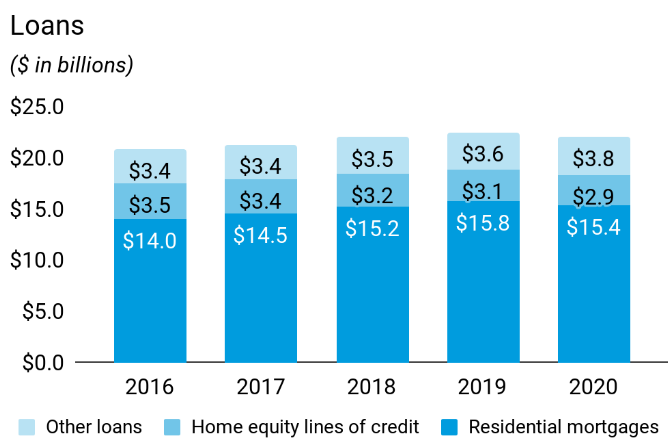
Everyday Financial Services (EFS) [1]

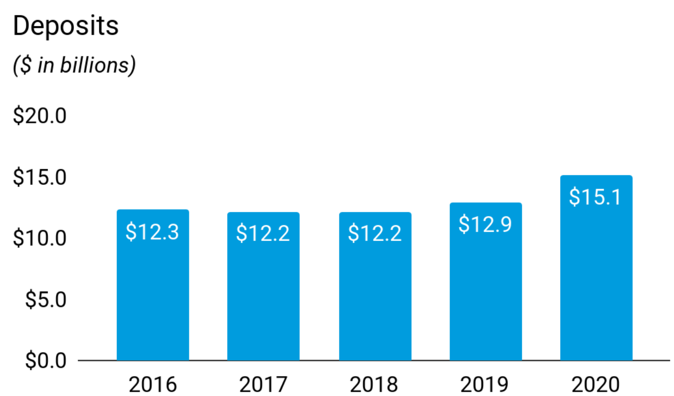
Financial Performance

($ in thousands)	**2020**	2019 [2]
Net interest income	**$ 489,800**	$ 442,268
Other income	**113,566**	92,421
Operating revenue	**603,366**	534,689
Provision for loan losses	**84,638**	46,818
Non-interest expenses	**555,621**	502,937
Net loss	**$ (36,893)**	$ (15,066)
Total assets	**$ 25,566,346**	$ 23,344,544
Total liabilities	**15,714,736**	12,845,125

(1) Effective June 26, 2019, Retail Financial Services announced a new name, Everyday Financial Services (EFS), to better describe the changing work and focus of this group.

(2) Effective April 2019, EFS included ATB 360 [approx. 60,000-plus customers with personal and digital business banking needs served through entrepreneur centres, mortgage and broker services, and Client Care (call centre) distribution channels]. Results for the year ended March 31, 2019, were not restated to include ATB 360. ATB 360 was previously reported under B&Ag.





Despite growing operating revenue, net income decreased by $21.8 million, mainly due to higher provisions for loan losses and non-interest expenses (NIE).

Net interest income (NII) grew due to the transfer in of ATB 360 and to EFS's focus shifting to pricing over volume this year. Deposit promotions were targeted and discretionary pricing on loans was only offered to fully banked customers. Other income also increased, attributable to card revenue and foreign exchange.

The increasing provision for loan losses for EFS reflects the impact of Alberta's stagnating economy and the COVID-19 pandemic on the portfolio. In addition, write-offs have increased, with conditional sales contracts and Mastercard the main contributors.

Non-interest expenses (NIE) have increased, primarily due to higher corporate allocations that were a direct result of the addition of ATB 360. There was, however, lower discretionary spending as well as lower fees and higher rebates with Mastercard that helped to offset the increase.

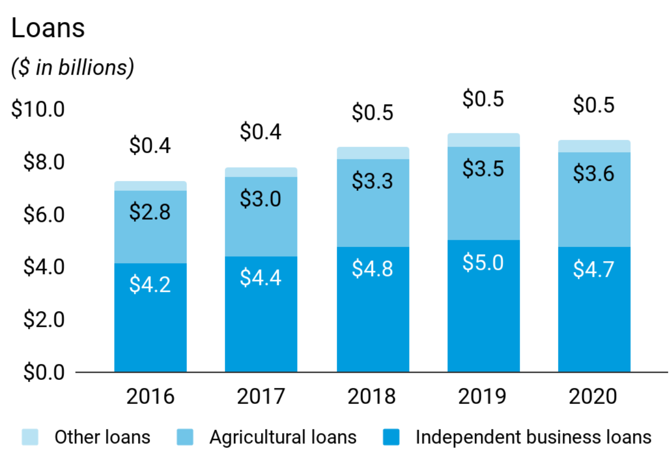
Loans contracted this year, driven by residential mortgage pricing changes and personal loans. With targeted deposit promotions (excluding ATB 360), transactional and savings accounts and fixed-date deposits declined. EFS did, however, see increased growth in high-interest savings and notice accounts.

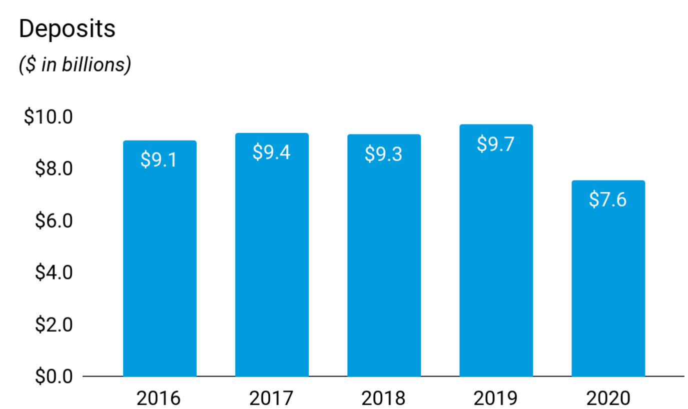
Business and Agriculture (B&Ag)

Financial Performance

($ in thousands)	**2020**	2019 [1]
Net interest income	**$ 279,597**	$ 335,756
Other income	**61,433**	82,949
Operating revenue	**341,030**	418,705
Provision for loan losses	**87,228**	148,307
Non-interest expenses	**224,050**	270,597
Net income (loss)	**$ 29,752**	$ (199)
Total assets	**$ 7,337,176**	$ 7,774,939
Total liabilities	**7,412,666**	9,133,732

(1) Effective April 2019, results for B&Ag excludes ATB 360. Results for the year ended March 31, 2019, were not restated to include ATB 360. ATB 360 is now reported in EFS.





B&Ag grew net income year over year, with lower provision for loan losses and prudent spending offsetting lower operating revenue.

Operating revenue contracted this year, mainly from the move of ATB 360 revenue to EFS and from aligning deposit balances with ATB Wealth. Excluding organizational changes, B&Ag continued to focus on gathering loans and deposits at the right price, which contributed to lower NII, but will bolster NII in future years. Other income also declined, in large part from merchant, card and service charge revenue as a result of lower transactions.

The provision for loan losses this year, while lower due to fewer new impairments, reflects higher Stage 1 and 2 provisions recorded to reflect the trying times small business customers are facing as a result of the current economy.

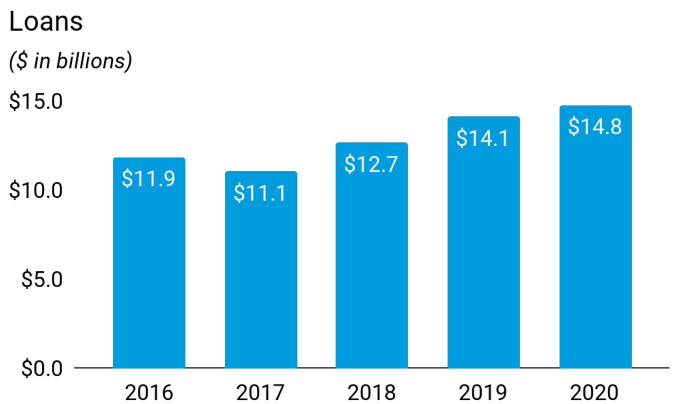
NIE decreased from last year due to ATB 360 being moved to EFS and B&Ag finding creative and collaborative ways to serve customers and develop team members while being mindful of spend.

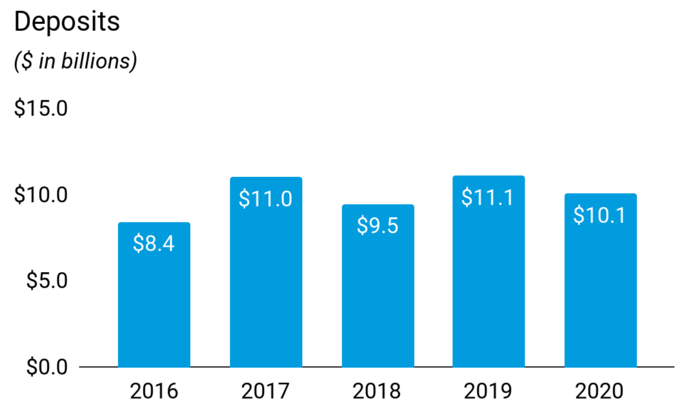
Loans and deposits contracted from last year as B&Ag continues to focus on delivering remarkable experiences to existing customers and gathering the right loans and deposits.

Corporate Financial Services (CFS)

Financial Performance

($ in thousands)	**2020**	2019
Net interest income	**$ 329,918**	$ 338,066
Other income	**90,751**	85,902
Operating revenue	**420,669**	423,968
Provision for loan losses	**211,237**	138,675
Non-interest expenses	**136,495**	137,161
Net income	**$ 72,937**	$ 148,132
Total assets	**$ 15,329,501**	$ 14,036,096
Total liabilities	**11,032,211**	10,741,203





CFS's net income decreased from last year, entirely the result of a higher provision for loan losses as Alberta and CFS's customers started to be impacted by the COVID-19 pandemic and plummeting oil prices.

Operating revenue decreased slightly. Through concerted efforts, CFS's Financial Markets Group (FMG) grew its non-interest income sources, which helped minimize the NII impact on the variable rate loan portfolio impacted by the decreasing rate environment.

CFS's NIE is consistent with last year by controlling discretionary spending while staying focused on growing the business and being customer obsessed.

Loan balances increased, with most of the growth coming from the energy and commercial portfolios. Deposit balances decreased mainly because CFS rolled off higher-cost deposits.

AltaCorp Capital Inc.

Financial Performance

($ in thousands)	**2020**	2019
Net interest income	**$ 448**	$ 511
Other income	**20,508**	22,277
Operating revenue	**20,956**	22,788
Non-interest expenses	**26,732**	22,230
Net (loss) income before income taxes	**(5,776)**	558
(Recovery of) income taxes	**(171)**	17
Net (loss) income	**$ (5,605)**	$ 541
Total assets	**$ 25,037**	$ 42,334
Total liabilities	**21,837**	34,182

Net income and operating revenue decreased from last year. As the financial markets moved into bear territory due to the COVID-19 pandemic in the fourth quarter, revenue generated by AltaCorp's two main sectors subsequently disappeared. With capital constrained for most of AltaCorp's customers, fewer mergers and acquisitions deals were also closed.

Non-interest expenses increased from last year as AltaCorp invested in team member development.

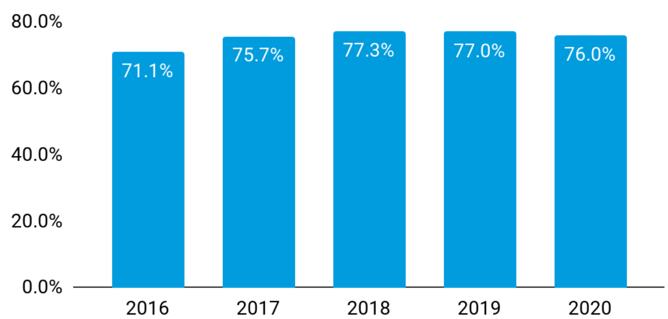
This year's lower asset and liability balance is due to underwriting inventory held last year.

ATB Wealth

Financial Performance

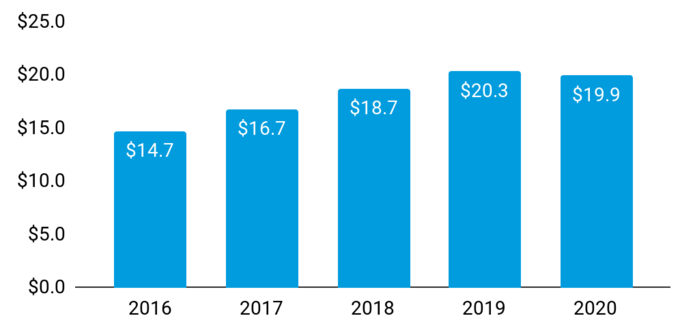
($ in thousands)	**2020**	2019
Net interest income	**$ 21,386**	$ 16,179
Other income	**227,957**	212,156
Operating revenue	**249,343**	228,335
Provision for loan losses	**2,877**	4,345
Non-interest expenses	**229,622**	206,810
Net income before payment in lieu of tax	**$ 16,844**	$ 17,180
Total assets	**$ 1,096,125**	$ 994,842
Total liabilities	**1,126,753**	1,015,807
Total assets under administration	**19,855,943**	20,311,402

Compass penetration as a percentage of total assets under administration



Assets under administration

($ in billions)



ATB Wealth's assets under administration (AUA) decreased $0.5 billion (2.2%) from last year-end and $1.7 billion from the most recent quarter-end, with the more recent decrease driven by markets reacting to the COVID-19 pandemic. Despite the market volatility, average net asset growth remained positive throughout the year, including the fourth quarter, as Wealth clients remained focused on long-term goals.

Net income before payment in lieu of tax was lower than last year, primarily due to higher corporate allocations to the Wealth segment. Net income from Investor Services was 6% higher, while results from Private Banking reflected growing net interest income (NII) and a lower provision for loan losses.

Operating revenue increased compared to last year. Other income also increased, which is consistent with the growth in average AUA throughout the year and prior to the market changes late in the year. NII also increased, driven by a 20% increase in Private Banking's loan and deposit portfolio and fixed-date deposits owned by Investor Services' clients that were transferred from EFS and B&Ag during the year.

Non-interest expenses increased this year, mainly due to higher corporate allocations, variable costs associated with increased average AUA, and higher team-member costs.

Strategic Support Units (SSUs)

Financial Performance

($ in thousands)	**2020**	2019
Net interest income	**$ 73,040**	$ 59,020
Other income (loss)	**18,414**	(4,866)
Operating revenue	**91,454**	54,154
Non-interest expenses	**35,735**	24,435
Net income before payment in lieu of tax	**55,719**	29,719
Payment in lieu of tax	**16,902**	28,888
Net income	**$ 38,817**	$ 831
Total assets	**$ 6,447,271**	$ 8,151,396
Total liabilities	**16,412,144**	16,929,985

The higher net income earned this year reflects the unrealized gains generated by our foreign-exchange and interest-rate risk management portfolios toward the end of the fiscal year. The COVID-19 pandemic caused significant foreign-exchange rate volatility and decreases to the Bank of Canada's overnight rate target, which notably impacted financial markets in the last two weeks of March. Net interest income also increased, driven by asset/liability management activities from our treasury operations.

NIE increased, mainly due to higher salary and benefit costs as ATB continued to invest in team members.

Quarterly Operating Results and Trend Analysis

Review of 2019–20 Fourth-Quarter Operating Results

Summarized Consolidated Statement of Income

For the three months ended	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
($ in thousands)	**Mar 31/20**	**Dec 31/19**	**Sep 30/19**	**Jun 30/19**	Mar 31/19	Dec 31/18	Sep 30/18	Jun 30/18
Interest income	**$ 504,948**	**$ 528,192**	**$ 523,443**	**$ 526,041**	$ 521,670	$ 524,199	$ 501,359	$ 473,215
Interest expense	**211,006**	**222,619**	**227,792**	**227,018**	224,564	225,305	202,340	176,434
Net interest income	**293,942**	**305,573**	**295,651**	**299,023**	297,106	298,894	299,019	296,781
Other income	**132,975**	**141,229**	**123,578**	**134,847**	124,060	128,308	123,228	115,243
Operating revenue	**426,917**	**446,802**	**419,229**	**433,870**	421,166	427,202	422,247	412,024
Provision for loan losses	**245,282**	**42,279**	**32,331**	**66,088**	165,508	69,273	53,042	50,322
Non-interest expenses	**301,785**	**299,417**	**298,658**	**308,395**	307,392	290,658	278,913	287,207
Net (loss) income before payment in lieu of tax	**(120,150)**	**105,106**	**88,240**	**59,387**	(51,734)	67,271	90,292	74,495
Payment in lieu of tax	**(26,640)**	**23,430**	**20,277**	**13,608**	(11,880)	15,498	20,812	17,199
Net (loss) income	**$ (93,510)**	**$ 81,676**	**$ 67,963**	**$ 45,779**	$ (39,854)	$ 51,773	$ 69,480	$ 57,296
Net (loss) income attributable to ATB Financial	**$ (93,481)**	**$ 81,856**	**$ 68,414**	**$ 46,561**	$ (39,635)	$ 51,819	$ 69,408	$ 57,350
Net (loss) income attributable to non-controlling interests	**(29)**	**(180)**	**(451)**	**(782)**	(219)	(46)	72	(54)

Net Income

For the quarter ended March 31, 2020, ATB had a loss of $93.5 million. Provision for loan losses, which was impacted by COVID-19 and falling oil prices, is the main driver; it is the highest we've experienced in a quarter.

Operating Revenue

This quarter's operating revenue is a $5.8-million (1.4%) increase from the same quarter last year and is entirely driven by our non-interest income sources—most notably our wealth-management and interest-rate risk management portfolios. The growth in income from our interest-rate-risk-management portfolios was a result of significant decreases in swap rates this quarter.

Operating revenue in the fourth quarter is down $19.9 million (4.5%) compared to last quarter, due to a drop in foreign-exchange revenue following a decline in the Canadian dollar. Net interest income decreased by $11.6 million (3.8%) compared to last quarter. This drop in net interest income was the result of loan rates declining more than our funding costs due to the prime rate decreases in March.

Provision for Loan Losses

This quarter's provision is unusually high compared to last quarter and this time last year, reflecting the impact from not only a weakened economy, but also the effects of the COVID-19 pandemic and the ongoing oil price crisis on our non-retail customers.

Non-Interest Expenses and Efficiency Ratio

Quarter-over-quarter, non-interest expenses (NIE) increased $2.4 million (0.8%). This increase is mainly due to increased team member costs, specifically related to Canada Pension Plan and employment insurance contributions and severance expenses, partially offset by lower expenses as the fair value of our achievement notes decreased. NIE remained consistent with the same quarter last year.

ATB's efficiency ratio increased (worsened) from 67.0% in the third quarter of fiscal 2019–20 to 70.7% this quarter, as NIE grew and operating revenue fell. Interest income was the main driver, as noted above. The efficiency ratio has, however, improved from the 73.0% achieved at this time last year, as we were able to grow our non-interest income sources without increasing our spend.

Trend Analysis

Net interest income (NII) has held steady at $300 million for the last two years. Throughout the year we have been intentional on pricing and balance sheet management to help bolster our NII and net interest margin. We achieved our highest NII in the third quarter this year, but this was unsustainable this quarter due to the impact from COVID-19 and two Bank of Canada rate decreases.

Outside of the most recent quarter, we've seen our non-interest income sources steadily grow and form a greater percentage of our operating revenue, which is especially important when net interest margin is being squeezed by our competition and interest rates are falling. Wealth management revenue, service charges, and revenue generated from our foreign-exchange and interest-rate risk management portfolios have been significant drivers for this growth. Other income contributed 30.8% of our total operating revenue, which is higher than last year's 29.2% result.

The provision for loan losses over the past two years reflects not only the sluggish Alberta economy, but also the impact on many of our customers who were unable to get back on their feet after the most recent economic recession which is now compounded by COVID-19 and the drop in oil prices.

Our spend varied over the past two years; team member costs are a substantial portion of our total spend and fluctuate as our business evolves and we invest in our team members to in turn support our customers. In addition, this year we intentionally reduced discretionary spend, which had a positive contribution.

Review of 2019–20 Consolidated Financial Position and 2020–21 Future Outlook

Total Assets

Our total assets as at March 31, 2020, were $55.8 billion, a $1.5-billion (2.7%) increase over last year. The increase was driven by our risk management portfolio.

Cash and Liquid Securities

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

As at March 31 *($ in thousands)*	**2020**	2020 vs 2019 increase (decrease)		2019
Cash	**$ 1,312,544**	$ 1,112,542	556.3%	$ 200,002
Interest-bearing deposits with financial institutions	**101,028**	(996,279)	(90.8)%	1,097,307
Liquid securities	**4,585,334**	204,681	4.7%	4,380,653
Cash and liquid securities	**$ 5,998,906**	$ 320,944	5.7%	$ 5,677,962
As a percentage of total assets	**10.8%**	0.35%		10.4%

Cash varies due to changes in customer product preferences and the timing of certain interbank activities, such as foreign-currency clearing, cheque clearing, and other transit items. The decrease in interest-bearing deposits with financial institutions is a result of changes made by the Bank of Canada to the interest rate paid on overnight balances being equal to the alternative of holding interest-bearing deposits at other FIs. Consequently, this has resulted in more cash being held in the Bank of Canada's large-value transfer system.

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

Loans

As at March 31 *($ in thousands)*	**2020**	2020 vs 2019 increase (decrease)		2019
Gross loans	**$ 47,681,423**	10,786	0.02%	$ 47,670,637
Less: Stage 3 allowance	**(383,802)**	91,217	(19.2)%	(475,019)
Loans, net of Stage 3 allowances	**47,297,621**	102,003	0.22%	47,195,618
Less: Stage 1 and 2 allowances	**(315,453)**	(125,559)	66.1%	(189,894)
Net loans	**$ 46,982,168**	(23,556)	(0.05)%	$ 47,005,724

Net loans have decreased slightly over the same time last year. All loans, except for business loans, have decreased. Business loans grew $0.5 billion (2.3%) compared to last year, specifically in March due to the COVID-19 pandemic as our customers drew on their borrowing limits.

Our allowance for loan losses was 4.5% higher this year as we recorded a higher Stage 1 and 2 allowance due to the weakening economy, along with falling oil prices, and the COVID-19 pandemic. Our loan portfolio and the related allowances for loan losses are discussed in greater detail in the Risk Management section.

ATB's performing loan growth of 0.14% in fiscal 2019–20 was below our targeted growth of 3.0% to 5.0%.

Remaining Assets

As at March 31 *($ in thousands)*	**2020**	2020 vs 2019 increase (decrease)		2019
Derivative financial instruments	**$ 1,539,634**	$ 897,564	139.8%	$ 642,070
Property and equipment	**279,000**	(6,634)	(2.3)%	285,634
Software and other intangibles	**308,819**	5,954	2.0%	302,865
Prepaid expenses and other receivables	**236,128**	29,650	14.4%	206,478
Accrued interest receivable	**82,692**	17,875	27.6%	64,817
Accounts receivable – financial market products	**275,667**	146,748	113.8%	128,919
Other	**52,250**	22,568	76.0%	29,682
Total remaining assets	**$ 2,774,190**	$ 1,113,725	67.1%	$ 1,660,465

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

The increase in our derivative assets mainly relates to an increase in the fair value of our interest-rate ($508 million) and foreign-exchange risk management products ($235 million) due to the significant decrease in long-term swap rates.

The increase in accounts receivable – financial market products is due to trades held in our liquidity risk management portfolio that have been traded but not yet settled.

Total Liabilities

Total liabilities ended the year at $51.7 billion, an increase of $1.0 billion (2.0%). The increase is driven by an increase in total alternative funding sources and higher collateral amounts pledged with the Bank of Canada in response to changes made to assist financial institutions with liquidity during this period of economic uncertainty.

Deposits

As at March 31, 2020 *($ in thousands)*	**Payable on demand**	**Payable on a fixed date**	**Total**	**Percentage of total**
Redeemable fixed-date deposits	**$ -**	**$ 1,462,566**	**$ 1,462,566**	**4.1%**
Non-redeemable fixed-date deposits	**-**	**8,527,652**	**8,527,652**	**24.1%**
Savings accounts	**9,485,318**	**-**	**9,485,318**	**26.8%**
Transaction accounts	**8,653,216**	**-**	**8,653,216**	**24.5%**
Notice accounts	**7,244,615**	**-**	**7,244,615**	**20.5%**
Total deposits	**$ 25,383,149**	**$ 9,990,218**	**$ 35,373,367**	**100.0%**
Percentage of total	**71.8%**	**28.2%**	**100.0%**	

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

ATB's principal sources of funding are customer deposits, which consist of fixed-date deposits, savings, transaction, and notice accounts. Due to rolling off some higher-cost deposits, we were unable to achieve our fiscal 2019–20 target of 2.0% to 4.0%.

Remaining Liabilities

As at March 31 *($ in thousands)*	2020	2020 vs 2019 increase (decrease)		2019
Collateralized borrowings	**$ 8,545,092**	$ (420,737)	(4.7)%	$ 8,965,829
Wholesale borrowings	**4,402,167**	783,101	21.6%	3,619,066
Securities sold under repurchase agreements	**350,828**	350,828	100.0%	-
Derivative financial instruments	**989,256**	482,110	95.1%	507,146
Accounts payable and accrued liabilities	**1,390,631**	635,231	84.1%	755,400
Accounts payable – financial market products	**256,303**	131,187	104.9%	125,116
Accrued interest payable	**144,695**	(20,430)	(12.4)%	165,125
Payment in lieu of tax and income taxes payable	**30,846**	(10,772)	(25.9)%	41,618
Due to clients, brokers, and dealers	**108,664**	42,936	65.3%	65,728
Accrued pension-benefit liability	**18,336**	(58,825)	(76.2)%	77,161
Achievement notes	**55,172**	(7,908)	(12.5)%	63,080
Deposit guarantee fee payable	**54,990**	1,314	2.4%	53,676
Subordinated debentures	**-**	(339,140)	(100.0)%	339,140
Total remaining liabilities	**$ 16,346,980**	$ 1,568,895	10.6%	$ 14,778,085

ATB's remaining liabilities are made up primarily of collateralized and wholesale borrowings, securities sold under repurchase agreements, derivative financial instruments, and accounts payable and accrued liabilities. (See Notes 11, 16, 17, 18, and 20 to the financial statements.)

Collateralized borrowings, also used to supplement customer deposits, represent ATB's participation in the Canada Mortgage Bonds program, securitization of credit card receivables, and other mortgage loan securitization. This liability decreased as our mortgages contracted, resulting in fewer mortgages being securitized. This, along with deposits decreasing at a faster rate than our loans, has made us rely more on securities under repurchase agreements and wholesale borrowings.

Wholesale borrowings are used as a source of funds to supplement customer deposits in supporting our lending activities. These consist primarily of bearer-deposit and mid-term notes issued on ATB's behalf by the Government of Alberta. The balance outstanding can swing significantly over each year due to fluctuations in our customer deposit balances. Effective March 31, 2020, the agreement with the Government of Alberta was amended to increase the limit of the total volume of such borrowings to $9.0 billion from $7.0 billion. The increase is due to more bearer-deposit notes being issued to support our contracting deposits, and our subordinated debentures being extinguished.

The increase in our derivative financial instruments is a result of a $176-million decrease in the fair value of commodity forward contracts provided to corporate customers and a $208-million decrease in the fair value of our interest-rate risk management products.

Accumulated Other Comprehensive Income

As at March 31 *($ in thousands)*	2020	2020 vs 2019 increase (decrease)		2019
Securities measured at fair value through other comprehensive income	**$ (2,408)**	$ (591)	(32.5)%	$ (1,817)
Derivative financial instruments designated as cash flow hedges	**332,642**	279,060	520.8%	53,582
Defined benefit plan liabilities	**(1,776)**	63,141	97.3%	(64,917)
Accumulated other comprehensive income (loss)	**$ 328,458**	$ 341,610		$ (13,152)

Accumulated other comprehensive income increased significantly from last year. With the financial markets tumbling in the fourth quarter, we recorded a significant gain on the interest rate management products we designated for hedge accounting to protect us from lower interest earned on our loans as interest rates fall. In addition, our pension obligation decreased as bond yields increased.

Regulatory Capital

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

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

As set out in the following table, our regulatory capital consists of retained earnings and eligible portions of subordinated debentures, wholesale borrowings, collective allowance for loan losses, and notional capital (which reduces quarterly by 25% of net income). Following the December 2015 amendment to the *Capital Requirements* guideline, wholesale borrowings became eligible as Tier 2 capital. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Effective April 1, 2017, software and other intangibles were deducted from total capital.

As at March 31 *($ in thousands)*	**2020**	2020 vs 2019 increase (decrease)		2019
Tier 1 capital				
Retained earnings	**$ 3,752,651**	$ 99,696	2.7%	$ 3,652,955
Tier 2 capital				
Eligible portions of:				
Subordinated debentures (1)	**-**	(124,727)	(100.0)%	124,727
Wholesale borrowings	**2,018,480**	164,720	8.9%	1,853,760
Collective allowance for loan losses	**315,453**	125,559	66.1%	189,894
Notional capital	**74,276**	(24,923)	(25.1)%	99,199
Total Tier 2 capital	**2,408,209**	140,629	6.2%	2,267,580
Deductions from capital				
Software and other intangibles	**308,819**	5,954	2.0%	302,865
Total capital	**$ 5,852,041**	$ 234,371	4.2%	$ 5,617,670
Total risk-weighted assets	**$ 38,803,887**	$ 1,362,407	3.6%	$ 37,441,480
Risk-weighted capital ratios				
Tier 1 capital ratio	**9.7%**	(0.13)%		9.8%
Total capital ratio	**15.1%**	0.08%		15.0%
Assets-to-capital multiple	**9.5**	(0.24)	(2.5)%	9.7

(1) On December 18, 2019, ATB repaid all its subordinated debentures.

Our Tier 1 capital ratio was 9.7%, and our total regulatory capital ratio was 15.1% of risk-weighted assets.

Risk-Weighted Assets

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

As at March 31 ($ in thousands)	Risk-weighted percentage	**2020** On- or off-balance-sheet value	**2020** Risk-weighted value	2020 vs 2019 Risk-weighted value increase (decrease)		2019 On- or off-balance-sheet value	2019 Risk-weighted value
On-balance-sheet amounts							
Cash resources	0–20	**$ 1,413,572**	**$ 20,206**	$ (200,169)	(90.8)%	$ 1,297,309	$ 220,375
Securities	0–100	**4,631,526**	**46,193**	(39,788)	(46.3)%	4,380,653	85,981
Residential mortgages	0–100	**16,212,297**	**3,637,657**	141,914	4.1%	16,438,739	3,495,743
Other loans	0–100	**30,769,871**	**29,072,589**	308,397	1.1%	30,566,985	28,764,192
Other assets	20–100	**2,774,190**	**2,448,851**	1,107,350	82.5%	1,660,465	1,341,501
Total on-balance-sheet amounts		**$ 55,801,456**	**$ 35,225,496**	$ 1,317,704	3.9%	$ 54,344,151	$ 33,907,792
Off-balance-sheet amounts							
Guarantees and letters of credit (1)	0–100	**$ 18,105,950**	**$ 2,991,196**	$ (202,209)	(6.3)%	$ 19,309,154	$ 3,193,405
Derivative financial instruments	0–50	**37,589,297**	**587,195**	246,912	72.6%	20,590,551	340,283
Total off-balance-sheet amounts		**$ 55,695,247**	**$ 3,578,391**	$ 44,703	$ 0	$ 39,899,705	$ 3,533,688
Total risk-weighted assets		**$ 111,496,703**	**$ 38,803,887**	$ 1,362,407	3.6%	$ 94,243,856	$ 37,441,480

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

Return on Average Risk-Weighted Assets

ATB achieved a 0.28% return on risk-weighted assets, a 0.10% decrease from last year, as our capital growth was at a slower pace than our risk-weighted assets due to a higher provision for loan losses this year

Off-Balance-Sheet Arrangements

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

Assets Under Administration

Assets under administration (AUA) consist of client investments managed and administered by ATB's subsidiary entities, operating under the umbrella of ATB Wealth. AUA decreased from $20.3 billion to $19.9 billion during the year. (See ATB Wealth in this MD&A.)

Derivative Financial Instruments

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

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

Credit Instruments

In the normal course of lending activities, ATB enters into various commitments to provide customers with sources of credit. These typically include credit commitments for loans and related credit facilities, including revolving facilities, lines of credit, overdrafts, and authorized credit card limits. To the extent that a customer's authorized limit on a facility exceeds the outstanding balance drawn as at March 31, 2020, we consider the undrawn portion to represent a credit commitment.

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

Contractual Obligations

During its normal daily operations, ATB enters into various contractual obligations to make future payments for certain purchase transactions and operating leases. (See Note 23 to the financial statements.) We are also obligated to make future interest payments on our collateralized borrowings and wholesale borrowings. (See Notes 16, 18, and 22 to the financial statements.)

Guarantees

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

Securitization

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

Critical Accounting Policies and Estimates

Significant Accounting Policies

ATB's significant accounting policies are outlined in Note 2 to the consolidated financial statements. These policies are essential to understanding and interpreting the financial results presented in this MD&A and in the financial statements.

Critical Accounting Estimates

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

Allowance for Loan Losses

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

For financial assets measured at fair value through other comprehensive income (FVOCI), the calculated expected credit loss (ECL) is recognized as an allowance in other comprehensive income (OCI) as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit and loss when the asset is derecognized.

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

- Stage 1: When the asset is recognized, an allowance is recorded based on the 12-month ECL, which represents a portion of the lifetime ECL that is possible within 12 months of the reporting date. Stage 1 also includes assets previously classified as Stage 2 if the credit risk has improved.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, an allowance is recognized for the lifetime ECL. Stage 2 also includes assets previously classified as Stage 3 if the credit risk has improved.
- Stage 3: Assets are considered credit impaired, with an allowance recognized equal to the discounted contractual cash shortfall expected over the remaining lifetime. Interest for assets in this stage will be calculated based on the net loan balance.

Both the lifetime and 12-month ECLs are calculated either individually or collectively. If the credit quality improves in subsequent periods and results in a significant increase in credit risk no longer existing, the ECL is measured at the 12-month ECL. (See Risk Management in this MD&A and Note 10 to the financial statements.)

Depreciation of Property and Equipment and Amortization of Software

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

Goodwill

Goodwill refers to any sum paid above the fair value of the net identifiable assets obtained on the date the business is acquired.

Goodwill is tested for impairment annually, or more frequently if there are objective indications of impairment by comparing the recoverable amount of a cash-generating unit (CGU) with its carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and value in use. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. (See Note 2 to the financial statements.)

Assumptions Underlying the Accounting for Employee Future Benefits

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

Fair Value of Financial Instruments

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

Income Taxes and Deferred Taxes

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

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

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

Income earned by AltaCorp in Canada after ATB's repurchase of the Class B shares on March 31, 2020, will no longer be subject to income taxes but will be included with ATB's payment in lieu of tax.

Future Changes in Accounting Policies

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

Risk Management

The discussion of risk management policies and procedures relating to credit, market, and liquidity risks are required by IFRS 7 *Financial Instruments: Disclosures,* which permits these specific disclosures to be included in the MD&A. They therefore form an integral part of the audited financial statements for the year ended March 31, 2020.

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

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

As we support our areas of expertise in facilitating Albertan economic growth, our primary objectives include:
- Identifying and assessing risks in our business activities and ensuring that the risks we take are within the risk appetite approved by our Board;
- Providing independent and effective challenge to risk-taking activity across ATB;
- Adopting a continuous improvement mindset with a focus on enhancing talent and evolving our methodologies, policies, processes, limits, tools, and practices; and
- Continuously monitoring our environment for external and internal threats to our business plans and reputation.

Top and Emerging Risks That May Affect ATB and Future Results

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

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

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

Energy Price Collapse, Economic Volatility, and Climate Change

ATB relies heavily on the health of the Alberta economy and related strength of energy prices as a result of our mandate to operate predominantly in Alberta. The Alberta economy entered this current crisis with a heightened level of vulnerability, stemming from the most recent recession and subsequent collapse of WCS pricing. Due to the recent COVID-19 global pandemic and oil price war, Western Texas Intermediate and Western Canadian Select have experienced record-breaking price pressures. Absent a strong and near-term global economic recovery and/or aggressive government intervention, stress to the energy sector, in combination with depressed economic indicators related to COVID-19 public health measures, will have material negative impact to the Alberta economy. ATB faces the risks of dampened growth and increases in loan losses.

The energy sector has faced significant headwinds related to pipeline access constraints, price volatility, infrastructure project uncertainty, and strained interprovincial relations. A key driver behind the stress to the energy sector is the evolution of climate change risk. ATB defines climate change risk as the risk of changes in environmental regulations, systemic risk, and reputational risk, all of which impact ATB's portfolio health and our lending and investment practices. ATB faces climate change risk primarily from our geographic focus in Alberta and the province's predominant economic dependency on the oil and gas industry.

ATB manages its exposure to energy price and economic volatility, where possible, through a series of credit risk management activities (outlined in the Credit Risk section below), including application of prudent underwriting standards similar to other Canadian financial institutions, and deployment of portfolio limits that ensure diversification of our portfolios. In addition, and as discussed above, ATB voluntarily complies with current OSFI capital adequacy guidelines and, pursuant to this compliance, ATB holds adequate regulatory capital to protect ATB from severe stress events.

In response to the current crisis events, management has implemented a series of actions. To support our customers and to facilitate temporary liquidity relief, we have deployed temporary credit relief programs sponsored either by ATB or the government. We are working through a series of activities to model potential impacts to our portfolios and are working closely with our clients to manage risk. ATB will continue to take an active role in evaluating and monitoring risks associated with energy and economic volatility.

Cybersecurity Risk

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

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

Disruptive Innovation Risk

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

ATB is mitigating this risk by developing strategies to address our customers' needs today and into the future. This is accomplished partly through our LEAP innovation, which exposes edge strategies and technology.

Approach to Risk Management

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

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

Risk Culture

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

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

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

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

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

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

Risk Governance

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

<table>
<tr><td rowspan="2">Risk governance and strategic direction</td><td colspan="6">Board of Directors</td></tr>
<tr><td colspan="3">Risk Committee</td><td colspan="3">Audit Committee</td></tr>
<tr><td rowspan="2">Risk oversight</td><td colspan="6">Chief executive officer and executive leadership team</td></tr>
<tr><td>Asset Liability Committee</td><td>Executive Risk Management Committee</td><td>Operational Risk Committee</td><td>Credit Committee</td><td>Ethics Committee</td><td>Cyber Risk Oversight Committee</td></tr>
<tr><td rowspan="2">Risk management and reporting</td><td colspan="6">Three lines of defence</td></tr>
<tr><td colspan="2">First line:
Business operations
• Areas of expertise
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Risk management
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• Stress testing
• Operational risk and business continuity
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Risk Governance and Strategic Direction

Authority for risk management flows from the Board to the CEO and from the CEO to the heads of the areas of expertise and strategic service units. While retaining overall responsibility for risk, the Board delegates risk oversight to the Board's Risk and Audit Committees.

Board and Management Committees

Board and management committees have the following risk governance responsibilities:

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

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

Risk Oversight and Control

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

Three Lines of Defence

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

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

Risk Appetite Statement

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

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

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

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

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

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

Risk Management Program

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

Enterprise Risk Management (ERM) Framework

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

The goals of this framework are to:

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

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

Stress-Testing

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

Credit Risk

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

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

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

The amounts shown in the table below best represent ATB's exposure to credit risk, with the increase driven by loan growth. (See Note 5.)

As at March 31 *($ in thousands)*	**2020**	2019
Financial assets (1)	**$ 54,841,371**	$ 53,310,653
Other commitments and off-balance-sheet items	**18,105,950**	19,309,154
Total credit risk	**$ 72,947,321**	$ 72,619,807

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

Credit Risk Appetite

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

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

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

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

2020 Industry Concentration Risk

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

		2020		2019
As at March 31 *($ in thousands)*		**Percentage of total gross loans**		Percentage of total gross loans
Commercial real estate	**$6,117,916**	**12.8%**	$6,087,599	12.8%
Agriculture, forestry, fishing, and hunting	**3,921,574**	**8.2%**	3,737,297	7.8%
Mining and oil and gas extraction	**3,480,208**	**7.3%**	3,426,250	7.2%
Largest borrower	**$200,000**	**0.42%**	$156,954	0.33%

Real Estate Secured Lending

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

As at March 31 *($ in thousands)*			**2020**		2019
Residential mortgages	Insured	**$ 7,322,203**	**45.2%**	$ 7,442,028	45.3%
	Uninsured	**8,890,094**	**54.8%**	8,996,711	54.7%
Total residential mortgages		**16,212,297**	**100.0%**	16,438,739	100.0%
Home equity lines of credit	Uninsured	**$ 3,067,245**	**100.0%**	$ 3,234,005	100.0%
Total home equity lines of credit		**3,067,245**	**100.0%**	3,234,005	100.0%
	Insured	**$ 7,322,203**	**38.0%**	$ 7,442,028	37.8%
Total	**Uninsured**	**$ 11,957,339**	**62.0%**	$ 12,230,716	62.2%

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

As at March 31	**2020**	2019
< 25 years	**87.0%**	83.1%
25–30 years	**12.9%**	16.6%
30–35 years	**0.1%**	0.3%
Total	**100.0%**	100.0%

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

As at March 31	**2020**	2019
Residential mortgages	**0.68**	0.69
Home equity lines of credit	**0.57**	0.56

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

Credit Risk Management Strategy

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

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

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

Counterparty Credit Risk

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

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

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk of a negative impact on ATB's financial position due to changes in market interest rates.

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

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

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

ATB measures interest rate risk every month through two primary metrics:
- Interest rate gap measurement, which compares the notional difference or gap in interest rate repricings between assets and liabilities, grouped according to their repricing date and
- Sensitivity of NII to sudden increases or decreases in market interest rates, as measured over a 12-month horizon.

(See Note 24 to the financial statements.)

The Board reviews risk limits annually for interest rate gap and sensitivity of NII.

Foreign-Exchange Risk

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

Commodity Price Risk

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

Use of Derivatives

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

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

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

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

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

Liquidity Risk

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

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

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

On March 31, 2020, the LCR was 135% (2019: 144%), well above board-approved minimum limits.

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

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

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

	2020		2019	
As at March 31 *($ in thousands)*	**Long-term funding**	**Percentage of total**	Long-term funding	Percentage of total
Wholesale borrowings	**$ 4,402,167**	**34.0%**	$ 3,619,066	28.0%
Collateralized borrowings	**8,545,092**	**66.0%**	8,965,829	69.4%
Subordinated debentures	**-**	**-**	339,140	2.6%
Total long-term funding	**$ 12,947,259**	**100.0%**	$ 12,924,035	100.0%

Contractual Maturities

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

($ in thousands)	Term						
On-balance-sheet financial instruments	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
As at March 31, 2020							
Deposits	**$ 31,650,290**	**$ 2,070,942**	**$ 1,345,498**	**$ 202,336**	**$ 103,774**	**$ 527**	**$ 35,373,367**
Wholesale borrowings	**2,256,246**	**-**	**-**	**309,037**	**-**	**1,836,884**	**4,402,167**
Collateralized borrowings	**1,886,211**	**1,146,810**	**2,593,001**	**-**	**1,449,980**	**1,469,090**	**8,545,092**
Subordinated debentures	**-**	**-**	**-**	**-**	**-**	**-**	**-**

On-balance-sheet financial instruments	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at March 31, 2019							
Deposits	$ 31,461,691	$ 2,067,575	$ 1,190,871	$ 1,008,820	$ 192,521	$ 471	$ 35,921,949
Wholesale borrowings	1,571,744	199,827	-	-	266,647	1,580,848	3,619,066
Collateralized borrowings	1,874,604	1,109,166	1,145,953	1,164,111	1,498,015	2,173,980	8,965,829
Subordinated debentures	82,564	98,177	32,298	45,038	81,063	-	339,140

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

($ in thousands)	Term						
Off-balance-sheet financial instruments	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
As at March 31, 2020							
Guarantees and letters of credit (1)	**$ 488,885**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 488,885**
Commitments to extend credit (2)	**17,617,065**	**-**	**-**	**-**	**-**	**-**	**17,617,065**
Purchase obligations	**84,927**	**43,522**	**25,192**	**19,120**	**11,553**	**44,341**	**228,655**

Off-balance-sheet financial instruments	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at March 31, 2019							
Guarantees and letters of credit (1)	$ 570,678	$ -	$ -	$ -	$ -	$ -	$ 570,678
Commitments to extend credit (2)	18,738,476	-	-	-	-	-	18,738,476
Purchase obligations	78,207	39,479	23,507	15,349	13,324	59,679	229,545

(1) ATB is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. Additionally, ATB has recourse against the customer for such commitments.
(2) Commitments to extend credit represent undertakings by ATB to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis. ATB does not expect all facilities to be drawn, and some may lapse before drawdown.

Operational Risk

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

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

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

Operational Risk Management (ORM) Policy and Framework

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

Risk and Control Assessments (RCAs)

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

New Initiative Risk Assessment Process (NIRAP)

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

Loss Data Collection and Analysis

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

Business Continuity Management (BCM)

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

Insurance

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

Reporting

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

Cybersecurity Risk

Cybersecurity risk can be defined as the potential for loss or harm, or reputational damage related to technical infrastructure or the use of technology within an organization. As a financial services provider, ATB is at risk of being targeted for unauthorized access to our customers' data and funds.

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

Regulatory Compliance Risk

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

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

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

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

Board of Directors

Code of conduct and ethics
Sets the “tone at the top” for upholding the law, rules, and regulations

Chair of the Board
Monitors compliance with the code of conduct and ethics by members of the board

Compliance and Legal Services

Compliance
Identifies, assesses, and manages legal and regulatory requirements, using a risk-based approach

Legal Services
Provides legal strategies and advice on the performance of legal obligations and manages litigation that involves or impacts ATB or its subsidiaries

Areas of expertise and strategic service units

Manages legal and regulatory compliance risks within risk appetite

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

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

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

Strategic and Execution Risk

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

Innovation Risk

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

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

Business Execution Risk

Business Execution risk is an extension of Strategic Risk and arises from an inability to successfully execute on strategic plans and goals. Business Execution risk has the ability to negatively impact ATB’s capital, earnings, operations, or reputation. Strategic risk addresses whether ATB is “doing the right things” versus Business Execution risk, which addresses whether we are “doing things right.”

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

Reputational Risk

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

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

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

Ethics Risk

Ethics risk refers to the risk of negative consequences of decisions and/or actions by ATB that are perceived as unethical. ATB has a low appetite for ethics risk and manages this risk through our code of conduct, the availability of a whistleblower hotline, and maintaining a strong tone at the top to reinforce ATB's shared principles.

Executive Compensation Discussion and Analysis

Compensation Philosophy and Principles

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

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

1. Total compensation approach aligns with strategic goals, desired culture, and ALL-IN engagement of the enterprise for both short-term results and long-term success.
2. Compensation plans align with shareholder expectations by being relevant to Albertans and creating ongoing financial value, business sustainability, and customer obsession.
3. Compensation practices and performance-setting should follow good corporate governance.
4. Compensation plans are fully transparent and support a pay-for-performance culture within acceptable risk practices and tolerances. Specifically,
    - Performance requirements are supported by a set of relevant metrics reflecting results and strategic goals and measuring internally set targets and/or applicable externally relative benchmarks;
    - Compensation awards (grant and payout) and the performance management process collectively differentiate performance and recognize participants' line of sight;
    - Performance and awards collectively consider all aspects of risks in the current state and future state;
    - The level of performance expectations aligns with the articulated risk profile and risk appetite;
    - A discretionary element to pay-for-performance may be exercised based on a qualitative assessment of results in the context of market conditions; and
    - The compensation regime is transparent. For select executive members, compensation is disclosed in the annual report.

We continue to review the breadth and depth of information we provide about compensation. Similar to last year, we have aligned our disclosure to competitors, including other Canadian financial institutions. We believe this format provides a fulsome review of our compensation plans and the appropriate level of information regarding the compensation packages of our President and Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the next three most highly compensated executives at ATB. With the change of CFOs within the fiscal year, the compensation plans for both incoming and outgoing CFOs are disclosed.

Compensation Governance and Alignment to Corporate Strategy

Board of Directors

Reviews the Human Resources Committee's performance evaluation of the CEO against previously approved objectives and approves all variable pay elements of the CEO's compensation. (The CEO's base salary is set by the Lieutenant-Governor in Council of Alberta.) Reviews the compensation awards and performance information for other senior executive officers in light of ATB's results. Reviews and ensures appropriate pension governance policies and procedures are in place related to its obligations as a plan sponsor and administrator in accordance with applicable legislation and regulations.

Human Resources (HR) Committee

Recommends to the Board of Directors to approve all changes in compensation and benefits for the CEO and to evaluate the CEO's performance against pre-established objectives. Also reviews the compensation, benefits, and performance assessment of executives who report directly to the President and CEO, are named executive officers, and are designated officers. Approves total rewards strategies, compensation philosophy and principles, management's report on compensation disclosure, executive severance guidelines, pension plan governance, funding, and administration. Recommends to the Board of Directors to approve new or material changes to enterprise-wide compensation and benefit plans.

Management

Provides recommendations on strategies, plans, and programs for consideration by the HR Committee, including compensation programs; executive severance guidelines; and pension plan governance, funding, and administration. The CEO approves executive compensation, benefits, and performance assessments for the top executives in the organization and presents this information to the HR Committee for review. Management utilizes the Compensation Executive Steering Committee (CESC)[1] to formulate recommendations for the HR Committee on matters pertaining to compensation philosophy and principles, management's report on compensation disclosure, and new or material changes to enterprise-wide compensation and benefit plans. Management also reviews the Chief Risk Officer's annual report addressing alignment of risk appetite and compensation practices. The CESC approves the non-material compensation framework and design changes based on alignment to strategic business direction, expert advice, and/or third-party market data, and oversees the ongoing administrative requirements associated with total rewards.

(1) The CESC meets quarterly and includes the President and CEO, Chief Financial Officer, Chief Risk Officer, and Chief People Officer. The Chair of the HR Committee of ATB's Board of Directors may observe with the intent to serve as a mentor for the committee.

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

Compensation Risk Management

Alignment with Risk Appetite

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

Annual Compensation Risk Assessment

Effective May 2019, annually the Chief Risk Officer (CRO) conducts a compensation risk assessment, providing highlights to the Risk Committee and Human Resources Committee. This assessment gives consideration to compensation plans—focusing on incentives, performance objectives and results, and adequacy of governance practices relative to ATB's risk appetite, Financial Stability Board principles, and industry practices. Based on this data-driven assessment, the CRO may recommend an adjustment to an executive's incentive compensation, for consideration by the CEO, HR Committee, and Board of Directors, as applicable. The CRO's fiscal 2019–20 assessment did not identify any material issues affecting the overall integrity of ATB's compensation system.

Variable Compensation Forfeiture and Clawback

On May 15, 2019, the Executive Variable Compensation Forfeiture and Clawback Policy was adopted by ATB's Board of Directors, by approval of the HR Committee in order to allow the Board to require, in specific situations, the reimbursement and/or forfeiture of incentive compensation awarded to named executive officers (NEOs). The Policy assists in effectively balancing risk and reward for ATB from a compensation perspective. Variable compensation is any incentive pay earned for objective achievement, including but not limited to short-term incentives (STIs) and long-term incentives (LTIs)—subject to a two-fiscal-year look-back period. The CRO's annual compensation risk assessment supports the policy by reporting on material risk events and weaknesses to aid the HR Committee and Board in determining if forfeiture and clawback action should be taken.

The policy covers two types of material risk events: 1) financial restatement and 2) intentional wrongful act. Wrongful acts include misconduct, theft, embezzlement, fraud, or other malfeasance or misfeasance. In the event of financial restatement, the Board will conduct an independent review of the circumstances leading to the restatement. If the Board determines the restatement was due to an intentional wrongful act by one or more NEOs, the Board shall claw back or cancel some or all of the variable compensation awarded. If the Board determines the restatement was not due to an intentional wrongful act by one or more NEOs, the Board may at its discretion claw back or cancel some or all of the variable compensation awarded. In the event that the Board determines that an NEO committed an intentional wrongful act, regardless of whether a restatement has or may occur, the Board will claw back or cancel some or all of the variable compensation awarded to that particular NEO.

ATB's executive LTI and STI plans that apply to beyond the NEOs have provisions that provide for full forfeiture of outstanding and previously awarded but unpaid compensation, in the event of executive termination with cause. These plans also have provisions to correct any unpaid variable compensation values for all executives in an instance of material financial restatement.

Alignment with Shareholder Expectations

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

Independent Compensation Advice

ATB's Human Resources (HR) Committee and management engage with independent advisors to provide external insight related to executive compensation best practices and market trends. The advisors offer specialized expertise relative to compensation philosophy, governance, design, and policy and performance measurement and assessment.

	Billed in FY2019–20		
Independent advisor	**Executive-compensation-related fees**	**Other fees**	**Total**
Hugessen Consulting	$44,282		$44,282
Korn Ferry	28,737	125,900	154,637
Grand total	$73,019	$125,900	$198,919

Compensation Comparator Group and Market Positioning

Executive compensation is benchmarked regularly against other organizations in the financial services industry. The Board-approved executive compensation comparator group includes national or dominant-regional private-industry financial services companies that offer comparable business services to ATB's. These organizations compete from both a business and talent perspective. Executive compensation is assessed against this peer group of Canadian banks, credit unions, investment management and services firms, and financial Crown corporations.

Executive Compensation Comparator Group

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

Fund organizations
IG Wealth Management (formerly Investors Group)
Mackenzie Investments

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

Credit unions
Fédération des Caisses Desjardins du Québec
Servus Credit Union
Coast Capital Savings
Vancity Capital Corporation

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

Elements of Executive Total Direct Compensation

ATB's executive *base* salary is designed to pay at the middle of the market. Our *total* direct compensation, which includes base pay and short- and long-term incentives, is designed to pay a mid-market rate, reflecting target-level performance. The actual compensation received by an executive may be above or below mid-market because it reflects their relative performance.

Executive Total Direct Compensation

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

Base Salary

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

Short-Term Incentive (STI)

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

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

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

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

The target award for each executive reflects a percentage of salary, and the actual value received represents relative performance achievement. Each position has a scorecard with weightings, targets, and thresholds that are set annually based on the approved business plan. The performance of income before provision for loan losses against the target measures management's ability to create sustainable revenue growth and manage overall expenses. Since this metric closely reflects the results of ATB's strategic and tactical efforts, it is more heavily weighted for an NEO at 44% or 56% of the total scorecard. The provision for loan losses for an NEO is weighted at 11% or 14% of the total scorecard since this metric is more impacted by economic variables that can be highly volatile.

The STI plan includes forfeiture provisions to adjust or rescind unpaid awards in the case of termination of employment for cause and to align with the corrected financial results due to a material accounting restatement.

Range of STI payout is 0% to 200% of STI target

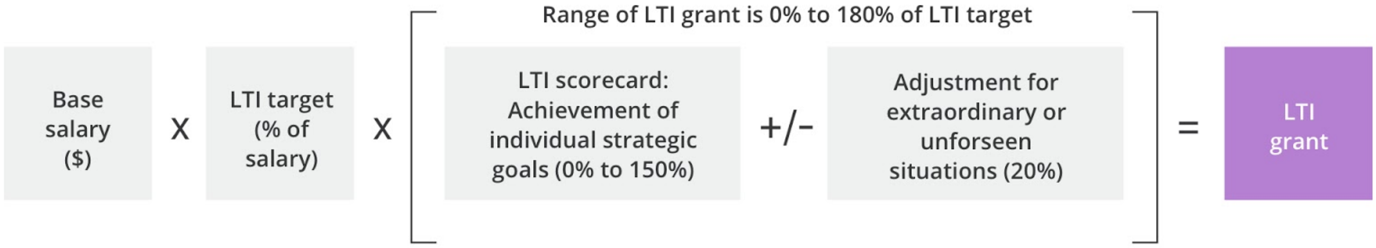
Base salary ($) X STI target (% of salary) X [STI scorecard: Achievement of key performance metrics (0% to 160%) +/- Exceptional circumstances (25%)] = STI payout

Long-Term Incentive (LTI)

LTI rewards the successful execution of strategic performance and risk objectives over the longer term that create value and sustainability for the organization. LTI grant targets are expressed as a percentage of base salary. LTI strategic objectives are set annually by the leader of the executive. In the case of the CEO, the Board of Directors sets the strategic objectives. LTI grants, awarded annually, range from 0% to 150% of the grant target based on the executive's success in achieving their strategic objectives. The resulting grant can also be adjusted upwards or downwards by a discretionary component of no more than 20% for any extraordinary or unforeseen situations. This creates an overall maximum of 180% of the target. These determinations to adjust a grant above or below target are made by the HR Committee for the CEO and approved by the CEO for all other executives. A senior executive who is awarded an LTI grant greater than 100% of target has the option to keep the above-target portion in the plan or receive payment of that portion within 100 days of the fiscal year-end for which it is granted. If the above-target portion remains in the plan, the grant appreciation formula and other conditions and requirements apply. The exception to this: A senior executive subject to United States taxation will be paid the above-target portion of their grant within 100 days of the fiscal year-end in which it is granted; they will not have the option to leave the above-target portion of the grant in the program.

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

The LTI plan includes forfeiture provisions to adjust or recind previously awarded, unpaid grants and/or appreciation or depreciation, in the case of termination of employment for cause and to align with the corrected financial results due to a material accounting restatement.



Key Incentive Performance Metrics

ATB's executive short- and long-term incentive plans (STIs and LTIs, respectively) include annual objectives for the following performance metrics.

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

Target Total Direct Compensation Mix

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

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

Beyond Cash for Executives – The Total Rewards Perspective

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

Flexible Pension Plan

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

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

Benefits

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

During the last fiscal year, ATB took another step to mitigate risk and invest in the holistic health of our senior executives. These critical leaders are encouraged to participate in an annual comprehensive health assessment and are participants in the LifePlus and Best Doctors Programs, featuring expert medical care and complementary services.

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

Wellness

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

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

ATB has fostered strong partnerships with the Canadian Mental Health Association (to develop an ATB workplace peer-support network), with the Mental Health Commission of Canada (to deliver consistent training to ATB leaders and team members on the mental health continuum), and with the Prostate Cancer Centre's Man Vans (to deliver mobile prostate-cancer screenings and "stress-check" mental health mobile screenings to team members and customers in ATB's rural branch network).

We have also been leaders in creating dementia-friendly communities as training hubs and models of how to locally support Albertans with dementia.

Leadership Development

Leadership development is directly linked to succession capability and organizational success. Leadership at ATB is defined by the Leader ALL-IN framework, which outlines the why, what, and how of leadership at ATB. Through the lens of this framework, we recruit, assess, develop, and progressively advance leaders at all levels in the organization, including executives. Our intentional focus on development creates a pipeline of capable internal successors who not only know our business, but live our culture.

Succession at ATB is focused on our future leadership needs and includes a talent review that identifies leaders with the potential and desire to become executives. Success relies on our ability to anticipate and plan for change, critically assess our talent, and develop successor capabilities for greater responsibilities. We actively develop leaders, including our executives, through a number of internal and external avenues. We've built an internal leadership community that promotes connections across the entire organization and engages leaders in unique experiences that enhance their understanding of enterprise governance and advances their own leadership capabilities. We continuously seek leading-edge partners, such as Singularity University, to significantly advance leadership development. We selectively invest in key executives' growth with independent developmental assessments and provide coaching through external and internal rosters of professionals. Further investment is accomplished through external professional programs and graduate-level education.

Banking Products and Services

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

Fiscal 2019–20 Performance and Executive Compensation

Key Incentive Performance Metric Results

Metric	Threshold	Target	Maximum	Performance	Attainment above target of metric
Income before provision for loan losses and STI payment *($ in millions)*	508	564	620	582 (1)	Above target
Provision for loan losses *($ in millions)*	318	265	212	386	Below target
Customer advocacy index (CAI) score	55	58	63	59	Above target
Employee engagement score	78%	87%	92%	86%	Below target
Long-term risk-adjusted return on capital (RAROC)	6.2%	12.5%	28%	13.6%	Above target

(1) The "income before provision for loan losses and STI payment" metric includes income before: a) payment in lieu of taxes, b) provision for loan losses, c) integration and acquisition costs, d) STI payment at target, and e) STI payments over target.

The first four financial and operational performance metrics above have a material weighting in determining STI awards for the CEO and other executive officers. ATB's 2020 results include:

- An increase in operating revenue from fiscal 2018–19, attributed to our strategic balance sheet management and non-interest revenue growth;
- Implemented enterprise-wide savings initiatives that helped produce above-target income before provision for loan losses and STI payment;
- A significantly higher provision for loan losses for our non-retail customers due to the deteriorating economic environment resulting from COVID-19 and the oil price collapse;
- Continued customer loyalty, earned by focusing on customer experience, listening to our customers, and deepening relationships with customers; and
- Sustained high levels of team member engagement because we put our people first, cultivate a strong supportive culture, and provide clear strategic direction and leadership.

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

Profiles, Performance, and Compensation Awarded to Named Executive Officers

While the individual profiles, performance, and compensation awarded to the NEOs is outlined below, it is worth noting that all NEOs worked on a number of common performance objectives to align as one cohesive ATB. Chief among these was the thinking and development of ATB's 10-Year Strategy, a key strategic vision for the long-term success and sustainment of ATB in the face of massive industry disruption.

Curtis Stange
President and CEO

As President and CEO, Curtis Stange could have a million priorities, but really he has just one: our customers. This doesn't come as a surprise; before becoming ATB's CEO on July 1, 2018, Curtis served as ATB's Chief Customer Officer. He knows that by instilling that same focus into all 5,500-plus team members, ATB can use its expertise to change the lives of Albertans for the better.

For more than three decades, Curtis has dedicated himself to making banking work for people. He began his career at one of Canada's "Big Five" banks and was then recruited to ATB, where he helped launch a new line of business focused on Alberta entrepreneurs. He played a key role in transforming our banking system, which was ATB's biggest tech challenge in a generation. Curtis has led ATB to new places, like the implementation of the world's first full-featured virtual banking assistant in Facebook Messenger, our adoption of new tech like Apple Pay and blockchain, and the launch of ATB BoostR. Most recently, Curtis was ATB's first Chief Customer Officer, where he led the business in ensuring the customer was at the centre of everything we do.

Born, raised, and educated on the Prairies, Curtis loves the Rockies, road biking, and spending time with his family. He believes he would have made a great firefighter or farmer if he hadn't gone into banking. He also believes that anything is possible if you take the time to listen and work hard.

Curtis is a Stanford alumnus and proud recipient of the Order of Athabasca University for his public service work. As a strong mental health advocate, he is a member of the Government of Alberta's government's Mental Health Advisory Council. He also serves as a member of the Alberta Business Council and Edmonton International Airport advisory boards, the Visa Canada advisory board, and the Stars Air Ambulance board, and he co-chairs the Children's Wish Foundation of Canada.

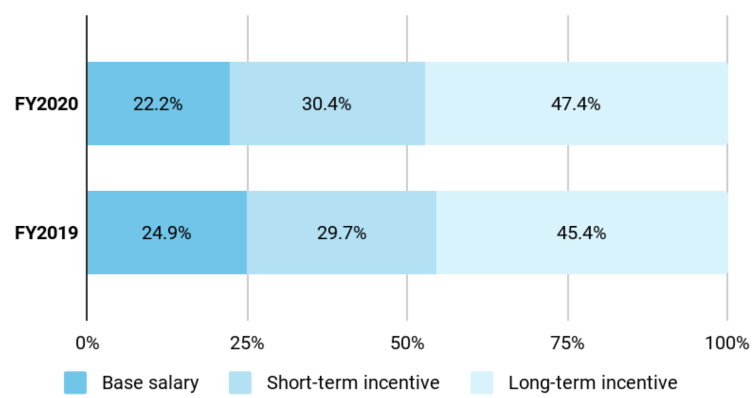
Fiscal-year performance highlights

- Created a compelling competitive future by leading the development of ATB's 10-year strategic plan, ensuring it is brought to life within the organization
- Led the best strategic choices for the Brightside value proposition, with a focus on delivering quickly and cost effectively
- Overachieved on the business plan's efficiency ratio objective of 71%
- Defined ATB's current and desired future culture, including the people system and organizational design required to deliver on the future strategy

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2020	**500**	**684**	**1,066**	**2,250**
FY2019	463	551	841	1,855

Actual compensation mix



Bob McGee

Senior Advisor to the CEO
(former Chief Financial Officer)

Bob served as ATB's Chief Financial Officer for more than four years. As of January 5, 2020, he has supported the onboarding of our new CFO and acted as Senior Advisor to the CEO. He will continue in this role until his retirement later this summer. Bob came to ATB in July 2015 with over 30 years of financial, operational, and business leadership experience from financial institutions across the globe, including Lloyds Banking Group and Wachovia Corporation. With this depth of experience in our industry, Bob plays an important role in developing both long-
term strategies and short-term performance tactics for ATB. He continues to advise the CEO on these and other critical topics.

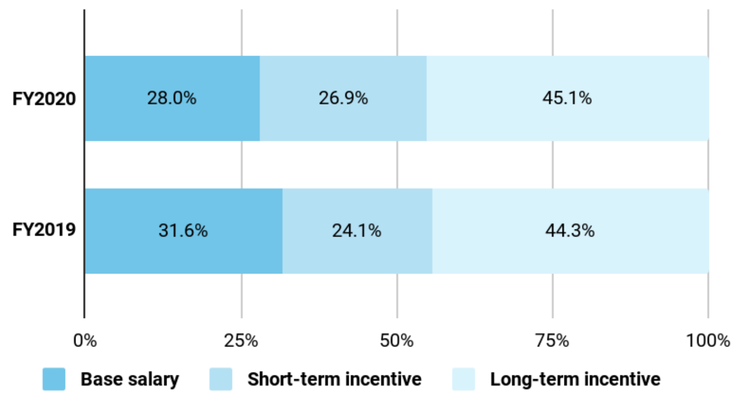
Fiscal-year performance highlights

- Provided oversight and guidance to successfully overcome significant economic challenges, ultimately exceeding our income before provision for loan losses target for fiscal 2019–20 by $11 million
- Strengthened the foundation of the business planning cycle through the establishment of effective linkages between the strategy, plans, and key performance indicators
- Played a lead role in developing the 10-year strategy
- Positioned ATB for acquiring the non-voting shares of AltaCorp Capital and provided expert guidance on valuation and structuring of the offer

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2020	**375**	**360**	**604**	**1,340**
FY2019	375	286	525	1,186

Actual compensation mix



Dan Hugo
Chief Financial Officer

Dan started his journey with ATB on January 6, 2020, after being drawn in by our relentless focus on purpose and our balance of social responsibility and profitability. Most importantly though, Dan believes ATB's "why" aligns with his own values. His why is to truly make a difference and to impact people's lives positively and authentically.

Dan is a highly accomplished financial-service executive and corporate officer and has spent significant time in senior leadership with companies such as Bank of America, Capital One, and Ernst & Young. Dan is actively involved with the FinTech community and was also a part of eBay at the height of the internet revolution.

Dan has established a reputation as a sage business advisor, who strategically balances stakeholder needs with those of the business. His 30 years of experience has gained him an expert knowledge base in financial/commercial business operations, financial planning/reporting, forecasting, expense management, corporate development, and strategy. He has a proven track record of growing businesses and finding innovative solutions to modern-day business challenges.

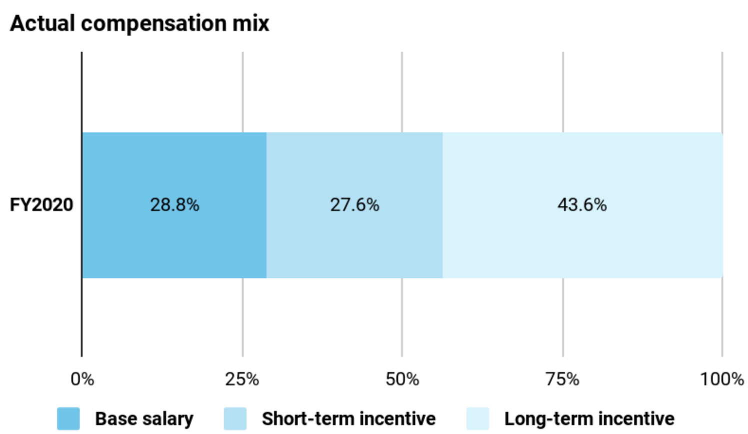
Originally from South Africa, Dan is a chartered accountant (CA, South Africa) and a certified public accountant (CPA, USA). Dan is the former Chair of the Board of Directors for the Humane Society of Charlotte, North Carolina.

Fiscal-year performance highlights

- Transitioned quickly into the CFO role, effectively managing liquidity and general financial oversight and health in the face of challenging economic conditions to secure a successful fourth-quarter result
- Led development of the enterprise FY2021 business plan, setting the financial foundation for the 10-year strategy

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2020	**87**	**83**	**131**	**301**



Jon Horsman

Senior Executive Vice President, ATB Business, and Chief Executive Officer, AltaCorp Capital Inc.

As Senior Executive Vice President of ATB Business, and CEO of AltaCorp Capital, Jon is responsible for the strategy, direction, and leadership of ATB's presence in business markets. He also oversees the management and financial performance of AltaCorp Capital, a wholly owned subsidiary of ATB Financial, which provides capital market solutions to institutional and corporate clients. Jon started his banking career with ATB over 17 years ago in Corporate Financial Services. He was instrumental in creating and leading the Syndication Group and many initiatives that have enhanced and grown ATB's value proposition to our core clients. He eventually became Co-Head of Corporate Financial Services and, more recently, CEO of AltaCorp Capital. Jon has led the growth of the firm's geographic and market coverage, broadening access to capital for clients in the key industries that drive our economy. In the last quarter of fiscal 2019–20, Jon was appointed to lead and integrate our three substantial business lines: Business and Agriculture, Corporate Financial Services, and AltaCorp Capital. Jon has an undergraduate degree in philosophy from Gonzaga University and an MBA from the University of Alberta.

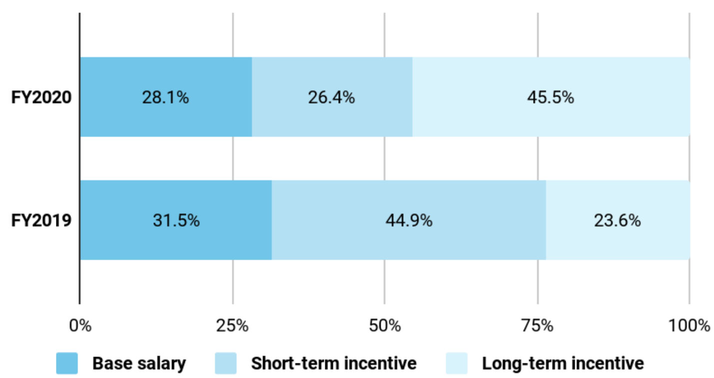
Fiscal-year performance highlights

- Set a compelling, competitive future for the business customer, recognizing that Alberta's core industries, businesses, and entrepreneurs are a catalyst of growth for the province
- Restructured our three lines of businesses into a single-platform service for ATB small, medium, and large business and corporate customers through dedicated industry and client segmentation
- Strengthened our advisory and distribution capabilities by expanding our geographic and market coverage to broaden access to capital for clients, and reinforced AltaCorp's thought leadership

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2020	**274**	**258**	**444**	**977**
FY2019	250	357	188	795

Actual compensation mix



Chris Turchansky

Chief Experience Officer

Since becoming ATB's first Chief Experience Officer on January 1, 2020, Chris Turchansky is focused on bringing to life a different kind of customer experience. He has a passion for ensuring Albertans are provided advice and solutions that support their financial goals and dreams, and for helping customers enhance their financial literacy.

Chris's career began over 23 years ago, 15 of which have been with ATB. Delivering an outstanding customer experience has played a critical role in Chris's journey from advisor and regional manager, to managing director, to President of ATB Wealth, and now to his current role as Chief Experience Officer.

Chris was central to the launch of ATB Wealth, bringing together ATB's investment and private banking divisions to provide a truly unique wealth management experience. Under his leadership, ATB Wealth made a promise to Albertans to be worthy of their full trust by providing honest, transparent advice and by keeping their best interests at heart. With that primary focus on customer experience, ATB Wealth surpassed significant milestones—including achieving $21 billion in assets under administration—while serving the wealth management needs of over 80,000 clients.

Chris holds a commerce degree from the University of Alberta and an MBA from Athabasca University, and he has earned his chartered financial advisor (CFA) designation. His commitment to the community is demonstrated by his involvement with the Hockey Alberta Foundation and the Portfolio Management Association of Canada.

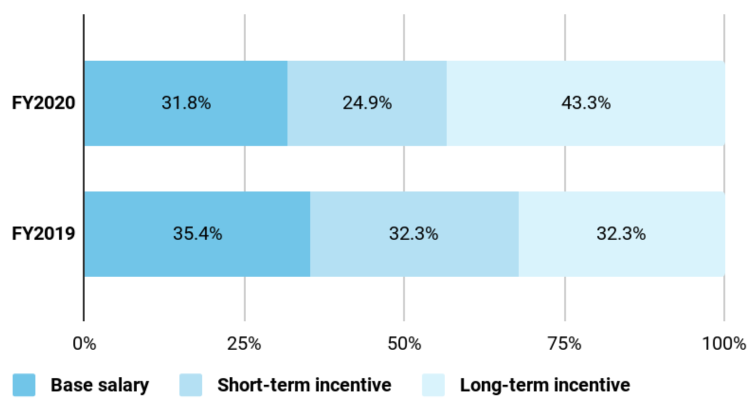
Fiscal-year performance highlights

- Led the replacement of a major front-end customer-facing information and workflow management system
- Defined the strategy and set the foundation for the complete design and implementation of the wealth transfer strategy
- Designed and launched the ATB Experience Office to drive differentiated value for customers in this "era of the customer'

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2020	**298**	**233**	**405**	**937**
FY2019	289	263	264	816

Actual compensation mix



John Tarnowski

Executive Vice President,
Everyday Financial Services

John was permanently appointed as Executive Vice President (EVP) of Everyday Financial Services late in FY2019, previously leading our customer experience digital transformation.

Not your typical banker, John began his career as a competitive ski racing coach. During this time, he got to travel the world while working closely with competitive athletes to help them achieve their goals. Following a decade of professional coaching, John entered the financial-services industry. He has spent the last two decades transforming digital, payment, and financial-service experiences, by placing the customer at the centre of everything he does.

As technology and data continue to evolve and enable new and empowering customer experiences, one of the opportunities for the industry—and a focus for ATB—is to prepare team members for the future. John believes it is more important now than ever that they are adaptable and able to keep pace with the needs and expectations of our customers. John is committed to the continuous development of the more than 2,500 team members that report to him, with a focus on ensuring that they're skilled in developing strong, trusted relationships.

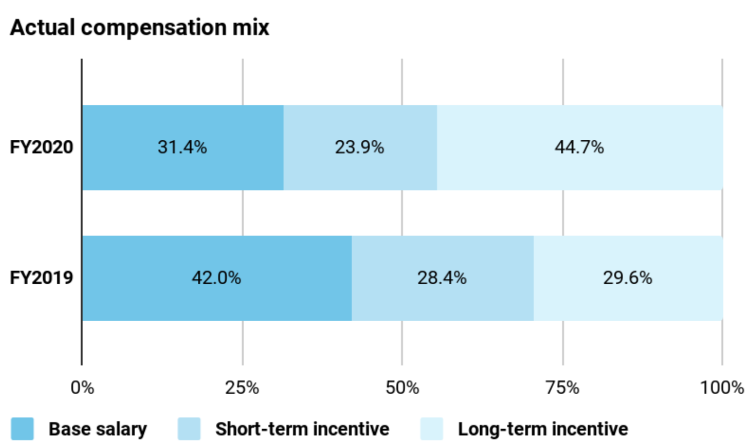
With an educational background in investments and economics, John has a passion for customer experience excellence and is a coach at heart. Whether he's dealing with high-performance athletes, his kids, or his teammates at ATB, John takes every opportunity to motivate, inspire, and bring out peak performance in everyone he encounters.

Fiscal-year performance highlights

- Led Everyday Financial Services to top-level results in deposit growth, income growth, and customer experience, while improving the efficiency ratio
- Led the expansion and integration of the portfolio from retail personal banking to include ATB micro businesses, providing seamless and consolidated support to Alberta entrepreneurs
- Actively led EFS through the COVID-19 pandemic crisis without missing a beat and continuously adapted and evolved our service delivery model to meet customer needs and protect team members

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2020	**275**	**209**	**391**	**875**
FY2019	241	163	170	574



Compensation Summary

(audited)

Name and position	Fiscal year	Base salary (1)	Non-equity incentive plan compensation *($)* Annual incentive plan (2)	Long-term incentive plan (3)	Pension value (4)	All other compensation (5) (6)	Total compensation
Curtis Stange (7) President and Chief Executive Officer (CEO)	**2020**	**$500,000**	**$683,745**	**$1,066,256**	**$0**	**$222,792**	**$2,472,793**
	2019 [(8)]	$462,500	$550,893	$841,131	$7,000	$200,879	$2,062,403
Bob McGee (9) Senior Advisor to the CEO (former Chief Financial Officer)	**2020**	**$375,000**	**$360,401**	**$604,125**	**$7,000**	**$96,569**	**$1,443,095**
	2019	$375,000	$286,494	$525,000	$8,000	$95,400	$1,289,894
Dan Hugo (10) Chief Financial Officer (CFO)	**2020**	**$86,538**	**$83,170**	**$131,365**	**$9,000**	**$4,741**	**$314,814**
Jon Horsman (11) Senior EVP, ATB Business, and CEO, AltaCorp	**2020**	**$274,231**	**$258,100**	**$444,288**	**$9,000**	**$42,906**	**$1,028,525**
	2019	$250,000	$357,134	$187,500	$10,000	$36,500	$841,134
Chris Turchansky (12) Chief Experience Officer	**2020**	**$298,055**	**$233,140**	**$405,484**	**$6,000**	**$78,906**	**$1,021,585**
	2019	$289,437	$263,465	$263,750	$6,000	$73,500	$896,152
John Tarnowski (13) Executive Vice President (EVP), Everyday Financial Services	**2020**	**$275,000**	**$208,845**	**$391,298**	**$10,000**	**$55,906**	**$941,049**
	2019	$241,077	$162,786	$170,016	$12,000	$135,500	$721,379

(1) The actual base salary paid during April 1 to March 31 of each year.
(2) The short-term incentive award earned for the year and paid as cash within the first 100 days of the end of the fiscal year.
(3) The long-term incentive grant earned for the year. Payment of the grant is deferred for up to three years and includes appreciation or depreciation annually based on ATB's long-term risk-adjusted return on capital (RAROC) performance over the term of the grant and is contingent upon the named executive officer's continued employment with ATB. The following Outstanding Long-Term Incentives Awards table includes appreciation or depreciation changes in outstanding and unvested grants.
(4) Includes the annual compensatory value from the Flexible Pension Plan (FPP). Additional detail on the FPP is provided in the Retirement Benefits section.
(5) All other compensation for Curtis Stange includes perquisites, health-care spending account credits, relocation benefit, employer contributions to RRSP and DC SERP within the CEO Pension Plan (details below), employer contributions in the Notional Supplemental Plan (NSP) during his tenure as Chief Customer Officer up to June 30, 2018, and, for fiscal year (FY) 2020, an executive health benefit. All other compensation for Bob McGee includes perquisites, personal tax advice, health-care spending account credits, employer contributions to the NSP, and, for FY2020, an executive health benefit. All other compensation for Dan Hugo includes perquisites, health-care spending account credits, and relocation benefits. All other compensation for Jon Horsman and Chris Turchansky include perquisites, health-care spending account credits, employer contributions to the NSP and, for FY2020, an executive health benefit. All other compensation for John Tarnowski includes perquisites, health-care spending account credits, executive health benefit, employer contributions to the NSP and, for FY2020, an executive health benefit. John Tarnowski initially held the position of EVP of Everyday Financial Services on a temporary basis. He received a bonus in FY2019 for successful completion of his term and was then appointed to the role permanently on January 1, 2019.
(6) ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the *Income Tax Act.* The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions.
(7) Curtis Stange was appointed president and CEO on July 1, 2018. Amounts shown for FY2019 include compensation for his previous position as Chief Customer Officer.
(8) Curtis Stange's all other compensation and consequent total compensation for FY2019 have been increased by $42,629 to recognize an additional $30,000 in NSP contributions earned and a $12,629 relocation benefit received in FY2019.
(9) Bob McGee was appointed Senior Advisor to the CEO on January 5, 2020. Amounts shown for FY2019 and FY2020 include compensation for his previous position as Chief Financial Officer.
(10) Dan Hugo joined ATB as Chief Financial Officer on January 6, 2020. As a result, the amounts shown represent only a partial FY.
(11) Jon Horsman was appointed Senior EVP of ATB Business, and CEO of AltaCorp Capital Inc. (AltaCorp) on January 1, 2020. Amounts shown for FY2019 and FY2020 include compensation for his previous position as Chair and CEO of AltaCorp.
(12) Chris Turchansky was appointed Chief Experience Officer on January 1, 2020. Amounts shown for FY2019 and FY2020 include compensation for his previous position as EVP, and President, ATB Wealth.
(13) John Tarnowski was permanently appointed EVP of Everyday Financial Services (EFS) on January 1, 2019. Amounts shown for FY2019 include compensation for when he was EVP of EFS on a term basis.
(14) In the interest of full transparency, and while not a named executive officer for FY2020 and therefore not included in the table above, we further disclose that Wellington Holbrook, former Chief Transformation Officer, received total compensation of $2,801,478 for FY 2020. This amount reflects his employment to December 31, 2019, and includes base salary, pension value, perquisites, health-care spending account credits, executive health benefit, employer contributions to the NSP, and end-of-employment payments.

Outstanding Long-Term Incentive Awards

Long-term incentive (LTI) awards are granted after the close of a fiscal year and vest (i.e., mature) at the end of a three-year term. The following table presents details of unvested LTI awards as at April 1, 2020. The current value of outstanding grants reflects the annual appreciation or depreciation, based on actual long-term RAROC during the term of the grant.

Name	Fiscal year of grant	Total grant awarded	Above-target portion of grant paid out (1)	Remaining portion of grant (2)	Current value of grant that has not vested (3)	Fiscal year-end that grant will vest		
						2021	2022	2023
Curtis Stange	**2020**	**$1,066,256**		**$1,066,256**	**$1,066,256**			**X**
	2019	$841,131	$340,458	$500,673	$528,961		X	
	2018	$472,500	$122,500	$350,000	$397,508	X		
Bob McGee	**2020**	**$604,125**		**$604,125**	**$604,125**			**X**
	2019	$525,000	$150,000	$375,000	$396,188		X	
	2018	$504,375	$129,375	$375,000	$425,902	X		
Dan Hugo (4)	**2020**	**$131,365**		**$131,365**	**$131,365**			**X**
Jon Horsman	**2020**	**$444,288**		**$444,288**	**$444,288**			**X**
	2019	$187,500		$187,500	$198,094		X	
	2018	$184,439	$18,579	$165,860	$188,373	X		
Chris Turchansky	**2020**	**$405,484**		**$405,484**	**$405,484**			**X**
	2019	$263,750	$46,672	$217,078	$229,343		X	
	2018	$267,549	$50,471	$217,078	$246,543	X		
John Tarnowski	**2020**	**$391,298**		**$391,298**	**$391,298**			**X**
	2019	$170,016	$31,227	$138,789	$146,630		X	
	2018	$136,563	$21,563	$115,000	$130,610	X		

(1) Executives awarded an LTIP grant greater than 100% of target have the choice to receive payment of the above-target portion of the grant within 100 days of the end of the fiscal year of which it is granted. An exception to this: A senior executive subject to United States taxation will be paid the above-target portion of their grant within 100 days of the fiscal year-end in which it is granted; they will not have the option to leave the above-target portion of the grant in the program.
(2) Value subject to three-year vesting and appreciation or depreciation based on long-term RAROC results.
(3) Current value includes appreciation or depreciation based on long-term RAROC results for the years in which the grants were maturing.
(4) Dan Hugo joined ATB on January 6, 2020. As a result, the amount shown represents only a partial fiscal year.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below shows the total value of all long-term incentive plan awards previously granted to the named executives that vested (i.e., matured) at the end of fiscal 2019–20. It also shows the total amount earned from short-term incentive plan compensation in fiscal 2019–20.

Name	**Long-term incentive (LTI) plan awards – value vested during the year (1)**	**Short-term incentive (STI) plan compensation – value earned during the year (2)**
Curtis Stange	$407,887	$683,745
Bob McGee	$359,291	$360,401
Dan Hugo (3)	n/a	$83,170
Jon Horsman	$123,307	$258,100
Chris Turchansky	$251,374	$233,140
John Tarnowski	$115,203	$208,845

(1) This is the payout value of the fiscal 2016–17 LTI plan awards.
(2) This is the STI plan cash award for fiscal 2019–20. This amount is shown under the annual incentive plan in the Compensation Summary.
(3) Dan Hugo joined ATB on January 6, 2020. As a result, the STI award indicated is for a partial fiscal year.

Retirement Benefits

The following table outlines the named executive officer (NEO) retirement benefits for fiscal 2019–20. Detailed descriptions of the benefits follow the table.

Name	Flexible pension plan (FPP) contribution (1)	Notional supplemental plan (NSP) contribution (2)	NSP return (3)	Registered retirement savings plan (RRSP) contribution (4)	DC SERP contribution (5)	DC SERP return (6)	Total
Curtis Stange	$0	$0	$34,000	$27,000	$162,000	$8,000	$231,000
Bob McGee	$7,000	$67,000	$26,000	n/a	n/a	n/a	$100,000
Dan Hugo (7)	$9,000	$0	$0	n/a	n/a	n/a	$9,000
Jon Horsman	$9,000	$25,000	$6,000	n/a	n/a	n/a	$40,000
Chris Turchansky	$6,000	$61,000	$30,000	n/a	n/a	n/a	$97,000
John Tarnowski	$10,000	$38,000	$11,000	n/a	n/a	n/a	$59,000

(1) The employer contribution to the FPP (DC plan) on behalf of the NEO. This amount is shown under the fiscal year (FY) 2020 "pension value" in the Compensation Summary.
(2) The employer contribution to the NSP on behalf of the NEO. This amount is included under the FY2020 "all other compensation" in the Compensation Summary.
(3) The return on the NSP, based on the rate of return of a designated balanced fund applied to the beginning of the calendar-year balance and the interest credit on current calendar-year contributions based on a designated savings deposit rate. Both are provided by the employer on behalf of the NEO.
(4) The employer contribution to the RRSP on behalf of the CEO. This amount is included under the FY2020 "all other compensation" in the Compensation Summary.
(5) The employer contribution to the DC SERP on behalf of the CEO. This amount is included under the FY2020 "all other compensation" in the Compensation Summary.
(6) The return on the DC SERP is the same rate as that earned on the assets of the CEO's RRSP. All RRSP investment decisions are made by the CEO.
(7) Dan Hugo joined ATB on January 6, 2020. As a result, no employer contributions were made to his NSP in fiscal 2019–20.

Flexible Pension Plan (FPP)

ATB's FPP offers a combination of retirement savings in a registered defined-contribution pension plan (DC Plan) with a wealth accumulation component that offers flexibility for plan members to save for retirement and achieve their financial goals, including an option for a spousal registered retirement savings plan (RRSP). ATB automatically contributes 4% of the team member's pensionable earnings (which includes annual base salary and short-term incentive pay) to the DC portion of the plan. Plan members can also voluntarily contribute up to 6% of pensionable earnings to their DC plan account, and ATB will match up to 4% of those contributions.

Notional Supplemental Plan (NSP)

For any FPP plan member, where annual pension contributions exceed allowable maximums under the *Income Tax Act,* excess amounts are allocated to the NSP, an unfunded non-registered plan that provides notional DC benefits that cannot be provided within the FPP due to income tax restrictions. A gain or loss is provided on the beginning of the calendar-year balance of the account based on the return of a designated balanced fund. Contributions for the current calendar year receive an interest credit based on a designated savings deposit rate. ATB's notional contributions to the NEO's NSP are included as other compensation in the Compensation Summary table.

CEO Pension Plan

CEO, Curtis Stange is the sole participant in the CEO Pension Plan. This plan includes an RRSP and an unfunded supplementary pension plan operating on a defined-contribution basis (DC SERP). ATB contributes 18% of Curtis Stange's base salary to the RRSP up to the maximum annual contribution permitted under the *Income Tax Act (Canada)* for a given calendar year. The DC SERP is maintained through a notional account that is credited annually with 18% of pensionable earnings minus the contribution to the RRSP. The notional account is also credited with interest each year at the same rate as is earned on the assets of the RRSP. All RRSP investment decisions are made by the CEO. The DC SERP is not funded until the CEO retires.

Termination and Change in Control Payments and Benefits

Employment Agreements

Three of ATB's named executive officers (NEOs) have personal employment agreements: Curtis Stange, Dan Hugo, and Bob McGee. The incremental payments and benefits, which each NEO would be contractually entitled to in the event of termination, varies based on their agreement.

Curtis Stange

The following table provides an overview of the contractually agreed payments and benefits that would be provided to Curtis Stange in each of the termination scenarios. The last row in the table indicates the estimated incremental payments that would be provided if employment had been terminated as at March 31, 2020. The actual amount that Curtis Stange could receive in the future as a result of a termination of employment could differ materially from the amounts below. In receiving these payments, Curtis Stange would be obliged to (a) not accept employment involving responsibilities for operations in the Province of Alberta with any ATB competitor, without prior written consent from ATB for 12 months following the earlier of early termination or July 2, 2023, (b) not directly or indirectly recruit, hire or solicit any person employed by ATB, during his term, to provide services to an ATB competitor for 12 months from termination, (c) not directly or indirectly contact or solicit business from ATB or provide financial services to ATB customers, during his term, for 12 months from termination.

Payment/ benefit (1)	Early termination (2)	Resignation without good reason (3), with notice	Retirement (4)
Severance	Lump-sum equivalent to 18 months salary plus a lump sum in lieu of benefits (5), or salary continuance and benefits for 18 months Lump-sum equivalent to 18 months STI – calculated at target, or provided as salary continuance Lump-sum equivalent to 18 months LTI – calculated at target, or provided as salary continuance	None	None
Short-term incentive	Prorated for fiscal year until early termination date – calculated at target	None	Prorated for fiscal year until retirement date – pursuant to the eligibility criteria and based on fiscal-year-end results (4)
Long-term incentive	Prorated for fiscal year until early termination date – calculated at target All grants vest and are paid at current value	Vested grants are paid at current value	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on attainment as per plan (6) Unvested grants are paid at current value or left in the plan for payment on the scheduled date – based on participant's choice. Vested grants are paid at current value.
Relocation	Reimbursement of expenses, in accordance with ATB Relocation Policy, for relocation back to the previous municipality of residence	None	None
Estimated total value	$4,834,425 [7] [8]	$0 [8]	$1,992,725 [7] [8]

(1) Curtis Stange would also receive, in all termination scenarios, payment of accrued vacation and his DC SERP account balance transferred to a retirement compensation arrangement (RCA) or provided as a monthly pension–based on the option he elects.

(2) "Early termination" includes termination other than by Curtis Stange, including: (a) absence of a written agreement renewing his current employment agreement and/or termination by virtue of his death or permanent disability; (b) the Board recommending termination of Curtis Stange to the Lieutenant-Governor in Council (LGIC), whether or not an order-in-council (OC) is issued by the LGIC terminating him as CEO or removing or suspending him as CEO; and (c) without the recommendation of the Board, the LGIC issuing an OC terminating Curtis Stange as CEO or removing or suspending him as CEO. "Early termination" can also include termination by Curtis Stange for good reason, with prior written notice.

(3) "Good reason" means a material reduction in authority, duties, or responsibilities, or responsibilities inconsistent in any material respect from those of the CEO; a material reduction in remuneration; or a change of at least 50% of the members of the Board of Directors over six consecutive months.

(4) Curtis Stange is eligible to retire based on a minimum age of 55 and minimum 10 years of service, as per ATB's Corporate Management Team Compensation Plan.
(5) "Benefits" include perquisites, health benefits, vacation, preferred banking rates, and long-term disability and subsistence.
(6) Eligibility criteria includes a satisfactory performance assessment and being active a minimum of three consecutive months for the fiscal year (FY), as per ATB's Corporate Management Team Compensation Plan.
(7) Curtis Stange's FY2019–20 STI payment is excluded from the total as the payment (shown in Incentive Plan Awards – Value Vested or Earned During the Year) is not incremental, based on a March 31, 2020, termination date.
(8) Curtis Stange's vested FY2016–17 LTI grant payment (shown in Incentive Plan Awards – Value Vested or Earned During the Year) is excluded from the total as the payment is not incremental, based on a March 31, 2020, termination date.

Dan Hugo and Bob McGee

The following table provides an overview of the contractually agreed payments and benefits that would be provided to Dan Hugo or Bob McGee under each of the termination scenarios (with the exception of Change of CEO or Board which is applicable only to Bob McGee).

Payment/ benefit (1)	Termination with cause	Termination without cause	Resignation with three months' notice	No longer legally able to work in Canada	Death or permanent disability	Change of CEO or Board (applicable to Bob McGee only) (2)
Severance	None	Lump-sum equivalent to 12 months salary or to end of term, whichever is less, plus a lump sum in lieu of benefits (3) Lump-sum equivalent to 12 months STI or to end of term, whichever is less – calculated at target Lump-sum equivalent to 12 months LTI or to end of term, whichever is less – calculated at target	None	None	None	Lump-sum equivalent to 12 months salary or to the end of term, whichever is less, plus a lump sum in lieu of benefits (3) Lump-sum equivalent to 12 months STI, or to end of term, whichever is less – calculated at target Lump-sum equivalent to 12 months LTI, or to end of term, whichever is less – calculated at target
Short-term incentive	None	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on fiscal-year-end results (4)	None	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on fiscal-year-end results (4)	CEO determines award for fiscal year until date of death or disability.	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on fiscal-year-end results (4)
Long-term incentive	None	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on attainment as per plan (4) All grants vest and are paid at current value.	Vested grants are paid at current value	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on attainment as per plan (4) All grants vest and are paid at current value.	CEO determines grant for fiscal year until date of death or disability. (5) All grants vest and are paid at current value.	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on attainment as per plan (4) All grants vest and are paid at current value.

(1) The NEO would also receive in all termination scenarios, as would any ATB salaried, management team member; payment of accrued vacation, Flexible Pension Plan account balance transfer to a locked-in vehicle, payment of Notional Supplemental Plan account balance, and, in accordance with the terms of the plan, payment of the current value of any Achievement Notes previously purchased.
(2) Bob McGee's personal employment agreement also includes a provision for payments in the event that a) the CEO is replaced by a successor other than among those recommended by the ATB Board of Directors or (b) the Board of Directors is replaced by the Province of Alberta and a new CEO is then appointed, then either the a) or b) circumstance combined with Bob McGee providing, between 90 and 120 days after the start of such CEO, notice to terminate the employment agreement. The 90 days notice will form a portion of the severance.
(3) "Benefits" include perquisites, health benefits, vacation, preferred banking rates and long-term disability and subsistence.
(4) "Eligibility criteria" includes a satisfactory performance assessment and active a minimum of three consecutive months for the fiscal year.
(5) The CEO's determination is subject to HRC review.

The following table indicates the estimated incremental payments that would be provided to Dan Hugo or Bob McGee, if their employment had been terminated as at March 31, 2020. The actual amount that Dan Hugo or Bob McGee could receive in the future as a result of a termination of employment could differ materially from the amounts below. In receiving these payments and benefits, Dan Hugo or Bob McGee would be obliged to (a) in the event of termination for cause, choosing to terminate the employment agreement or the agreement is not renewed, not accept employment involving responsibilities for operations in the Province of Alberta with an ATB competitor, without prior written consent of ATB (b) not directly or indirectly recruit, hire or solicit any person employed by ATB, during his term, to provide services to an ATB competitor for six months from termination, and (c) not directly or indirectly contact or solicit business from ATB or provide financial services to ATB customers, during his term, for six months from termination.

	Estimated total payment value (1)					
Named executive officer	**Termination with cause**	**Termination without cause (2) (3) (4)**	**Resignation with three months' notice (4)**	**No longer legally able to work in Canada (2) (3) (4)**	**Death or permanent disability (2) (3) (4)**	**Change of CEO or BoD (2) (3) (4)**
Bob McGee	$0	$1,789,339	$0	$1,426,214	$1,426,214	$1,682,464
Dan Hugo	$0	$1,331,365	$0	$131,365	$131,365	n/a

(1) The same as any salaried employee, the NEO would also receive, in all termination scenarios: payment of accrued vacation, Flexible Pension Plan account balance transfer to a locked-in vehicle, payment of Notional Supplemental Plan account balance, and, in accordance with the terms of the plan, payment of the current value of any Achievement Notes previously purchased.
(2) The NEO's fiscal 2019–20 STI payment is excluded from the total as the payment (as shown in the Incentive Plan Awards – Value Vested or Earned During the Year table) is not incremental, based on a March 31, 2020, termination date.
(3) The NEO's vested fiscal 2016–17 LTI grant payment (as shown in the Incentive Plan Awards – Value Vested or Earned During the Year table) is excluded from the total as the payment is not incremental, based on a March 31, 2020 termination date.
(4) All LTI grants vesting and being paid have been recognized as compensation previously, in the year in which they were granted.

Remaining Named Executive Officers

ATB does not have employment agreements providing for termination or change in control benefits for the remaining named executive officers (NEOs). The actual amount that an NEO might receive as a result of termination is based on several factors, including type of termination, age, years of service, level and nature of the role, and any other factors that may be relevant with respect to common law. The same as any salaried employee, these NEOs would receive, in all termination scenarios: payment of accrued vacation, Flexible Pension Plan account balance transfer to a locked-in vehicle, payment of Notional Supplemental Plan account balance, and payment of the current value of any Achievement Notes previously purchased—according to the terms of the plan.

Supplementary Financial Information

Five-Year Financial Review

Summarized Consolidated Statement of Financial Position

($ in thousands)	**2020**	2019	2018	2017	2016
Cash resources and securities	**$ 6,045,098**	$ 5,677,962	$ 6,206,601	$ 6,397,188	$ 4,762,666
Net loans	**46,982,168**	47,005,724	44,111,040	40,811,222	40,350,157
Other assets	**2,774,190**	1,660,465	1,575,450	1,338,876	1,644,455
Total assets	**$ 55,801,456**	$ 54,344,151	$ 51,893,091	$ 48,547,286	$ 46,757,278
Deposits	**$ 35,373,367**	$ 35,921,949	$ 32,683,773	$ 33,927,760	$ 30,862,289
Other liabilities	**16,346,980**	14,438,945	15,598,963	11,127,799	12,413,728
Subordinated debentures	**-**	339,140	331,199	344,441	371,441
Equity	**4,081,109**	3,644,117	3,279,156	3,147,286	3,109,820
Total liabilities and equity	**$ 55,801,456**	$ 54,344,151	$ 51,893,091	$ 48,547,286	$ 46,757,278

Summarized Consolidated Statement of Income

($ in thousands)	**2020**	2019	2018	2017	2016
Interest income	**$ 2,082,624**	$ 2,020,443	$ 1,718,857	$ 1,612,772	$ 1,578,322
Interest expense	**888,435**	828,643	596,477	528,457	485,513
Net interest income	**1,194,189**	1,191,800	1,122,380	1,084,315	1,092,809
Other income	**532,629**	490,839	460,535	390,896	434,100
Operating revenue	**1,726,818**	1,682,639	1,582,915	1,475,211	1,526,909
Provision for loan losses	**385,980**	338,145	105,006	234,989	387,559
Non-interest expenses	**1,208,255**	1,164,170	1,121,699	1,044,404	998,922
Net income before payment in lieu of tax	**132,583**	180,324	356,210	195,818	140,428
Payment in lieu of tax	**30,675**	41,629	81,651	45,038	32,298
Net income	**$ 101,908**	$ 138,695	$ 274,559	$ 150,780	$ 108,130
Net income attributable to ATB Financial	**$ 103,350**	$ 138,942	$ 273,187	$ 150,780	$ 108,130
Net income attributable to non-controlling interests	**(1,442)**	(247)	1,372	$ -	$ -

Summarized Key Performance Indicators

(%)	**2020**	2019	2018	2017	2016
Return on average assets	**0.19**	0.26	0.55	0.32	0.24
Return on average risk-weighted assets	**0.28**	0.38	0.81	0.45	0.33
Operating revenue growth	**2.6**	6.3	7.3	(3.4)	5.8
Efficiency ratio	**70.0**	69.2	70.9	70.8	65.4
Performing loan growth	**0.14**	6.1	8.2	1.2	7.0
Deposit growth	**(1.5)**	4.7	(3.7)	9.9	0.89
Growth in assets under administration	**(2.2)**	8.8	11.6	14.2	7.0

Quarterly Financial Review

Summarized Consolidated Statement of Financial Position

For the three months ended *($ in thousands)*	**Q4 Mar 31/20**	**Q3 Dec 31/19**	**Q2 Sep 30/19**	**Q1 Jun 30/19**	Q4 Mar 31/19	Q3 Dec 31/18	Q2 Sep 30/18	Q1 Jun 30/18
Cash resources and securities	**$ 6,045,098**	**$ 6,217,155**	**$ 5,855,897**	**$ 5,923,141**	$ 5,677,962	$ 6,338,873	$ 6,648,513	$ 6,605,027
Business	**24,369,982**	**23,790,866**	**23,383,492**	**23,469,882**	23,833,674	23,655,884	22,784,390	22,090,814
Residential mortgages	**16,212,297**	**16,236,636**	**16,262,712**	**16,376,125**	16,438,739	16,424,963	16,276,248	15,988,157
Personal	**6,369,432**	**6,460,882**	**6,560,226**	**6,604,019**	6,667,543	6,741,616	6,760,456	6,757,674
Credit card	**729,712**	**775,819**	**772,763**	**757,858**	730,681	756,616	749,049	745,716
Allowance for loan losses	**(699,255)**	**(634,159)**	**(672,134)**	**(679,692)**	(664,913)	(548,726)	(491,742)	(472,110)
Net loans	**46,982,168**	**46,630,044**	**46,307,059**	**46,528,192**	47,005,724	47,030,353	46,078,401	45,110,251
Other assets	**2,774,190**	**1,446,021**	**1,782,646**	**1,745,329**	1,660,465	1,576,263	1,562,244	1,616,814
Total assets	**$ 55,801,456**	**$ 54,293,220**	**$ 53,945,601**	**$ 54,196,662**	$ 54,344,151	$ 54,945,489	$ 54,289,158	$ 53,332,092
Redeemable fixed-date deposits	**$ 1,462,566**	**$ 1,549,740**	**$ 1,730,724**	**$ 2,334,566**	$ 2,047,475	2,209,073	$ 4,593,321	$ 4,721,690
Non-redeemable fixed-date deposits	**8,527,652**	**8,388,101**	**9,017,774**	**9,011,799**	9,176,459	9,014,949	6,594,841	5,923,715
Saving accounts	**9,485,318**	**9,790,280**	**9,538,501**	**9,346,901**	10,004,043	9,461,164	9,323,213	9,559,542
Transaction accounts	**8,653,216**	**8,434,622**	**8,490,339**	**7,976,607**	7,574,046	7,561,148	7,704,040	7,690,806
Notice accounts	**7,244,615**	**6,939,341**	**7,435,852**	**7,427,938**	7,119,926	7,666,671	6,676,008	6,557,813
Deposits	**35,373,367**	**35,102,084**	**36,213,190**	**36,097,811**	35,921,949	35,913,005	34,891,423	34,453,566
Other liabilities	**16,346,980**	**15,404,528**	**13,632,268**	**14,076,890**	14,438,945	15,115,194	15,623,501	15,112,888
Subordinated debentures	**-**	**-**	**298,188**	**298,188**	339,140	339,140	339,514	339,514
Equity	**4,081,109**	**3,786,608**	**3,801,955**	**3,723,773**	3,644,117	3,578,150	3,434,720	3,426,124
Total liabilities and equity	**$ 55,801,456**	**$ 54,293,220**	**$ 53,945,601**	**$ 54,196,662**	$ 54,344,151	$ 54,945,489	$ 54,289,158	$ 53,332,092

Consolidated Statement of Changes in Equity

For the three months ended *($ in thousands)*	**Q4 Mar 31/20**	**Q3 Dec 31/19**	**Q2 Sep 30/19**	**Q1 Jun 30/19**	Q4 Mar 31/19	Q3 Dec 31/18	Q2 Sep 30/18	Q1 Jun 30/18
Retained earnings								
Balance at beginning of the period	**$ 3,850,870**	**$ 3,768,203**	**$ 3,699,525**	**$ 3,652,955**	$ 3,693,234	$ 3,642,820	$ 3,573,624	$ 3,453,844
Net income attributable to ATB Financial	**(93,481)**	**81,856**	**68,414**	**46,561**	(39,767)	51,727	69,552	57,430
Transition adjustment (Note 4)	**-**	**-**	**-**	**-**	(598)	-	-	62,394
Other	**(4,738)**	**811**	**264**	**9**	86	(1,313)	(356)	(44)
Balance at end of the period	**3,752,651**	**3,850,870**	**3,768,203**	**3,699,525**	3,652,955	3,693,234	3,642,820	3,573,624
Non-controlling interest								
Balance at beginning of the year	**2,737**	**3,081**	**3,532**	**4,314**	4,525	4,254	2,460	3,508
Net income attributable to non-controlling interests in subsidiaries	**(29)**	**(180)**	**(451)**	**(782)**	(219)	(46)	72	(54)
Other	**(2,708)**	**(164)**	**-**	**-**	8	317	1,722	(994)
Balance at end of the period	**-**	**2,737**	**3,081**	**3,532**	4,314	4,525	4,254	2,460
Accumulated other comprehensive income (loss)								
Securities measured at fair value through other comprehensive income (FVOCI)								
Balance at beginning of the period	**(7,531)**	**(7,582)**	**(6,631)**	**(1,817)**	(2,008)	(6,596)	(877)	-
Other comprehensive income (loss)	**5,123**	**51**	**(951)**	**(4,814)**	191	4,588	(5,719)	(877)
Balance at end of the period	**(2,408)**	**(7,531)**	**(7,582)**	**(6,631)**	(1,817)	(2,008)	(6,596)	(877)
Derivative financial instruments designated as cash flow hedges								
Balance at beginning of the period	**6,123**	**117,551**	**116,273**	**53,582**	(63,730)	(190,736)	(118,895)	(126,362)
Other comprehensive income (loss)	**326,519**	**(111,428)**	**1,278**	**62,691**	117,312	127,006	(71,841)	7,467
Balance at end of the period	**332,642**	**6,123**	**117,551**	**116,273**	53,582	(63,730)	(190,736)	(118,895)
Defined-benefit plan liabilities								
Balance at beginning of the period	**(65,591)**	**(79,297)**	**(88,928)**	**(64,917)**	(53,871)	(15,022)	(30,188)	(51,834)
Other comprehensive (loss) income	**63,815**	**13,706**	**9,631**	**(24,011)**	(11,046)	(38,849)	15,166	21,646
Balance at end of the period	**(1,776)**	**(65,591)**	**(79,297)**	**(88,928)**	(64,917)	(53,871)	(15,022)	(30,188)
Accumulated other comprehensive income (loss)	**328,458**	**(66,999)**	**30,671**	**20,714**	(13,152)	(119,609)	(212,354)	(149,960)
Equity as at end of the period	**$ 4,081,109**	**$ 3,786,608**	**$ 3,801,955**	**$ 3,723,771**	$ 3,644,117	$ 3,578,150	$ 3,434,720	$ 3,426,124

Consolidated Statement of Cash Flows

For the three months ended *($ in thousands)*	Q4 Mar 31/20	Q3 Dec 31/19	Q2 Sep 30/19	Q1 Jun 30/19
Cash flows from operating activities				
Net (loss) income	**$ (93,510)**	**$ 81,676**	**$ 67,963**	**$ 45,779**
Adjustments for non-cash items and others				
Provision for loan losses	**245,282**	**42,279**	**32,331**	**66,088**
Depreciation and amortization	**33,780**	**29,668**	**30,917**	**30,399**
Net gains on securities	**(5,270)**	**(82)**	**(902)**	**(5,099)**
Adjustments for net change in operating assets and liabilities				
Loans	**(542,314)**	**(297,598)**	**252,442**	**472,847**
Deposits	**271,477**	**(1,110,893)**	**115,604**	**175,578**
Derivative financial instruments	**(173,659)**	**53,897**	**(13,413)**	**955**
Prepayments and other receivables	**(50,424)**	**47,972**	**1,630**	**(28,827)**
Accounts receivable – financial market products	**(160,586)**	**123,534**	**(92,040)**	**(17,656)**
Due to clients, brokers, and dealers	**39,548**	**2,452**	**590**	**348**
Deposit guarantee fee payable	**13,550**	**13,406**	**13,989**	**(39,631)**
Accounts payable and accrued liabilities (1)	**1,048,166**	**(384,912)**	**(81,716)**	**308,160**
Accounts payable – financial market products	**(140,347)**	**124,013**	**14,892**	**(129,745)**
Liability for payment in lieu of tax and income taxes	**(27,607)**	**23,619**	**20,556**	**(27,339)**
Net interest receivable and payable	**(14,623)**	**(49,972)**	**41,727**	**(15,437)**
Change in accrued pension-benefit liability	**(62,630)**	**(12,320)**	**(8,805)**	**24,929**
Others, net	**1,695**	**(47,185)**	**(42,980)**	**(39,917)**
Net cash provided by (used in) operating activities	**382,528**	**(1,360,446)**	**352,785**	**821,432**
Cash flows from investing activities				
Change in securities measured at fair value through net income	**465,630**	**(544,057)**	**(761,669)**	**126,481**
Change in securities purchased under reverse repurchase agreements	**-**	**400,267**	**1,154,117**	**(1,154,029)**
Change in interest-bearing deposits with financial institutions	**878,134**	**(247,369)**	**(246,347)**	**611,861**
Purchases and disposals of property and equipment, and software and other intangibles	**(38,457)**	**(37,704)**	**(22,349)**	**(25,575)**
Net cash provided by (used in) investing activities	**1,305,307**	**(428,863)**	**123,752**	**(441,262)**
Cash flows from financing activities				
Issuance of wholesale borrowings	**2,505,180**	**3,807,619**	**1,113,326**	**1,935,524**
Repayment of wholesale borrowings	**(3,144,935)**	**(1,421,663)**	**(1,830,000)**	**(2,198,693)**
Issuance of collateralized borrowings	**99,097**	**153,394**	**231,612**	**207,280**
Repayment of collateralized borrowings	**(79,691)**	**(521,402)**	**-**	**(511,026)**
Change in securities sold under repurchase agreements	**103,392**	**50,277**	**98,779**	**98,379**
Issuance of subordinated debentures	**-**	**-**	**-**	**41,612**
Repayment of subordinated debentures	**-**	**(298,188)**	**-**	**(82,564)**
Net cash (used in) provided by financing activities	**(516,957)**	**1,770,037**	**(386,283)**	**(509,488)**
Net increase (decrease) in cash	**1,170,878**	**(19,272)**	**90,254**	**(129,318)**
Cash at beginning of period	**141,666**	**160,938**	**70,684**	**200,002**
Cash at end of period	**$ 1,312,544**	**$ 141,666**	**$ 160,938**	**$ 70,684**
Net cash (used in) provided by operating activities includes:				
Interest paid	**$ (192,833)**	**$ (269,353)**	**$ (202,106)**	**$ (244,572)**
Interest received	**472,151**	**524,955**	**539,485**	**528,158**

(1) The increase in accounts payable and accrued liabilities, and interest-bearing deposits with financial institutions is due to higher collateral pledged by ATB as a result of changes made by the Bank of Canada to the interest rate paid on overnight balances.

For the three months ended *($ in thousands)*	Q4 Mar 31/19	Q3 Dec 31/18	Q2 Sep 30/18	Q1 Jun 30/18
Cash flows from operating activities				
Net (loss) income	$ (39,854)	$ 51,773	$ 69,480	$ 57,296
Adjustments for non-cash items and others				
Provision for loan losses	165,508	69,273	53,042	50,322
Depreciation and amortization	38,468	33,240	33,392	32,600
Net gains on securities	(4,168)	(739)	(406)	(2,677)
Adjustments for net change in operating assets and liabilities				
Loans	(83,381)	(958,202)	(1,018,911)	(954,166)
Deposits	7,926	1,021,405	438,065	1,769,999
Derivative financial instruments	80,593	(151,211)	27,842	(15,473)
Prepayments and other receivables	8,215	18,729	6,347	(45,325)
Accounts receivable – financial market products	(124,039)	-	-	-
Due to clients, brokers, and dealers	4,109	540	903	(14,187)
Deposit guarantee fee payable	12,194	14,341	13,767	(36,006)
Accounts payable and accrued liabilities	(131,588)	325,871	(72,190)	5,908
Accounts payable – financial market products	124,056	-	-	-
Liability for payment in lieu of tax and income taxes	(11,748)	15,867	20,541	(64,478)
Net interest receivable and payable	38,365	(2,097)	35,548	(21,147)
Change in accrued pension-benefit liability	10,517	39,689	(14,889)	(21,201)
Others, net	(70,844)	(112,170)	(3,445)	98,641
Net cash provided by (used in) operating activities	24,329	366,309	(410,914)	840,106
Cash flows from investing activities				
Change in securities measured at fair value through net income	928,911	84,966	9,716	(236,979)
Change in securities purchased under reverse repurchase agreements	100,012	(250,641)	49,755	(249,385)
Change in interest-bearing deposits with financial institutions	(259,657)	452,896	(162,643)	(17,055)
Purchases and disposals of property and equipment, and software and other intangibles	(18,706)	(25,300)	(31,842)	(24,463)
Net cash provided by (used in) investing activities	750,560	261,921	(135,014)	(527,882)
Cash flows from financing activities				
Issuance of wholesale borrowings	1,912,376	1,715,367	2,281,337	2,782,436
Repayment of wholesale borrowings	(2,670,054)	(2,061,830)	(2,010,003)	(2,979,273)
Issuance of collateralized borrowings	187,408	(56,576)	308,093	360,231
Repayment of collateralized borrowings	-	-	-	(241,780)
Change in securities sold under repurchase agreements	(98,715)	(250,121)	(97,599)	(344,392)
Issuance of subordinated debentures	-	(374)	-	81,651
Repayment of subordinated debentures	-	-	-	(73,122)
Net cash (used in) provided by financing activities	(668,985)	(653,534)	481,828	(414,249)
Net increase (decrease) in cash	105,904	(25,304)	(64,100)	(102,025)
Cash at beginning of period	94,098	119,402	183,502	285,527
Cash at end of period	$ 200,002	$ 94,098	$ 119,402	$ 183,502
Net cash (used in) provided by operating activities includes				
Interest paid	$ (176,549)	$ (243,662)	$ (163,899)	$ (189,696)
Interest received	512,021	540,459	498,465	465,294

Quarterly Segmented Results

For the three months ended ($ in thousands)	Net interest income (loss)	Other income (loss)	Operating revenue (loss)	Provision for (recovery of) loan losses	Non-interest expenses (3)	Net (loss) income before payment in lieu of tax	Payment in lieu of tax	Net (loss) income	Total assets	Total liabilities
March 31, 2020										
Everyday Financial Services (1) (2)	**$ 117,683**	**$ 30,213**	**$ 147,896**	**$ 46,452**	**$ 139,138**	**$ (37,694)**	**$ -**	**$ (37,694)**	**$ 25,566,346**	**$ 15,714,736**
Business and Agriculture (2)	**68,264**	**13,485**	**81,749**	**62,064**	**55,201**	**(35,516)**	**-**	**(35,516)**	**7,337,176**	**7,412,666**
Corporate Financial Services	**85,028**	**24,973**	**110,001**	**134,269**	**35,388**	**(59,656)**	**-**	**(59,656)**	**15,329,501**	**11,032,211**
AltaCorp Capital Inc.	**105**	**5,587**	**5,692**	**-**	**5,963**	**(271)**	**967**	**(1,238)**	**25,037**	**21,837**
ATB Wealth	**5,677**	**57,890**	**63,567**	**2,497**	**61,819**	**(749)**	**3,173**	**(3,922)**	**1,096,125**	**1,126,753**
Strategic service units	**17,185**	**827**	**18,012**	**-**	**4,276**	**13,736**	**(30,780)**	**44,516**	**6,447,271**	**16,412,144**
Total	**$ 293,942**	**$ 132,975**	**$ 426,917**	**$ 245,282**	**$ 301,785**	**$ (120,150)**	**$ (26,640)**	**$ (93,510)**	**$ 55,801,456**	**$ 51,720,347**
December 31, 2019										
Everyday Financial Services (1) (2)	**$ 125,253**	**$ 28,506**	**$ 153,759**	**$ 10,441**	**$ 138,515**	**$ 4,803**	**$ -**	**$ 4,803**	**$ 24,708,491**	**$ 14,927,609**
Business and Agriculture (2)	**70,544**	**15,735**	**86,279**	**4,453**	**54,858**	**26,968**	**-**	**26,968**	**7,316,802**	**7,123,355**
Corporate Financial Services	**84,148**	**23,671**	**107,819**	**27,245**	**31,386**	**49,188**	**-**	**49,188**	**14,319,030**	**9,421,818**
AltaCorp Capital Inc.	**88**	**4,376**	**4,464**	**-**	**5,520**	**(1,056)**	**(189)**	**(867)**	**23,715**	**18,767**
ATB Wealth	**5,580**	**57,966**	**63,546**	**140**	**57,933**	**5,473**	**3,555**	**1,918**	**1,076,026**	**1,088,906**
Strategic service units	**19,960**	**10,975**	**30,935**	**-**	**11,205**	**19,730**	**20,064**	**(334)**	**6,849,156**	**17,926,157**
Total	**$ 305,573**	**$ 141,229**	**$ 446,802**	**$ 42,279**	**$ 299,417**	**$ 105,106**	**$ 23,430**	**$ 81,676**	**$ 54,293,220**	**$ 50,506,612**
September 30, 2019										
Everyday Financial Services (1) (2)	**$ 123,899**	**$ 27,469**	**$ 151,368**	**$ 13,028**	**$ 138,335**	**$ 5**	**$ -**	**$ 5**	**$ 24,229,236**	**$ 14,646,340**
Business and Agriculture (2)	**70,537**	**16,155**	**86,692**	**2,181**	**56,946**	**27,565**	**-**	**27,565**	**7,605,363**	**7,515,888**
Corporate Financial Services	**78,630**	**22,057**	**100,687**	**17,515**	**34,593**	**48,579**	**-**	**48,579**	**14,118,285**	**10,665,406**
AltaCorp Capital Inc.	**122**	**3,647**	**3,769**	**-**	**5,282**	**(1,513)**	**(315)**	**(1,198)**	**24,639**	**18,677**
ATB Wealth	**5,392**	**56,434**	**61,826**	**(393)**	**55,721**	**6,498**	**3,600**	**2,898**	**1,059,076**	**1,070,088**
Strategic service units	**17,071**	**(2,184)**	**14,887**	**-**	**7,781**	**7,106**	**16,992**	**(9,886)**	**6,909,002**	**16,227,247**
Total	**$ 295,651**	**$ 123,578**	**$ 419,229**	**$ 32,331**	**$ 298,658**	**$ 88,240**	**$ 20,277**	**$ 67,963**	**$ 53,945,601**	**$ 50,143,646**
June 30, 2019										
Everyday Financial Services (1) (2)	**$ 122,965**	**$ 27,378**	**$ 150,343**	**$ 14,717**	**$ 139,633**	**$ (4,007)**	**$ -**	**$ (4,007)**	**$ 23,950,252**	**$ 14,536,689**
Business and Agriculture (2)	**70,252**	**16,058**	**86,310**	**18,530**	**57,045**	**10,735**	**-**	**10,735**	**7,293,757**	**7,279,485**
Corporate Financial Services	**82,112**	**20,050**	**102,162**	**32,208**	**35,128**	**34,826**	**-**	**34,826**	**14,308,254**	**10,926,707**
AltaCorp Capital Inc.	**133**	**6,898**	**7,031**	**-**	**9,967**	**(2,936)**	**(634)**	**(2,302)**	**26,571**	**20,011**
ATB Wealth	**4,737**	**55,667**	**60,404**	**633**	**54,149**	**5,623**	**3,616**	**2,006**	**1,090,201**	**1,100,368**
Strategic service units	**18,824**	**8,796**	**27,620**	**-**	**12,473**	**15,147**	**10,626**	**4,521**	**7,527,627**	**16,609,629**
Total	**$ 299,023**	**$ 134,847**	**$ 433,870**	**$ 66,088**	**$ 308,395**	**$ 59,387**	**$ 13,608**	**$ 45,779**	**$ 54,196,662**	**$ 50,472,889**
Year ended March 31, 2020	**$ 1,194,189**	**$ 532,629**	**$ 1,726,818**	**$ 385,980**	**$ 1,208,255**	**$ 132,583**	**$ 30,675**	**$ 101,908**	**$ 55,801,456**	**$ 51,720,347**

(1) Effective June 26, 2019, Retail Financial Services relaunched as Everyday Financial Services (EFS) to better describe the changing work and focus of this group.
(2) Effective April 2019, EFS includes ATB 360. Results for the year ended March 31, 2019, were not restated for ATB 360. Previously ATB 360 was reported under B&Ag.
(3) Certain costs are allocated from the strategic service units to the areas of expertise. The allocation method, revised annually, creates fluctuations in ATB's segmented results.

For the three months ended ($ in thousands)	Net interest income (loss)	Other income (loss)	Operating revenue (loss)	Provision for (recovery of) loan losses	Non-interest expenses	Net (loss) income before payment in lieu of tax	Payment in lieu of tax	Net (loss) income	Total assets	Total liabilities
March 31, 2019										
Retail Financial Services	$ 109,117	$ 24,506	$ 133,623	$ 19,255	$ 128,251	$ (13,883)	$ -	$ (13,883)	$ 23,344,544	$ 12,845,125
Business and Agriculture	81,526	20,350	101,876	59,376	68,645	(26,145)	-	(26,145)	7,774,939	9,133,732
Corporate Financial Services	78,288	22,340	100,628	85,534	39,111	(24,017)	-	(24,017)	14,036,096	10,741,203
AltaCorp Capital Inc.	104	3,188	3,292	-	4,760	(1,468)	(125)	(1,343)	42,334	34,182
ATB Wealth	4,647	53,032	57,679	1,343	52,931	3,405	3,103	302	994,842	1,015,807
Strategic service units	23,424	644	24,068	-	13,694	10,374	(14,858)	25,232	8,151,396	16,929,985
Total	$ 297,106	$ 124,060	$ 421,166	$ 165,508	$ 307,392	$ (51,734)	$ (11,880)	$ (39,854)	$ 54,344,151	$ 50,700,034
December 31, 2018										
Retail Financial Services	$ 110,653	$ 23,933	$ 134,586	$ 17,256	$ 126,240	$ (8,910)	$ -	$ (8,910)	$ 22,879,709	$ 12,560,948
Business and Agriculture	86,405	21,342	107,747	37,088	69,598	1,061	-	1,061	8,108,265	9,522,660
Corporate Financial Services	88,300	23,613	111,913	14,151	35,083	62,679	-	62,679	14,089,368	10,917,508
AltaCorp Capital Inc.	156	8,083	8,239	-	6,137	2,102	5	2,097	20,639	10,768
ATB Wealth	4,096	53,487	57,583	778	53,380	3,425	3,237	188	943,560	966,049
Strategic service units	9,284	(2,150)	7,134	-	220	6,914	12,256	(5,342)	8,903,946	17,389,406
Total	$ 298,894	$ 128,308	$ 427,202	$ 69,273	$ 290,658	$ 67,271	$ 15,498	$ 51,773	$ 54,945,487	$ 51,367,339
September 30, 2018										
Retail Financial Services	$ 111,282	$ 22,786	$ 134,068	$ 9,220	$ 121,259	$ 3,589	$ -	$ 3,589	$ 22,423,432	$ 12,233,425
Business and Agriculture	84,409	20,660	105,069	36,996	65,133	2,940	-	2,940	8,253,421	9,699,920
Corporate Financial Services	85,962	21,589	107,551	4,602	30,523	72,426	-	72,426	13,308,817	10,257,420
AltaCorp Capital Inc.	284	5,148	5,432	-	5,267	165	73	92	29,425	18,530
ATB Wealth	3,843	53,915	57,758	2,224	50,153	5,381	3,301	2,080	872,128	892,947
Strategic service units	13,239	(870)	12,369	-	6,578	5,791	17,438	(11,647)	9,401,935	17,752,196
Total	$ 299,019	$ 123,228	$ 422,247	$ 53,042	$ 278,913	$ 90,292	$ 20,812	$ 69,480	$ 54,289,158	$ 50,854,438
June 30, 2018										
Retail Financial Services	$ 111,216	$ 21,196	$ 132,412	$ 1,087	$ 127,187	$ 4,138	$ -	$ 4,138	$ 22,168,317	$ 12,195,639
Business and Agriculture	83,416	20,597	104,013	14,847	67,221	21,945	-	21,945	7,792,393	9,315,761
Corporate Financial Services	85,516	18,360	103,876	34,388	32,444	37,044	-	37,044	13,463,720	10,515,734
AltaCorp Capital Inc.	(33)	5,858	5,825	-	6,066	(241)	64	(305)	37,440	29,050
ATB Wealth	3,593	51,722	55,315	-	50,346	4,969	3,083	1,886	814,770	844,269
Strategic service units	13,073	(2,490)	10,583	-	3,943	6,640	14,052	(7,412)	9,055,452	17,005,515
Total	$ 296,781	$ 115,243	$ 412,024	$ 50,322	$ 287,207	$ 74,495	$ 17,199	$ 57,296	$ 53,332,092	$ 49,905,968
Year ended March 31, 2019	$ 1,191,800	$ 490,839	$ 1,682,639	$ 338,145	$ 1,164,170	$ 180,324	$ 41,629	$ 138,695	$ 54,344,151	$ 50,700,034

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Statement of Responsibility for Financial Reporting

The consolidated financial statements of ATB Financial (ATB) and all other information contained in the annual report, including management's discussion and analysis (MD&A) of ATB's operating results and financial position, have been prepared and presented by management, who are responsible for the integrity and fair presentation of the information therein. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

Other financial information presented in this annual report is consistent with that in the consolidated financial statements. The consolidated financial statements, the MD&A, and related financial information presented in this annual report reflect amounts determined by management based on informed judgments and estimates as to the expected future effects of current events and transactions with appropriate consideration to materiality.

Management is responsible for the design and maintenance of an accounting and financial reporting system, along with supporting systems of internal controls designed to provide reasonable assurance that financial information is reliable, that transactions are properly authorized and recorded and liabilities are recognized, and that ATB's assets are appropriately safeguarded. These controls include written policies and procedures, the careful selection and training of qualified staff, a corporate code of conduct, and the establishment of organizational structures with well-defined delegations of authority that provide appropriately defined divisions of responsibilities and accountabilities for performances. This process includes a compliance team that independently supports management in its evaluation of the design and effectiveness of its internal controls over financial reporting.

The Vice President of Internal Assurance and his team of internal auditors periodically review and evaluate all aspects of ATB's operations and, in particular, its systems of internal controls. The Vice President of Internal Assurance has full and unrestricted access to, and meets regularly with, the Audit Committee to discuss the results of his team's work.

The Board of Directors (the Board), acting through the Audit Committee, oversees management's responsibilities for ATB's financial reporting and systems of internal controls. The Audit Committee reviews the consolidated financial statements and other financial information presented in the quarterly and annual reports, as well as any issues related to them, with both management and the external auditors before recommending the consolidated financial statements for approval to the Board. Their review of the consolidated financial statements includes an assessment of key management estimates and judgments material to the financial results. The Audit Committee also assesses the effectiveness of internal controls over the accounting and financial reporting systems.

The Auditor General of Alberta has been engaged to perform an independent, external audit of these consolidated financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the report following. The Auditor General has full and unrestricted access to the Audit Committee and meets with them periodically, both in the presence and absence of management, to discuss his audit, including any findings as to the integrity of ATB's financial reporting processes and the adequacy of our systems of internal controls.

Joan Hertz
Chair of the Board
Edmonton, Alberta
May 28, 2020

Curtis Stange
President and CEO
Edmonton, Alberta
May 28, 2020

Dan Hugo
Chief Financial Officer
Edmonton, Alberta
May 28, 2020

Auditor General OF ALBERTA

Independent Auditor's Report

To the President of Treasury Board, Minister of Finance

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of ATB Financial (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *ATB Annual Report 2020*, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 28, 2020
Edmonton, Alberta

Consolidated Statement of Financial Position

As at *($ in thousands)*	Note	**March 31 2020**	March 31 2019
Cash	7	**$ 1,312,544**	$ 200,002
Interest-bearing deposits with financial institutions		**101,028**	1,097,307
Total cash resources		**1,413,572**	1,297,309
Securities measured at fair value through profit or loss		**45,302**	68,502
Securities measured at fair value through other comprehensive income		**4,586,224**	3,911,796
Securities purchased under reverse repurchase agreements		**-**	400,355
Total securities	8	**4,631,526**	4,380,653
Business		**24,369,982**	23,833,674
Residential mortgages		**16,212,297**	16,438,739
Personal		**6,369,432**	6,667,543
Credit card		**729,712**	730,681
Total gross loans		**47,681,423**	47,670,637
Allowance for loan losses	10	**(699,255)**	(664,913)
Total net loans	9	**46,982,168**	47,005,724
Derivative financial instruments	11	**1,539,634**	642,070
Property and equipment	12	**279,000**	285,634
Software and other intangibles	13	**308,819**	302,865
Other assets	14	**646,737**	429,896
Total other assets		**2,774,190**	1,660,465
Total assets		**$ 55,801,456**	$ 54,344,151
Redeemable fixed-date deposits		**$ 1,462,566**	$ 2,047,475
Non-redeemable fixed-date deposits		**8,527,652**	9,176,459
Saving accounts		**9,485,318**	10,004,043
Transaction accounts		**8,653,216**	7,574,046
Notice accounts		**7,244,615**	7,119,926
Total deposits	15	**35,373,367**	35,921,949
Securities sold under repurchase agreements		**350,828**	-
Wholesale borrowings	22	**4,402,167**	3,619,066
Collateralized borrowings	16	**8,545,092**	8,965,829
Derivative financial instruments	11	**989,256**	507,146
Other liabilities	17	**2,059,637**	1,346,904
Total other liabilities		**16,346,980**	14,438,945
Subordinated debentures	18	**-**	339,140
Total liabilities		**51,720,347**	50,700,034
Retained earnings		**3,752,651**	3,652,955
Accumulated other comprehensive income (loss)		**328,458**	(13,152)
Non-controlling interest	28	**-**	4,314
Total equity		**4,081,109**	3,644,117
Total liabilities and equity		**$ 55,801,456**	$ 54,344,151

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

Approved by the Board:

Joan Hertz
Chair of the Board

Barry James
Chair of the Audit Committee

Consolidated Statement of Income

For the year ended March 31 *($ in thousands)*	Note	**2020**	2019
Loans		**$ 1,981,498**	$ 1,909,276
Securities		**86,088**	93,568
Interest-bearing deposits with financial institutions		**15,038**	17,599
Interest income		**2,082,624**	2,020,443
Deposits		**605,868**	532,401
Wholesale borrowings		**86,971**	102,847
Collateralized borrowings		**189,619**	184,228
Subordinated debentures		**5,977**	9,167
Interest expense		**888,435**	828,643
Net interest income		**1,194,189**	1,191,800
Wealth management		**221,431**	204,479
Service charges		**75,463**	76,359
Card fees		**65,103**	66,495
Credit fees		**44,865**	45,086
Insurance		**24,987**	24,022
Capital markets revenue		**20,275**	20,256
Foreign exchange		**21,709**	5,684
Net gains on derivative financial instruments		**41,443**	35,559
Net gains on securities		**11,353**	7,990
Sundry		**6,000**	4,909
Other income		**532,629**	490,839
Operating revenue		**1,726,818**	1,682,639
Provision for loan losses	10	**385,980**	338,145
Salaries and employee benefits	19, 20	**663,461**	599,170
Data processing		**121,478**	118,166
Premises and occupancy, including depreciation		**82,639**	88,525
Professional and consulting costs		**67,141**	65,651
Deposit guarantee fee	15	**46,690**	47,674
Equipment, including depreciation		**23,824**	24,581
Software and other intangibles amortization	13	**77,155**	78,409
General and administrative		**83,328**	90,608
ATB agencies		**13,812**	13,178
Other		**28,727**	38,208
Non-interest expenses		**1,208,255**	1,164,170
Net income before payment in lieu of tax		**132,583**	180,324
Payment in lieu of tax	21	**30,675**	41,629
Net income		**$ 101,908**	$ 138,695
Net income attributable to ATB Financial		**$ 103,350**	$ 138,942
Net loss attributable to non-controlling interests	28	**(1,442)**	(247)

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

Consolidated Statement of Comprehensive Income

For the year ended March 31 *($ in thousands)*	**2020**	2019
Net income	**$ 101,908**	$ 138,695
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Unrealized net gains on securities measured at fair value through other comprehensive income (loss)		
Unrealized net gains arising during the period	**8,742**	6,054
Net gains reclassified to net income	**(9,333)**	(7,871)
Unrealized net gains on derivative financial instruments designated as cash flow hedges		
Unrealized net gains arising during the period	**198,311**	209,617
Net gains (loss) reclassified to net income	**80,749**	(29,673)
Items that will not be reclassified to profit or loss		
Remeasurement of defined-benefit plan liabilities	**63,141**	(13,083)
Other comprehensive income	**341,610**	165,044
Comprehensive income	**$ 443,518**	$ 303,739
Attributable to:		
ATB Financial	**$ 444,960**	$ 303,986
Non-controlling interests	**(1,442)**	(247)

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

Consolidated Statement of Changes in Equity

For the year ended March 31 *($ in thousands)*	**2020**	2019
Retained earnings		
Balance at beginning of the year	**$ 3,652,955**	$ 3,453,844
Net income attributable to ATB Financial	**103,350**	138,942
Transition adjustment (IFRS 9 and 15)	**-**	61,796
Other	**(3,654)**	(1,627)
Balance at end of the year	**3,752,651**	3,652,955
Non-controlling interest		
Balance at beginning of the year	**4,314**	3,508
Net loss attributable to non-controlling interests in subsidiaries	**(1,442)**	(247)
Other (1)	**(2,872)**	1,053
Balance at end of the year	**-**	4,314
Accumulated other comprehensive income (loss)		
Securities measured at fair value through other comprehensive income		
Balance at beginning of the period	**(1,817)**	-
Other comprehensive loss	**(591)**	(1,817)
Balance at end of the year	**(2,408)**	(1,817)
Derivative financial instruments designated as cash flow hedges		
Balance at beginning of the year	**53,582**	(126,362)
Other comprehensive income	**279,060**	179,944
Balance at end of the year	**332,642**	53,582
Defined-benefit plan liabilities		
Balance at beginning of the year	**(64,917)**	(51,834)
Other comprehensive income (loss)	**63,141**	(13,083)
Balance at end of the year	**(1,776)**	(64,917)
Accumulated other comprehensive income (loss)	**328,458**	(13,152)
Equity	**$ 4,081,109**	$ 3,644,117

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

(1) Amount relates to the change in Class B shares during the period. (See Note 27.)

Consolidated Statement of Cash Flows

For the year ended March 31 *($ in thousands)*	**2020**	2019
Cash flows from operating activities		
Net income	**$ 101,908**	$ 138,695
Adjustments for non-cash items and other items		
Provision for loan losses	**385,980**	338,145
Depreciation and amortization	**124,764**	137,700
Net gains on securities	**(11,353)**	(7,990)
Adjustments for net changes in operating assets and liabilities		
Loans	**(114,623)**	(3,014,660)
Deposits	**(548,234)**	3,237,395
Derivative financial instruments	**(132,220)**	(58,249)
Prepayments and other receivables	**(29,649)**	(12,034)
Accounts receivable – financial market products	**(146,748)**	(33,709)
Due to clients, brokers, and dealers	**42,938**	(8,635)
Deposit guarantee fee payable	**1,314**	4,296
Accounts payable and accrued liabilities (1)	**889,698**	126,934
Accounts payable – financial market products	**(131,187)**	125,123
Liability for payment in lieu of tax and income taxes	**(10,771)**	(39,818)
Net interest receivable and payable	**(38,305)**	50,669
Change in accrued pension-benefit liability	**(58,826)**	14,116
Others, net	**(128,387)**	(178,148)
Net cash provided by operating activities	**196,299**	819,830
Cash flows from investing activities		
Change in securities measured at fair value profit or loss	**(713,615)**	786,614
Change in securities purchased under reverse repurchase agreements	**400,355**	(350,259)
Change in interest-bearing deposits with financial institutions	**996,279**	13,541
Purchases and disposals of property and equipment, software, and other intangibles	**(124,085)**	(100,311)
Net cash provided by investing activities	**558,934**	349,585
Cash flows from financing activities		
Issuance of wholesale borrowings	**9,361,649**	8,691,516
Repayment of wholesale borrowings	**(8,595,291)**	(9,721,160)
Issuance of collateralized borrowings	**691,383**	799,156
Repayment of collateralized borrowings	**(1,112,119)**	(241,780)
Change in securities sold under repurchase agreements	**350,827**	(790,827)
Issuance of subordinated debentures	**41,612**	81,277
Repayment of subordinated debentures	**(380,752)**	(73,122)
Net cash provided by (used in) financing activities	**357,309**	(1,254,940)
Net increase (decrease) in cash	**1,112,542**	(85,525)
Cash at beginning of the year	**200,002**	285,527
Cash at end of the year	**$ 1,312,544**	$ 200,002
Net cash (used in) provided by operating activities includes:		
Interest paid	**$ (908,864)**	$ (773,806)
Interest received	**2,064,749**	2,016,239

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

(1) The increase in accounts payable and accrued liabilities, and interest-bearing deposits with financial institutions is due to higher collateral pledged by ATB as a result of changes made by the Bank of Canada to the interest rate paid on overnight balances.

Notes to the Consolidated Financial Statements

For the year ended March 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, wealth management, and investment management services. ATB is an agent of the Crown in right of Alberta and operates under the authority of the *ATB Financial Act (the ATB Act),* Revised Statutes of Alberta, 2000, chapter A-37. Under the *ATB Act,* ATB was established as a provincial Crown corporation governed by a board of directors appointed by the Lieutenant-Governor in Council. The address of the head office is 2100, 10020-100 Street, Edmonton, Alberta, Canada, T5J 0N3.

ATB is mostly exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the Government of Alberta designed to be in lieu of such a charge. (See Notes 2[g] and 21.)

2 Significant Accounting Policies

a. General Information

Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the accounting requirements of the Alberta Superintendent of Financial Institutions (ASFI). These consolidated financial statements were approved by the Board of Directors on May 28, 2020.

The consolidated financial statements have been prepared on a historical cost basis, except for securities measured at fair value through profit or loss or other comprehensive income, derivative financial instruments, financial assets and liabilities designated at fair value through profit or loss, equity instruments designated at fair value through other comprehensive income, and liabilities for cash-settled, share-based payments, which have been measured at fair value.

The consolidated financial statements are presented in Canadian dollars, and all values are rounded to the nearest thousand dollars, except when otherwise indicated.

Consolidation – Subsidiaries

Subsidiaries are entities controlled by ATB. Control exists when ATB is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of the subsidiaries have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

These consolidated financial statements include the assets, liabilities, and results of operations and cash flows of ATB and its subsidiaries. All intercompany transactions and balances have been eliminated from the consolidated results.

The following wholly owned subsidiaries, created for offering investor services, were established by Order in Council and incorporated under the Business Corporations Act (Alberta):

- ATB Investment Management Inc., incorporated August 21, 2002;
- ATB Securities Inc., incorporated February 6, 2003; and
- ATB Insurance Advisors Inc., incorporated July 21, 2006.

The following wholly owned subsidiaries, created for offering advisory and institutional financial services, were incorporated under the *Business Corporations Act* (Alberta):

- AltaCorp Capital Inc. (AltaCorp), incorporated May 17, 2010;
- AltaCorp Capital (USA) Inc., incorporated June 21, 2010;
- ATB Private Equity GP Inc. (previously known as AltaCorp Asset Management Inc.), incorporated February 24, 2012; and
- ATB Private Equity, LP, registered March 23, 2020.

Significant Accounting Judgments, Estimates, and Assumptions

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

The consolidated financial statements for the year ended March 31, 2020, provide additional information in the following notes:

- 2(b): Impairment of financial assets – for establishing allowance for loan losses;
- 2(b): Financial instruments – for establishing fair value;
- 2(l): Income taxes – for establishing AltaCorp's income taxes;
- 8: Securities – for establishing fair value of investments made by ATB to a broad range of private Alberta companies;
- 12: Property and equipment – for establishing depreciation expense for premises and equipment;
- 13: Software and other intangibles – for establishing the amortization expense for software and the carrying value of goodwill; and
- 20: Employee benefits – for establishing the assumptions used.

Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect as at the balance sheet date. Operating revenues and expenses related to foreign-currency transactions are translated using the exchange rate at the date of the transaction. Realized and unrealized gains and losses arising from these translations are included in foreign exchange in the consolidated statement of income.

b. Financial Instruments

Classification and Measurement of Financial Assets

To determine their classification and measurement category, IFRS 9 *Financial Instruments* requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash-flow characteristics. The categories under IFRS 9 are:

- Debt instruments at amortized cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses in profit or loss on derecognition; and
- Financial assets at fair value through profit or loss (FVTPL).

Business Model Assessment

ATB determines its business model at a level that best reflects how the financial assets are managed. Judgment is used in determining ATB's business model, which is supported by observable relevant factors such as:

- How the asset and performance are evaluated and reported to key management personnel;
- The risks that affect the asset's performance and how they are managed; and
- The expected frequency, value, and timing of sales.

ATB's business models fall into three categories, which are indicative of the key strategies used:

- Hold-to-collect (HTC): In the HTC model, financial assets are held to collect the contractual principal and interest cash flows. Sales may occur, but they are incidental and expected to be insignificant or infrequent.
- Hold-to-collect and sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving this business model's objective.
- Other fair-value business models are neither HTC nor HTC&S, and they represent business objectives where assets are managed on a fair-value basis.

The following table presents the business model for ATB's financial assets:

Financial asset	Business model
Cash	HTC
Interest-bearing deposits with financial institutions	Other fair-value business models
Securities measured at FVTPL	Other fair-value business models
Securities measured at FVOCI	HTC&S
Securities purchased under reverse repurchase agreements	HTC
Loans	HTC
Derivatives	Other fair-value business models
Other assets	HTC

The Solely Payments of Principal and Interest (SPPI) Test

ATB assesses the contractual terms of the financial asset to determine if the contractual cash flows represent a basic lending agreement, where the cash flows are only principal and interest. Principal is defined as the fair value of the asset at initial recognition, and it may change over the asset's life. Interest payments can include consideration for the time value of money as well as credit and liquidity risks.

The contractual terms of a financial asset may also include contractual cash flows that are not related to a basic lending agreement but still meet the SPPI test, provided they are extremely rare or immaterial. If they are not, the asset is required to be measured at FVTPL.

Financial Assets Measured at Amortized Cost

Financial assets are measured at amortized cost if they are held within an HTC business model and their contractual cash flows pass the SPPI test. The assets are initially recognized at fair value—which is the cash consideration to originate or purchase the asset, including any transaction costs and upfront fees—and subsequently measured at amortized cost using the effective interest rate (EIR) method. Financial assets measured at amortized cost are reported in the consolidated statement of financial position as loans or securities purchased under reverse repurchase agreements. Interest is included in the consolidated statement of income as part of net interest income. For loans, expected credit losses are reported as a deduction in the loan's carrying value and are recognized in the consolidated statement of income as a provision for loan losses.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets with an HTC&S business model where contractual cash flows meet the SPPI test are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign-exchange gains and losses are included in the consolidated statement of income in net interest income and foreign-exchange revenue, respectively.

Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets in this category are those not held for trading and either designated by management upon initial recognition or mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition. Such designation is determined on an instrument-by-instrument basis when the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Interest earned from instruments designated at FVTPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs as being an integral part of the instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Equity Instruments

Upon initial recognition, ATB occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined instrument by instrument.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in the consolidated statement of income as other income when the right of the payment has been established, except when ATB benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

If the instrument is measured at FVTPL, fair-value changes are recorded as part of other income in the consolidated statement of income.

Classification of Financial Liabilities

Financial liabilities are classified and measured either at FVTPL or amortized cost.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities in this category are those not held for trading and either designated by management upon initial recognition or mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met; such designation is determined instrument by instrument.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis or
- The liabilities are part of a group of financial liabilities managed and their performance evaluated on a fair-value basis, in accordance with a documented risk management or investment strategy.

Financial liabilities at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in the profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in ATB's own credit risk. Such changes in fair value are recorded in the credit reserve through OCI and do not get recycled to the profit or loss. Interest incurred on instruments designated at FVTPL is accrued in interest expense using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument. As at March 31, 2020, ATB classified certain wholesale borrowings at FVTPL.

Financial Liabilities Measured at Amortized Cost

Financial liabilities not classified as FVTPL are measured at amortized cost and reported on the consolidated statement of financial position. They include deposits, wholesale borrowings, subordinated debentures, collateralized borrowings, and other liabilities. Interest expense is recognized using the EIR method and included in the consolidated statement of income as part of net interest expense.

Reclassification of Financial Assets and Liabilities

ATB has not reclassified any of its financial assets and would only do so if a significant change—such as acquiring, disposing of, and/or terminating an area of expertise in the asset's business model—occurred subsequent to initial recognition. Financial liabilities are never reclassified.

Impairment of Financial Assets

IFRS 9 incorporates a forward-looking expected credit loss (ECL) approach. ATB records an allowance for loan losses for all loans and financial assets not held at FVTPL, which includes loan commitments and financial guarantee contracts. Equity investments are not subject to impairment under IFRS 9.

For financial assets measured at FVOCI, the calculated ECL is recognized as an allowance in OCI as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to profit and loss when the asset is derecognized.

For loans carried at amortized cost, impairment losses are recognized at each reporting date as an allowance for loan loss on the consolidated statement of financial position and a provision for loan loss on the consolidated statement of income. Losses are based on a three-stage impairment model outlined below.

ATB assesses at each reporting date whether an asset has experienced a significant increase in credit risk since initial recognition. Assets are grouped into Stage 1, Stage 2, or Stage 3, explained as follows:

- Stage 1: When the asset is recognized, an allowance is recorded based on the 12-month ECL, which represents a portion of the lifetime ECL that is possible within 12 months of the reporting date. Assets will remain in Stage 1 until it has shown a significant increase in credit risk since origination. Stage 1 also includes assets previously classified as Stage 2 if the credit risk has improved.

- Stage 2: When an asset has shown a significant increase in credit risk since origination, an allowance is recognized for the lifetime ECL. Stage 2 also includes assets previously classified as Stage 3 if the credit risk has improved.
- Stage 3: Assets are considered credit impaired, with an allowance recognized equal to the discounted contractual cash shortfall expected over the remaining lifetime. Interest for assets in this stage will be calculated based on the net loan balance.

Assessing for significant increases in credit risk is done quarterly based on the following three factors. Should any of these factors indicate a significant increase in credit risk, the loan is moved from Stage 1 to Stage 2:
- Thresholds established are based on both a percentage and absolute change in lifetime probabilities of default relative to initial recognition.
- Loans 30 days past due are typically considered to have experienced a significant increase in credit risk.
- All non-retail loans that have a borrower risk rating (BRR) between 10 and 13 are considered as high risk, as described in Note 9.

Both the lifetime and 12-month ECLs are calculated either individually or collectively. If the credit quality improves in subsequent periods and results in a significant increase in credit risk no longer existing, the ECL is measured at the 12-month ECL.

Measurement of Expected Credit Losses

ATB's ECL calculations use a complex model that is reviewed and updated when necessary. The methods for each stage are summarized as follows:
- Stage 1: Estimates an asset's projected probability of default (PD), exposure at default (EAD), and loss given default (LGD) over a maximum of 12 months following the report date and is discounted by the asset's EIR.
- Stage 2: Estimates an asset's projected PD, EAD, and LGD over the remaining lifetime of the original asset and is discounted by the asset's original EIR.
- Stage 3: For credit-impaired assets, ATB recognizes the cumulative changes in lifetime ECLs since initial recognition. The calculation is similar to Stage 2 assets, with the PD set at 100%.

Forward-Looking Information

To measure the expected cash shortfalls, the model is based on three probability-weighted scenarios (pessimistic, baseline, and optimistic) designed to capture a wide range of possible outcomes associated with different PDs, EADs, and LGDs, and probability of occurrence. The probability and scenarios are adjusted quarterly based on forecasted future economic conditions. The scenarios are subject to review and challenged by the established Economic Outlook Committee composed of members from the economics, risk management, treasury, finance, capital, foreign-exchange, and energy areas.

In the model, ATB relies on a broad range of forward-looking economic information. The inputs used vary based on the asset and include:
- Unemployment rate;
- Housing starts;
- Interest rate;
- Oil prices; and
- Foreign-exchange rate.

As the inputs used may not capture all factors at the date of the financial statements, qualitative adjustments may be applied when these differences are considered significantly material.

Expected Life

For loans in Stages 2 and 3, allowances are based on the ECL over the loan's expected remaining lifetime. For most loans, the life is based on the remaining contractual life.

Exceptions can apply if the loan:
- Includes both a loan and an undrawn commitment component;
- The contractual ability to demand repayment and cancel the undrawn commitment; and
- Credit loss exposure exceeds the contractual notice period.

Loans with these characteristics are exposed to credit losses exceeding the remaining contractual life and are not mitigated by ATB's normal credit risk management practices. The estimated period is based on significant judgment using historical information for similar exposures and normal credit risk management actions that vary by product. The products in scope include credit cards and certain revolving lines of credit.

Significant Increase in Credit Risk

Stage 1 and Stage 2 movement relies on significant judgment to assess whether a loan's credit risk has significantly increased relative to the date the loan was initially recognized. For this assessment, an increase in credit risk is based on a loan's lifetime PD, segregated by product or segment, and is done at the instrument level.

Movement from Stage 2 back to Stage 1 is symmetrical to moving from Stage 1 to Stage 2. As a result, if a loan is no longer considered to have a significant increase in credit risk relative to its initial recognition, the loan will move back to Stage 1.

Financial assets with low credit risk are considered ones with a low risk of default, as the borrower is still able to fulfill their contractual obligations, including in stress scenarios. For these assets, ATB has assumed the credit risk has not increased significantly since initial recognition. Securities measured at fair value through other comprehensive income, securities purchased under reverse repurchase agreements, and certain financial assets have been identified as having low credit risk.

Definition of Default

Loans are assessed at each reporting date to determine if one or more loss events have occurred. ATB's definition of default is consistent with our internal credit risk management practices and varies across products. ATB's loans are considered impaired when they are more than 90 days past due. Impairment may also occur earlier if there is objective evidence of a negative impact on the loan's estimated future cash flows.

Write-Offs

Financial assets are written off either partially or in their entirety only when there is no reasonable expectation of recovery or ATB has stopped pursuing the recovery. If the amount written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance and then applied against the gross carrying amount. Any subsequent recoveries are credited to the consolidated statement of income.

Modifications and Derecognitions

A modification occurs when any one of a financial asset's original term, payment schedule, interest rate, and limit are renegotiated or modified, which results in a change to the loan's contractual cash flows.

A modification gain or loss is calculated by taking the net present value of the new contractual cash flows, discounted at the original EIR less the current carrying value. The asset will continue to be subject to the same assessments for significant increase in credit risk and stage migration prior to being modified.

When an asset is derecognized and recognized, the new loan will be recorded in Stage 1 unless the loan was credit impaired when renegotiated. When assessing for significant increases in credit risk, the date of initial recognition is based on the date the loan was modified.

Derivatives

Hybrid instruments are contracts that contain an embedded derivative. If the contract is a financial asset in scope of the standard, IFRS 9's classification and measurement criteria is applied to the entire hybrid instrument. If the contract is either a financial liability or an asset not in scope of IFRS 9, the embedded derivative is separately recognized if the embedded derivative is not closely related to the contract, unless the fair-value option has been elected. The contract is then accounted for in accordance with its relevant accounting standard.

Estimated Fair Value

The fair value of a financial instrument is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value of a financial instrument at initial recognition is the fair value of the consideration received or paid.

When financial instruments are subsequently remeasured, quoted market prices in an active market provide the best evidence of fair value. When such prices are available, ATB uses them to measure financial instruments. A financial instrument is considered to be quoted in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, or pricing service and those prices reflect actual and regularly occurring market transactions on an arm's-length basis. The fair value of a financial asset traded in an active market generally reflects the bid price, and that of a financial liability traded in an active market generally reflects the ask price. If the market for a financial instrument is not active, ATB establishes fair value using a valuation technique that primarily makes use of observable market inputs. Such valuation techniques include the use of available information concerning recent market transactions, reference to the current fair value of a comparable financial instrument, discounted cash flow analysis, option pricing models, and all other valuation techniques commonly used by market participants that provide reliable estimates.

In cases where the fair value is established using valuation models, ATB makes assumptions about the amount, the timing of estimated future cash flows, and the discount rates used. These assumptions are based primarily on observable market inputs such as interest rate yield curves, foreign-exchange rates, credit curves, and price and rate volatility factors. When one or more significant inputs are not observable in the markets, fair value is established primarily on the basis of internal estimates and data, considering the valuation policies in effect at ATB, the economic environment, the specific characteristics of the financial asset or liability, and other relevant factors.

The fair values are estimated at the balance sheet date using the following valuation methods and assumptions.

Financial Instruments Whose Carrying Value Equals Fair Value

The estimated fair value of items that are short term in nature is considered to be equal to their carrying value. These items include cash, securities purchased under reverse repurchase agreements, other assets, and other liabilities.

Securities and Interest-Bearing Deposits With Financial Institutions

The fair values of securities and interest-bearing deposits with financial institutions are based on quoted market prices, if available. Where an active market does not exist, the fair value is estimated using a valuation technique that makes maximum use of observable market data.

Derivative Instruments

Fair value of over-the-counter and embedded derivative financial instruments is estimated using pricing models that take into account current market and contractual prices for the underlying instruments, and time value and yield curve or volatility factors underlying the positions. The fair value of exchange-traded contracts are based on quoted market prices in an active market.

Loans and Deposits

For floating-rate financial instruments, fair value is equal to carrying value as the interest rates reprice to market when market rates change. For fixed-rate loans, fair value is estimated by discounting the expected future cash flows at market rates. For fixed-rate deposits, fair value is estimated by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms.

Due to the use of subjective assumptions and measurement uncertainty, the fair-value amounts should not be interpreted as being realizable in an immediate settlement of these instruments.

Wholesale Borrowings, Collateralized Borrowings, and Subordinated Debentures

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

Derecognition of Financial Assets and Liabilities

ATB derecognizes a financial asset when the contractual right to receive cash flows from the asset has expired or when it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. For funding transactions, all financial assets that cannot be derecognized continue to be held on ATB's consolidated statement of financial position, and a secured liability is recognized for the proceeds received. ATB derecognizes a financial liability when its contractual obligations are discharged or cancelled or they expire.

Securities Purchased under Reverse Repurchase Agreements and Securities Sold under Repurchase Agreements

Securities purchased under reverse repurchase agreements represent a purchase of Government of Canada securities by ATB with a simultaneous agreement to sell them back at a specified price on a future date. The difference between the cost of the purchase and the predetermined proceeds to be received based on the repurchase agreement is recorded as securities interest income. Securities purchased under reverse repurchase agreements are fully collateralized, minimizing credit risk, and have been classified and measured at amortized cost.

Securities sold under repurchase agreements represent a sale of Government of Canada securities by ATB with a simultaneous agreement to buy them back at a specified price on a future date. The difference between the proceeds of the sale and the predetermined cost to be paid based on the repurchase agreement is recorded as deposit interest expense.

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying reference rate such as an interest rate, a currency exchange rate, the price of an equity or debt security, or an equity or commodity index.

ATB enters into various over-the-counter and exchange-traded derivatives in the normal course of business, including interest rate swaps, futures, and foreign-exchange and commodity forwards and futures. ATB uses such instruments for two purposes: for its risk management program and to meet the needs of ATB customers.

ATB's corporate derivative portfolio is not intended for speculative income generation but for asset/liability management purposes—that is, to manage ATB's interest-rate, foreign-exchange, and equity-related exposures arising from its portfolio of investments, loan assets, deposit obligations, and wholesale borrowings.

ATB's client derivative portfolio is not used to generate trading income through active assumption of market risk, but rather to meet the risk management requirements of ATB customers. ATB accepts no net exposure to such derivative contracts (except for credit risk), as it either enters into offsetting contracts with other financial institution counterparties or incorporates them into its own risk management programs.

All derivative financial instruments, including embedded derivatives, are classified at FVTPL and measured at fair value in the consolidated statement of financial position. Derivatives with positive fair value are presented as derivative assets, and those with negative fair value are presented as derivative liabilities. Changes in the fair value of derivative financial instruments are recorded in net income, unless the derivative qualifies for hedge accounting as a cash flow hedge, in which case the changes in fair value are reflected in OCI.

Hedge Accounting

For a derivative instrument to qualify for hedge accounting, the hedging relationship between the derivative (hedging) instrument and the hedged item(s) must be designated and formally documented at inception. ATB must also document an assessment of the effectiveness of the derivative instrument in offsetting changes in cash flows or fair value of the hedged item, both at inception of the hedging relationship and ongoing. When ATB designates a derivative as a hedge, it is classified as either a cash flow hedge or a fair-value hedge.

ATB discontinues hedge accounting when one of the following occurs:

- It is determined that a derivative is not, or has ceased to be, highly effective as a hedge.
- The derivative expires, or is sold, terminated, or exercised.
- The hedged item matures or is sold or repaid.
- A forecast transaction is no longer deemed highly probable.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the hedged item is ultimately recognized in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately transferred to the consolidated statement of income.

Cash Flow Hedge

ATB's derivative instruments in cash flow hedges are intended to generate cash flows that offset the variability in expected and/or anticipated cash flows from the hedged item. ATB uses various interest rate and cross-currency derivatives to manage risk relating to the variability of cash flows from certain loans, deposits, and securities. In a qualifying cash flow hedge relationship, the effective portion of the change in fair value of the hedging derivative instrument is recognized in OCI and the ineffective portion in net income. Any such amounts recognized in OCI are reclassified from OCI into net interest income in the same period that the underlying hedged item affects net interest income.

Fair-Value Hedge
Changes in fair value of derivatives that qualify and are designated as fair-value hedges are recorded in the consolidated statement of income, together with changes in the fair value of the hedged asset or liability attributable to the hedged risk. ATB uses cross-currency derivatives to manage our exposure to fair-value changes of certain fixed-interest-rate deposits caused by interest and foreign-exchange-rate changes. If the hedge relationship no longer meets the criteria for hedge accounting, it is discontinued. For fair-value hedges of interest rate risk, the fair-value adjustment to the hedged item is amortized to the consolidated statement of income over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortized fair-value adjustment is recognized immediately in the consolidated statement of income.

Financial Guarantees
Liabilities under financial guarantee contracts are initially recorded at their fair value, which is generally the fee received or receivable. Subsequently, the financial guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortization, and the best estimate of the expenditure required to settle the obligation.

Interest Income and Expenses
Interest income and expenses for all interest-bearing financial instruments are recognized in the consolidated statement of income using the effective interest rate (EIR). The EIR method calculates the amortized cost of a financial asset or a financial liability and allocates the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, ATB estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future loan losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction costs, and all other premiums or discounts.

c. Property and Equipment
Property and equipment are carried at cost less accumulated depreciation, except for land, which is carried at cost. Buildings, computer equipment, other equipment, and leasehold improvements are depreciated on a straight-line basis over their estimated useful lives, consistent with the expected economic benefits obtained from the asset. Additions and subsequent expenditures are capitalized only to the extent that they enhance the future economic benefits expected to be derived from the assets considering expected usage as well as expected physical wear and tear. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of the assets' useful economic life. Property and equipment acquired under a finance lease are capitalized, and the depreciation period for a finance lease corresponds to the lesser of the useful life or lease term plus the first renewal option, if applicable. No depreciation is calculated on property and equipment under construction or development until the assets are available for use. The estimated useful life for each asset class is as follows:
- Buildings – up to 20 years;
- Right-of-use assets – up to 20 years, with renewals assessed on a case-by-case basis;
- Computer equipment – up to 4 years;
- Furniture and fixtures – up to 10 years;
- Other equipment – 5 years; and
- Leasehold improvements – lease term plus one renewal period for branch properties; lease term for corporate properties, if applicable.

Depreciation rates, calculation methods, and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review to account for any change in circumstances. Gains and losses on the disposal of property and equipment are recorded in the consolidated statement of income in the year of disposal.

d. Software, Goodwill, and Other Intangibles
Software and other intangibles are carried at cost less accumulated amortization and amortized on a straight-line basis over their estimated useful lives, consistent with the expected economic benefits obtained from the asset. Goodwill refers to any sum paid above the fair value of the net identifiable assets obtained on the date the business is acquired. No amortization is calculated on software under construction or development until the assets are available for use. The estimated useful life for software, and other intangibles is 3 to 5 years, with certain software having a useful life of 15 years.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefits will flow to ATB and that the cost can be measured reliably. Eligible costs include external direct costs for materials and services, as well as payroll and payroll-related costs for employees directly associated with an internally developed software project.

e. Impairment of Property and Equipment and Software and Other Intangibles

The carrying amount of non-financial assets, which include property and equipment and software and other intangibles, are reviewed for impairment whenever events, changes in circumstances, or technical or commercial obsolescence indicate that the carrying amount may not be recoverable. Software under development is tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest level where there are separately identifiable cash inflows (cash-generating units).

If there is any indication of impairment, the asset's recoverable amount is estimated. The recoverable amount is the greater of an asset's fair value less cost to sell and its value in use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Impairment losses are recognized in the consolidated statement of income.

Impairment losses may be reversed if the circumstances leading to impairment are no longer present, and only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized. Impairment loss reversals are recognized in the consolidated statement of income.

f. Leases

Effective April 1, 2019, ATB adopted IFRS 16 *Leases* (IFRS 16), which replaces IAS 17 *Leases* (IAS 17). IFRS 16 provides a single lessee accounting model, requiring all leases to be finance leases and included in the consolidated statement of financial position. This differs from IAS 17, where leases were either classified as operating (off balance sheet) or finance (on balance sheet).

The interest rate for leases have been calculated using the weighted-average approach. For leases entered before April 1, 2019, the weighted-average interest rate is 7.0%. For leases entered beginning April 1, 2019, the weighted-average interest rate is 2.9%.

Adopting IFRS 16 did not result in material changes to ATB's leases policies. ATB does not hold any short-term or low-value asset leases as at March 31, 2020. (See Note 3 for ATB's transition approach to IFRS 16.)

Accounting Policies Applicable Beginning April 1, 2019 (IFRS 16)

Lessee Accounting

Classification

ATB assesses at the start of a contract if the contract is or contains a lease. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a right-of-use asset and a lease liability is recognized. The right-of-use asset is presented under property and equipment, and the lease liability is presented under other liabilities on the consolidated statement of financial position.

Measurement

Measuring the lease liability includes the following components:

- Fixed lease payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts ATB expects to pay for residual value guarantees;
- The amount paid for a purchase option if ATB is reasonably certain it will exercise the option; and
- Penalties for terminating the lease if the term includes the option to terminate and is exercised.

The lease liability is measured at amortized cost using the effective interest method and remeasured when:

- Future lease payments change due to an index or rate change;
- The amount expected to collect for a residual value guarantee changes; or
- The likelihood of exercising a purchase, extension, or termination option changes.

Remeasurements are recorded to the carrying amount of the right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset is zero.

Lease payments are discounted over the non-cancellable term using the interest rate implicit in the lease. However, if not readily determined, the incremental borrowing rate is used. For ATB, the incremental borrowing rate is based on our wholesale borrowing costs.

The right-of-use asset is initially measured to be equal to the right-of-use liability and is recorded under property and equipment. The assets are depreciated until the earlier of:

- The end of the useful life of the right-of-use asset or
- The lease term.

The straight-line method is applied, as it best reflects the expected pattern of consumption of the future economic benefits. In addition, right-of-use assets may be reduced by impairment losses, if any, or for certain remeasurements made to the lease liability.

If the contract does not contain a lease, no asset or liability is recorded on the consolidated statement of financial position. Instead, payments are recognized in profit or loss on a straight-line basis over the term of the contract.

Lessor Accounting

Classification

The classification of leases for a lessor remains largely unchanged from IAS 17. [See the lessor accounting policy before April 1, 2019 (IAS 17).] Additional guidance on subleases for lessors was included in IFRS 16.

Measurement

Similar to the classification for lessors, IFRS 16's measurement guidance remains largely unchanged. [See the lessor accounting policy before April 1, 2019 (IAS 17).]

Subleases

IFRS 16 defines subleases as a transaction where an underlying asset is leased by a lessee ("intermediate lessor") to a third party. The lease ("head lease") between the head lessor and lessee remains unchanged.

If a transaction fits this criteria, the sublease is classified as either a finance or operating lease based on the right-of-use asset arising from the head lease. However, if the head lease has a shorter term than the entity as a lessee has accounted for, the sublease shall be classified as an operating lease.

Accounting Policies Applicable Before April 1, 2019 (IAS 17)

Lessee Accounting

Classification

ATB classified leases that transferred substantially all of the risks and rewards of ownership to ATB as finance leases. Leases that did not meet this requirement were classified as operating leases.

Measurement

Finance leases were initially measured and recognized on the consolidated statement of financial position at an amount equal to the lower of their fair value of the leased property or the present value of minimum lease payments. The corresponding liability to the lessor was included in other liabilities in the consolidated statement of financial position. The discount rate used in calculating the present value of the minimum lease payments was either the interest rate implicit in the lease, if it was practicable to determine, or the incremental borrowing rate. Contingent rentals were recognized as an expense in the periods in which they were incurred.

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, were classified as operating leases. Operating lease rentals payable were recognized as an expense on a straight-line basis over the lease term, which commenced when the lessee controlled the physical use of the property. Lease incentives or inducements were treated as a reduction of rental expense and recognized over the lease term on a straight-line basis. Contingent rentals arising under operating leases were recognized as an expense in the period in which they are incurred.

Lessor Accounting

Classification

A lease was classified as a finance lease if it transferred substantially all of the risks and rewards related to the underlying asset. A lease was classified as an operating lease if it did not transfer substantially all of the risks and rewards related to the underlying asset.

The classification was determined at inception and only reassessed if a lease modification occurred. Changes in estimates (e.g., of the economic life or the residual value of the underlying asset) or changes in circumstances (e.g., by default by the lessee) did not change a lease's classification.

Measurement

A lessor recognized a finance lease on its consolidated statement of financial position (presented as a receivable at an amount equal to the net investment in the lease). The lease receivable included:

- Fixed payments (including in-substance fixed payments), less any lease incentives payable;
- Variable lease payments that depended on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts ATB expected to receive for residual value guarantees;
- The amount received for a purchase option if the lessee was reasonably certain to exercise it; and
- Penalties for terminating the lease if the term included the option to terminate and the lessee was expected to exercise the option.

For operating leases, the monthly revenue was based on the payments received for the lease, with any cost, including depreciation, paid for earning the revenue recorded to non-interest expenses.

g. Salaries and Employee Benefits

ATB provides benefits to current and past employees through a combination of defined-benefit (DB) and defined-contribution (DC) plans.

ATB's current non-management employees participate in the Public Service Pension Plan (PSPP) with other Alberta public-sector employees. The PSPP is a DB pension plan that provides benefits based on members' years of service and earnings. ATB provides its management employees with a registered pension plan (the ATB Plan) with either DB or DC provisions. ATB also provides a non-registered DB supplemental retirement plan (SRP) and other post-employment benefits (OPEB) for designated management employees. Where employees have annual contributions over the allowed maximum under the *Income Tax Act,* ATB provides the employees with a notional supplemental plan (NSP), where excess amounts are allocated. This non-registered plan gives employees notional DC benefits that cannot be provided with the ATB Plan due to contribution limitations.

All expenses related to employee benefits are recorded in the consolidated statement of income as salaries and employee benefits in non-interest expenses.

The cost of the DB plan is determined using an actuarial valuation. The valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Details of ATB's key management personnel included in Note 19 are presented in the Executive Compensation discussion and analysis of the 2020 consolidated financial statements.

Accounting for Defined-Benefit Plans – Registered, Supplemental, and Other

The PSPP and the DB portion of the ATB Plan, SRP, and OPEB obligations provide employee benefits based on members' years of service and highest average salary. The liability recognized in the consolidated statement of financial position in respect of DB pension plans is the present value of the DB obligation at the date of the consolidated statement of financial position less the fair value of plan assets. The DB obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the DB obligation is determined by discounting the estimated future cash outflows. Actuarial gains and losses are recognized in OCI. Past-service costs are recognized immediately in the consolidated statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Accounting for Defined-Contribution Plans

Contributions are expensed as they become due and recorded in salaries and employee benefits in the consolidated statement of income.

Plan Valuations, Asset Allocation, and Funding

ATB annually measures its accrued benefit obligations and the fair values of plan assets for accounting purposes on March 31 for the PSPP, ATB Plan, SRP, and OPEB obligations. ATB makes regular funding contributions to the DB plan according to the most recent valuation for funding purposes. The SRP and OPEB obligations are not pre-funded, and such benefits are paid from ATB's assets as they become due. The most recent actuarial valuation of the DB provisions of the ATB Plan was performed on December 31, 2017. The DB plan's investment policy sets targets for an acceptable range for the allocation of plan assets between equity, debt, and other assets. (See Note 20.)

h. Provisions

Provisions are recognized when an outflow of economic benefits will probably be required to settle a current legal or constructive obligation, which has arisen as a result of past events and for which a reliable estimate can be made of the amount of the obligation.

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ATB, or are present obligations that have arisen from past events but are not recognized because settlement will probably not require an outflow of economic benefits or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of settlement is remote.

i. Securitization

To provide ATB with additional sources of liquidity, we periodically securitize and guarantee certain assets and residential mortgage loans (RMLs) through Canada Mortgage and Housing Corporation's Canada Mortgage Bonds program or through third-party investors. Credit card receivables may also be secured by ATB. All of our securitization activities are recorded on our consolidated statement of financial position and carried at amortized cost, as the derecognition criteria is not met due to retaining substantially all risks and rewards of ownership. The risks associated with RMLs and credit card receivables are credit and interest rate risks, and prepayment risks also impact RMLs. ATB recognizes a liability for cash proceeds received from securitization. This liability is presented under collateralized borrowings in the consolidated statement of financial position.

j. Segmented Information

An area of expertise is a distinguishable component of ATB that is engaged in providing products or services and is subject to risks and returns that are different from those of other areas. The Strategic Leadership Team regularly reviews operating activity by area. All transactions between areas are conducted at arm's length, with intra-segment revenue and costs being eliminated in strategic service units. Income and expenses directly associated with each area are included in determining that area's performance.

k. Revenue Recognition

Fees and Commission Income

Investment Management

Investment management income includes revenue earned from trailer fees and mutual fund commissions, fund management, financial planning servicing, and account servicing fees. Except for certain one-time account fees and commissions that are recognized upfront when the services are complete, revenues are deferred and recognized over time for management and advisory services provided evenly throughout the month—assuming that a significant reversal of revenue will likely not occur.

Most commission revenue for insurance services is recognized immediately; a portion is deferred and recorded as a contract liability on the consolidated statement of financial position. The liability is then recognized as revenue in future years as performance obligations are fulfilled by managing policy-holder relationships.

Service Charges
Service charges generate revenue from servicing a customer deposit. Transaction-based fees are recognized upfront, when the transaction occurs or the service is completed.

Card Fees
Revenue is generated from issuing Mastercards, merchant credit card terminals and associated services, and interchange fees. All three types of fees are recognized upfront when the transaction has taken place, except for certain recurring merchant fees that are recognized over time. Mastercard reward program expenses are recorded as a reduction to card fee revenue, as the program is managed by a third party with ATB acting as an agent.

Credit Fees
Fees are earned on various services related to a client's loan, letters of credit and guarantees, syndication, and standby fees. When a fee is charged for a one-time service, revenue is recorded immediately. If the fee relates to an ongoing service, revenue is recorded over time. Fees associated with letters of credit and guarantees are deferred and recorded to revenue monthly over the term of the letter.

Insurance
This refers to revenue generated from insurance plans offered with loans. There are two fees: variable fees based on the plan's surplus, which are deferred and recognized over the loan, and commission earned from each successful referral made to Sun Life Financial, Inc. by ATB, which is recognized upfront when the transaction has taken place.

Capital Markets Revenue
These fees are earned and recognized up front when an agent/underwriter in distributing the securities of issuers completes the underwriting service.

Sundry
These fees include revenue generated from mergers and acquisitions (M&A) and Project Finance advisory services. M&A fees are deferred and recognized over the period of the engagement as the services are provided, and the remaining fees are recognized upfront, when the transactions and services provided are completed or certain milestones have been achieved.

Contract Assets and Liabilities
A contract asset is defined as an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, the entity's future performance). This is similar to the concept of unbilled receivables.

A contract liability is defined as an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. This is similar to the concept of unearned revenue. (See Note 29 for more information.)

ATB has no material contract assets or liabilities as at March 31, 2020.

Remaining Performance Obligations
Remaining performance obligations are defined as unsatisfied or partially satisfied performance obligations that an entity has promised to transfer to a customer, as stated in the contract.

ATB has no material remaining performance obligations longer than one year.

l. Income Taxes
Income tax expense consists of current and deferred taxes related to the operations of AltaCorp and is recognized in the consolidated statements of income and comprehensive income as part of ATB's payment in lieu of tax.

Current income tax is the expected tax payable or recoverable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax, which can result from the carryforward of unused tax losses and credits, is the tax expected to be payable or recoverable on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is measured using rates expected to be applied when they reverse.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer more likely than not that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Income earned by AltaCorp after ATB's repurchase of the Class B shares on March 31, 2020, will no longer be subject to income taxes but will be included with ATB's payment in lieu of tax. (See Notes 21 and 28.)

m. Share Purchase Financing

Loans granted to purchase shares in AltaCorp are accounted for as an asset, provided the following criteria are met:

- The loan contains repayment terms and conditions similar to arm's-length market terms;
- The borrower has the ability to repay the loan;
- The borrower is subject to recourse in the event of defaulting on the loan; and
- Management intends to ensure repayment of the loan regardless of AltaCorp's share price.

If a share purchase loan does not meet the above criteria, it is recorded as a reduction in the share capital of AltaCorp.

n. Business Combinations

Business combinations are accounted for using the acquisition method, which involves recognizing the identifiable assets, including intangible assets not previously recognized by the acquiree, and liabilities, including contingent liabilities, for the acquired business. The assets and liabilities are measured at their fair value on the date of acquisition, and any transaction costs are recorded directly to the consolidated statement of income. Goodwill is recorded as part of software and other intangibles on the consolidated statement of financial position if the acquisition cost exceeds the fair value of the identifiable net assets acquired. If the acquisition cost is less than the fair value of the net assets acquired, the fair value is remeasured, and any remaining difference is recognized immediately in the consolidated statement of income. Any subsequent fair-value changes for contingent liabilities are recognized in the consolidated statement of income.

Goodwill is tested for impairment annually, or more frequently if there are objective indications of impairment, by comparing the recoverable amount of a cash-generating unit (CGU) with its carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and value in use. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. No goodwill impairment was recorded for the year ended March 31, 2020.

The non-controlling interest is measured either at its fair value or based on its proportionate share of the identifiable net assets at the acquisition date, with the measurement method applied transaction by transaction. As at March 31, 2020, no non-controlling interests are held due to ATB's purchase of AltaCorp's Class B shares. (See Notes 27 and 28.)

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

IFRS 16 *Leases*

Effective April 1, 2019, ATB adopted IFRS 16 *Leases* (IFRS 16), which replaces IAS 17 *Leases* (IAS 17). IFRS 16 provides a single lessee accounting model, requiring all leases to be finance leases and included on the consolidated statement of financial position. This differs from IAS 17, where leases were either classified as operating (off balance sheet) or finance (on balance sheet).

ATB applied the modified retrospective transition approach, with the cumulative effect of adopting IFRS16 being recognized in the consolidated statement of financial position as an adjustment to the carrying amount of assets and liabilities in the current period without restatement to prior period. Therefore the comparative information is not comparable to the information presented for the current period. Most of ATB's leases were not impacted by the adoption of IFRS 16. (See Note 4.)

IFRS 16 has also permitted certain exemptions to be elected. ATB has elected:

- To present right-of-use assets as part of property and equipment, as well as lease liabilities as part of other liabilities, with amounts disclosed in the notes rather than presenting separately on the consolidated statement of financial position. (See Notes 12 and 17.)
- To not recognize right-of-use assets and lease liabilities that are either low value or have a lease term less than 12 months and
- To continue to classify a "finance lease" as a lease under IFRS 16.

IAS 23 *Borrowing Costs*

In December 2017, the IASB issued the *Annual Improvements to IFRS Standards 2015–2017 Cycle* that amends IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes*, and IAS 23 *Borrowing Costs*. The amendment to IAS 23 *Borrowing Costs* is the only amendment applicable to ATB. The amendment clarifies that once an asset is ready for use or sale, any outstanding borrowing costs to obtain the asset are included when calculating the capitalization borrowing rate.

ATB implemented the annual improvement with no impact on our financial performance.

IAS 19 *Employee Benefits*

In February 2018, the IASB issued *Plan Amendment, Curtailment or Settlement* for IAS 19 *Employee Benefits*. The amendment clarifies that if a plan amendment, curtailment, or settlement occurs, the calculation of the current service cost and net interest for the period following the remeasurement is based on assumptions used when the plan's net defined liability or asset is remeasured.

ATB implemented the amendment with no impact on our financial performance.

Future Accounting Policy Changes

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

IFRS 17 *Insurance Contracts*

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

ATB is currently assessing the impact of the new standard. IFRS 17 will replace IFRS 4 *Insurance Contracts,* effective for annual periods beginning on or after January 1, 2021, and, for ATB, effective starting April 1, 2022, the start of ATB's 2023 fiscal year. Earlier application is permitted if IFRS 15 *Revenue From Contracts With Customers* and IFRS 9 *Financial Instruments* has also been applied. ATB has chosen to not adopt the standard early.

IFRS 3 *Business Combinations*

In October 2018, the IASB issued *Definition of a Business (Amendments to IFRS 3)*. It clarifies the definition of a business and reveals additional factors to consider when determining if the entity has acquired a business or a group of assets.

ATB assessed the impact of the new amendment, which is applicable for acquisitions that occur on or after the first period beginning on or after January 1, 2020, and determined there is no impact to how we define whether a business or a group of assets was acquired. The amendments to IFRS 3 will take effect on April 1, 2020, the start of ATB's 2021 fiscal year.

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, 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 assessed the impact of the new definition, which is effective for annual reporting periods beginning on or after January 1, 2020, and determined there is no impact on our financial presentation. Earlier application is permitted. The amendments to IAS 8 will take effect on April 1, 2020, the start of ATB's 2021 fiscal year.

Interest Rate Benchmark Reform (IBOR)

In September 2019, the 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 the reform, and allows them to continue instead of being terminated. In addition, specific disclosures relating to the reform and its impact on ATB's hedging relationships will be required.

ATB is currently assessing the impact of the new definition, which is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments to IFRS 9, IAS 39, and IFRS 7 will take effect on April 1, 2020, the start of ATB's 2021 fiscal year. ATB has chosen not to adopt the amendments 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 those items. ATB assessed the impact of the new definition, which is effective for annual reporting periods beginning on or after January 1, 2022, and determined there is no impact on our financial presentation. Earlier application is permitted. The amendments to IAS 1 will take effect on April 1, 2023, the start of ATB's 2024 fiscal year.

4 IFRS 16 Transition

The following table summarizes the impact of adopting IFRS 16 on ATB's consolidated statement of financial position as at April 1, 2019. Prior period amounts have not been restated.

($ in thousands)	As at March 31, 2019 IAS 17 carrying amount	Impact of adoption	As at April 1, 2019 IFRS 16 carrying amount
Property and equipment	$ 285,634	$ 12,330	$ 297,964
Other liabilities	1,346,904	12,330	1,359,234

5 Financial Instruments

Classification and Carrying Value

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

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

(1) Large cash balance due to holding with Bank of Canada (refer to Note 7 for details).
(2) Fair value estimated to equal carrying value.
(3) Fair value of loans estimated at $48,942,323.
(4) Fair value of deposits estimated at $35,479,325.
(5) Fair value of wholesale borrowings estimated at $4,554,685.
(6) Fair value of collateralized borrowings estimated at $8,855,759.

	Carrying value					
As at March 31, 2019 *($ in thousands)*	Financial instruments classified as at FVTPL	Financial instruments designated as at FVTPL	Financial instruments classified as at FVOCI	Financial instruments designated as at FVOCI	Financial instruments measured at amortized cost	Total carrying value
Financial assets						
Cash (1)	$ -	$ -	$ -	$ -	$ 200,002	$ 200,002
Interest-bearing deposits with financial institutions (1)	-	1,097,307	-	-	-	1,097,307
Securities measured at FVTPL (1)	53,502	15,000	-	-	-	68,502
Securities measured at FVOCI	-	-	3,910,168	1,628	-	3,911,796
Securities purchased under reverse repurchase agreements (1)	-	-	-	-	400,355	400,355
Total securities	53,502	15,000	3,910,168	1,628	400,355	4,380,653
Business	-	-	-	-	23,833,674	23,833,674
Residential mortgages	-	-	-	-	16,438,739	16,438,739
Personal	-	-	-	-	6,667,543	6,667,543
Credit card	-	-	-	-	730,681	730,681
Allowance for loan losses	-	-	-	-	(664,913)	(664,913)
Total loans (2)	-	-	-	-	47,005,724	47,005,724
Derivative financial instruments	642,070	-	-	-	-	642,070
Other assets	-	-	-	-	223,418	223,418
Total other assets (1)	642,070	-	-	-	223,418	865,488
Financial liabilities						
Redeemable fixed-date deposits	$ -	$ -	$ -	$ -	$ 2,047,475	$ 2,047,475
Non-redeemable fixed-date deposits	-	-	-	-	9,176,459	9,176,459
Savings accounts	-	-	-	-	10,004,043	10,004,043
Transaction accounts	-	-	-	-	7,574,046	7,574,046
Notice accounts	-	-	-	-	7,119,926	7,119,926
Total deposits (3)	-	-	-	-	35,921,949	35,921,949

Securities sold under repurchase agreements (1)	-	-	-	-	-	-
Wholesale borrowings (4)	-	279,908	-	-	3,339,158	3,619,066
Collateralized borrowings (5)	-	-	-	-	8,965,829	8,965,829
Derivative financial instruments (1)	507,146	-	-	-	-	507,146
Other liabilities (1)	-	-	-	-	1,255,742	1,255,742
Total other liabilities	507,146	279,908	-	-	13,560,729	14,347,783
Subordinated debentures (6)	-	-	-	-	339,140	339,140

(1) Fair value estimated to equal carrying value.
(2) Fair value of loans estimated at $48,675,761.
(3) Fair value of deposits estimated at $35,788,176.
(4) Fair value of wholesale borrowings estimated at $3,675,152.
(5) Fair value of collateralized borrowings estimated at $8,960,825.
(6) Fair value of subordinated debentures estimated at $342,249.

Fair-Value Hierarchy

Financial instruments recorded at fair value in the consolidated statement of financial position are classified using a fair-value hierarchy based on the quality and reliability of the information used to estimate the fair value. The fair-value hierarchy has the following levels:

- Level 1 – Fair value based on quoted prices in active markets;
- Level 2 – Fair value estimated using valuation techniques with market-observable inputs other than quoted market prices; and
- Level 3 – Fair value estimated using inputs not based on observable market data.

The fair-value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For the years ended March 31, 2020, and March 31, 2019, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

The categories of financial instruments whose fair values are classified as Level 3 consist of investments made by ATB in a broad range of private Alberta companies. Valuation techniques are disclosed in Note 8.

The following tables present the level within the fair-value hierarchy of ATB's financial assets and liabilities measured at fair value:

As at March 31, 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**

As at March 31, 2019 *($ in thousands)*	Level 1	Level 2	Level 3	Total
Financial assets				
Interest-bearing deposits with financial institutions	$ -	$ 1,097,307	$ -	$ 1,097,307
Securities				
Securities measured at FVTPL	33,062	-	35,440	68,502
Securities measured at FVOCI	3,910,168	-	1,628	3,911,796
Other assets				
Derivative financial instruments	1,860	640,210	-	642,070
Total financial assets	$ 3,945,090	$ 1,737,517	$ 37,068	$ 5,719,675
Financial liabilities				
Wholesale borrowings	$ -	$ 279,908	$ -	$ 279,908
Other liabilities				
Derivative financial instruments	2,803	504,343	-	507,146
Total financial liabilities	$ 2,803	$ 784,251	$ -	$ 787,054

ATB performs a sensitivity analysis for fair-value measurements classified as Level 3, substituting one or more reasonably possible alternative assumptions for the unobservable inputs. These sensitivity analyses are detailed in Note 8 for the other securities designated at fair value through profit and loss.

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

($ in thousands)	**Securities designated as at FVOCI**	**Securities classified as at FVTPL**
Fair value as at March 31, 2019	**$ 1,628**	**$ 35,440**
Total realized and unrealized losses included in net income	**-**	**3,063**
Total realized and unrealized gains included in other comprehensive income	**(585)**	**-**
Purchases and issuances	**9,038**	**9,797**
Sales and settlements	**-**	**(12,188)**
Fair value as at March 31, 2020	**$ 10,081**	**$ 36,112**
Change in unrealized loss included in income with respect to financial instruments held as at March 31, 2020	**$ -**	**$ (1,112)**

($ in thousands)	Securities designated as at FVOCI	Securities classified as at FVTPL
Fair value as at March 31, 2018	$ -	$ 22,940
Total realized and unrealized losses included in net income	-	3,574
Total realized and unrealized gains included in other comprehensive income	-	-
Purchases and issuances	1,628	8,926
Sales and settlements	-	-
Fair value as at March 31, 2019	$ 1,628	$ 35,440
Change in unrealized gains included in income with respect to financial instruments held as at March 31, 2019	$ -	$ 3,574

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

Offsetting Financial Assets and Financial Liabilities

A financial asset or liability must be offset in the consolidated statement of financial position when and only when there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realize the asset and settle the liability simultaneously. A legally enforceable right exists when the right is enforceable in the normal course of business or in the event of default, insolvency, or bankruptcy.

Related amounts not offset in the consolidated statement of financial position include transactions where the following conditions apply:

- Counterparty has an offsetting exposure with ATB and a master netting or similar arrangement in place and
- Financial collateral has been received or pledged against the transactions described below.

Securities purchased under reverse repurchase agreements subject to master netting arrangements or similar arrangements and derivative assets and liabilities subject to the master netting agreements of the International Swaps and Derivatives Association (ISDA) do not meet the criteria for offsetting in the consolidated statement of financial position, as the ability to offset is only enforceable in the event of default, insolvency, or bankruptcy.

ATB receives and pledges collateral in the form of cash and marketable securities relating to its derivative assets and liabilities to manage credit risk in accordance with the terms and conditions of the ISDA credit support annex.e following tables present information about financial assets and liabilities that are set off and not set off in the consolidated statement of financial position and are subject to master netting agreement or similar arrangement:

				Related amounts not offset in the consolidated statement of financial position		
As at March 31, 2020 *($ in thousands)*	**Gross recognized amounts**	**Set-off amounts**	**Net amounts recognized in the consolidated statement of financial position**	**Financial instruments (1)**	**Financial collateral received/ pledged**	**Net amount**
Financial assets						
Securities borrowed or purchased under reverse repurchase agreements	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Derivative financial instruments	**1,539,634**	**-**	**1,539,634**	**575,980**	**636,524**	**327,130**
Amounts receivable from clients and financial institutions	**307,617**	**-**	**307,617**	**208,592**	**-**	**99,025**
Total financial assets	**$ 1,847,251**	**$ -**	**$ 1,847,251**	**$ 784,572**	**$ 636,524**	**$ 426,155**
Financial liabilities						
Securities sold under reverse repurchase agreements	**$ 350,828**	**$ -**	**$ 350,828**	**$ -**	**$ -**	**$ 350,828**
Derivative financial instruments	**989,256**	**-**	**989,256**	**575,980**	**44,390**	**368,886**
Amounts payable to clients and financial institutions	**304,894**	**-**	**304,894**	**208,592**	**-**	**96,302**
Total financial liabilities	**$ 1,644,978**	**$ -**	**$ 1,644,978**	**$ 784,572**	**$ 44,390**	**$ 816,016**

(1) Carrying amount of financial assets and liabilities that are subject to a master netting agreement or similar arrangement but do not meet the offsetting criteria.

				Related amounts not offset in the consolidated statement of financial position		
As at March 31, 2019 *($ in thousands)*	Gross recognized amounts	Set-off amounts	Net amounts recognized in the consolidated statement of financial position	Financial instruments (1)	Financial collateral received/ pledged	Net amount
Financial assets						
Securities borrowed or purchased under reverse repurchase agreements	$ 400,355	$ -	$ 400,355	$ -	$ -	$ 400,355
Derivative financial instruments	642,070	-	642,070	335,137	157,810	149,123
Amounts receivable from clients and financial institutions	142,202	-	142,202	123,390	-	18,812
Total financial assets	$ 1,184,627	$ -	$ 1,184,627	$ 458,527	$ 157,810	$ 568,290
Financial liabilities						
Securities sold under reverse repurchase agreements	$ -	$ -	$ -	$ -	$ -	$ -
Derivative financial instruments	507,146	-	507,146	335,137	100,825	71,184
Amounts payable to clients and financial institutions	123,954	-	123,954	123,390	-	564
Total financial liabilities	$ 631,100	$ -	$ 631,100	$ 458,527	$ 100,825	$ 71,748

(1) Carrying amount of financial assets and liabilities that are subject to a master netting agreement or similar arrangement but that do not meet the offsetting criteria.

6 Financial Instruments – Risk Management

ATB has included certain disclosures required by IFRS 7 in the Risk Management section of the MD&A relating to credit, market, foreign-exchange, and liquidity risks. These risks are an integral part of the 2020 consolidated financial statements.

7 Cash Resources

Cash consists of cash on hand, bank notes and coins, non-interest-bearing deposits, and cash held at the Bank of Canada through the large-value transfer system (LVTS). Interest-bearing deposits with financial institutions have been designated at fair value through profit and loss, and are recorded at fair value. Interest income on interest-bearing deposits with financial institutions is recorded on an accrual basis. Cash has been classified as financial instruments measured at amortized cost, as disclosed in Note 5.

As at March 31, 2020, the carrying value of interest-bearing deposits with financial institutions consists of $101.0 million (2019: $1.1 billion) designated at fair value through profit and loss. The decrease is a result of more cash held in the Bank of Canada's LVTS, as the Bank of Canada changed the interest rate paid on overnight balances to be equal to interest-bearing deposits at other financial institutions, in large part due to the COVID-19 pandemic and related market volatility.

ATB has restricted cash that represents deposits held in trust in connection with securitization activities. These deposits include cash accounts that hold principal and interest payments collected from mortgages securitized through the mortgage-backed security program. The deposits are awaiting payment to their respective investors and held in interest reinvestment accounts in connection with ATB's participation in the Canada Mortgage Bonds program. As at March 31, 2020, the amount of restricted cash is $226.0 million (2019: $153.6 million).

8 Securities

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

As at March 31, 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**
Securities purchased under reverse repurchase agreements				
Issued or guaranteed by the federal or provincial government	**$ -**	**$ -**	**$ -**	**$ -**
Total securities purchased under reverse repurchase agreements	**$ -**	**$ -**	**$ -**	**$ -**

As at March 31, 2019 *($ 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	$ 15,000	$ -	$ -	$ 15,000
Other securities	17,146	32,642	3,714	53,502
Total securities measured at FVTPL	$ 32,146	$ 32,642	$ 3,714	$ 68,502
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	$ 1,644,913	$ 2,265,255	$ -	$ 3,910,168
Other securities	-	-	1,628	1,628
Total securities measured at FVOCI	$ 1,644,913	$ 2,265,255	$ 1,628	$ 3,911,796
Securities purchased under reverse repurchase agreements				
Issued or guaranteed by the federal or provincial government	$ 400,355	$ -	$ -	$ 400,355
Total securities purchased under reverse repurchase agreements	$ 400,355	$ -	$ -	$ 400,355

Other Securities

These securities in the current year relate to investments made by AltaCorp and ATB in a broad range of private Alberta companies. There is no observable market price for the investments made in these private Alberta companies as at the balance sheet date. ATB estimated the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies, specifically the expected earnings before interest, income tax, depreciation, and amortization (EBITDA). The key assumptions in this model are the EBITDA multiple of 3.6 to 10.0, the weighted-average cost of capital of 12.5% to 19.5%, annualized revenue multiple of 0.3 to 27.3, and a market-based approach of 3.5 to 4.5. A 10% change to each multiple would change the fair value by $0.7 million (2019: $3.2 million: Note that 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.

9 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), with the following table outlining the BRR assigned to each range:

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

Credit Quality

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

As at *($ in thousands)*				**March 31 2020**				March 31 2019
	Performing		**Impaired**		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Very low risk	**$ 3,336,305**	**$ 786,025**	**$ -**	**$ 4,122,330**	$ 3,051,685	$ 329,503	$ -	$ 3,381,188
Low risk	**7,470,953**	**6,951,518**	**-**	**14,422,471**	6,975,076	7,571,098	-	14,546,174
Medium risk	**2,445,622**	**1,977,782**	**-**	**4,423,404**	1,574,296	2,774,313	-	4,348,609
High risk	**611**	**431,582**	**-**	**432,193**	3,408	532,346	-	535,754
Not rated (1)	**27,190**	**5,145**	**-**	**32,335**	186,953	13,986	-	200,939
Impaired	**-**	**-**	**937,249**	**937,249**	-	-	821,010	821,010
Total business	**13,280,681**	**10,152,052**	**937,249**	**24,369,982**	11,791,418	11,221,246	821,010	23,833,674
Very low risk	**6,711,002**	**7,709**	**-**	**6,718,711**	6,663,812	14,392	-	6,678,204
Low risk	**4,818,879**	**859,244**	**-**	**5,678,123**	5,842,586	25,892	-	5,868,478
Medium risk	**1,577,366**	**1,112,308**	**-**	**2,689,674**	2,779,640	37,595	-	2,817,235
High risk	**273,116**	**733,869**	**-**	**1,006,985**	634,932	339,389	-	974,321
Not rated (1)	**10,287**	**4,272**	**-**	**14,559**	18,176	850	-	19,026
Impaired	**-**	**-**	**104,245**	**104,245**	-	-	81,475	81,475
Total residential mortgages	**13,390,650**	**2,717,402**	**104,245**	**16,212,297**	15,939,146	418,118	81,475	16,438,739

Very low risk	**2,544,666**	**7,987**	**-**	**2,552,653**	2,571,482	15,264	-	2,586,746
Low risk	**1,655,631**	**530,452**	**-**	**2,186,083**	2,063,146	224,641	-	2,287,787
Medium risk	**705,639**	**412,800**	**-**	**1,118,439**	958,758	264,940	-	1,223,698
High risk	**137,184**	**283,022**	**-**	**420,206**	280,698	187,243	-	467,941
Not rated (1)	**17,621**	**7,167**	**-**	**24,788**	28,847	7,206	-	36,053
Impaired	**-**	**-**	**67,263**	**67,263**	-	-	65,318	65,318
Total personal	**5,060,741**	**1,241,428**	**67,263**	**6,369,432**	5,902,931	699,294	65,318	6,667,543
Very low risk	**67,909**	**11,899**	**-**	**79,808**	70,167	14,246	-	84,413
Low risk	**195,386**	**66,612**	**-**	**261,998**	182,586	77,615	-	260,201
Medium risk	**155,396**	**50,083**	**-**	**205,479**	134,752	74,598	-	209,350
High risk	**36,516**	**62,341**	**-**	**98,857**	24,806	67,151	-	91,957
Not rated (1)	**15,120**	**61,539**	**-**	**76,659**	9,419	68,207	-	77,626
Impaired	**-**	**-**	**6,911**	**6,911**	-	-	7,134	7,134
Total credit card	**470,327**	**252,474**	**6,911**	**729,712**	421,730	301,817	7,134	730,681
Total loans	**32,202,399**	**14,363,356**	**1,115,668**	**47,681,423**	34,055,225	12,640,475	974,937	47,670,637
Total allowance for loan losses	**(108,827)**	**(206,626)**	**(383,802)**	**(699,255)**	(73,274)	(116,620)	(475,019)	(664,913)
Total net loans	**$ 32,093,572**	**$ 14,156,730**	**$ 731,866**	**$ 46,982,168**	$ 33,981,951	$ 12,523,855	$ 499,918	$ 47,005,724

Very low risk	**$ 4,224,656**	**$ 7,839**	**$ -**	**$ 4,232,495**	$ 4,196,800	$ 25,059	$ -	$ 4,221,859
Low risk	**719,723**	**291,104**	**-**	**1,010,827**	969,986	85,306	-	1,055,292
Medium risk	**94,513**	**56,042**	**-**	**150,555**	133,182	43,728	-	176,910
High risk	**10,555**	**25,994**	**-**	**36,549**	15,328	28,796	-	44,124
Not rated (1)	**6,707**	**9,156**	**-**	**15,863**	12,544	10,275	-	22,819
Total undrawn loan commitments – retail	**$ 5,056,154**	**$ 390,135**	**$ -**	**$ 5,446,289**	$ 5,327,840	$ 193,164	$ -	$ 5,521,004
Very low risk	**$ 3,484,632**	**$ 333,879**	**$ -**	**$ 3,818,511**	$ 4,770,110	$ 292,746	$ -	$ 5,062,856
Low risk	**3,461,944**	**2,468,023**	**-**	**5,929,967**	3,258,313	3,485,152	-	6,743,465
Medium risk	**467,592**	**494,239**	**-**	**961,831**	254,893	675,335	-	930,228
High risk	**30**	**151,807**	**-**	**151,837**	180	297,076	-	297,256
Not rated (1)	**119,493**	**154,081**	**-**	**273,574**	39,034	206,142	-	245,176
Total undrawn loan commitments – non-retail	**$ 7,533,691**	**$ 3,602,029**	**$ -**	**$ 11,135,720**	$ 8,322,530	$ 4,956,451	$ -	$ 13,278,981

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

The total net carrying value of the above loans includes those denominated in U.S. funds, totalling $1.1 billion as at March 31, 2020 (2019: $891.5 million). As at March 31, 2020, the amount of foreclosed assets held for resale is $33.0 million (2019: $27.0 million).

Loans Past Due

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

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

As at March 31, 2019 *($ in thousands)*	Residential mortgages	Business	Personal	Credit card	Total	Percentage of total gross loans
Up to 1 month (1)	$ 106,851	$ 20,177	$ 55,575	$ 41,340	$ 223,943	0.47%
Over 1 month up to 2 months	113,344	107,037	55,719	9,456	285,556	0.60%
Over 2 months up to 3 months	14,869	21,635	16,754	3,870	57,128	0.12%
Over 3 months	2,148	13,846	2,239	6,205	24,438	0.05%
Total past due but not impaired	$ 237,212	$ 162,695	$ 130,287	$ 60,871	$ 591,065	1.2%

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

10 Allowance for Loan Losses

Key Inputs and Assumptions

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

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

Forward-Looking Information

Relevant forward-looking economic information is incorporated for each loan portfolio when measuring expected credit losses, based on a five-year outlook considering a combination of past, current, and future economic conditions and outlooks. (See Note 2 for more on how forward-looking information is incorporated to measure expected credit losses.)

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

	As at March 31, 2020						As at March 31, 2019					
	Baseline scenario		**Optimistic scenario**		**Pessimistic scenario**		Baseline scenario		Optimistic scenario		Pessimistic scenario	
	Next 12 months	**2 to 3 years**	**Next 12 months**	**2 to 3 years**	**Next 12 months**	**2 to 3 years**	Next 12 months	2 to 3 years	Next 12 months	2 to 3 years	Next 12 months	2 to 3 years
Unemployment rate (%)	**8.7%**	**7.9%**	**7.7%**	**7.4%**	**9.4%**	**8.4%**	6.6%	6.9%	6.2%	6.3%	8.8%	7.5%
Housing starts	**19,400**	**20,800**	**20,200**	**22,000**	**18,100**	**17,300**	25,900	24,600	29,400	28,066	19,200	20,233
Interest rate (%)	**0.25%**	**0.50%**	**0.25%**	**0.50%**	**0.25%**	**0.50%**	2.00%	2.67%	2.25%	2.75%	1.75%	2.08%
Oil prices (WTI, US$/bbl)	**35**	**43**	**40**	**45**	**30**	**38**	56	63	75	88	50	60
Foreign-exchange rate (CDN$1/US$1)	**0.74**	**0.76**	**0.75**	**0.77**	**0.70**	**0.73**	0.76	0.80	0.80	0.90	0.72	0.76

Sensitivity of Allowance for Loan Losses

The Stage 1 and 2 allowances for loan losses are sensitive to the inputs used in the model, as described in Note 2. Changes to these inputs and assumptions would have an impact when assessing for a significant increase in credit risk and the measurement of expected credit losses.

The following table presents a comparison between the reported allowance for loan losses for Stage 1 and 2 loans and the allowance under the baseline, optimistic, and pessimistic scenarios:

	As at March 31, 2020				As at March 31, 2019			
	Reported under IFRS 9	**Baseline scenario**	**Optimistic scenario**	**Pessimistic scenario**	Reported under IFRS 9	Baseline scenario	Optimistic scenario	Pessimistic scenario
Allowance for loan losses (Stage 1 and 2)	**$ 315,453**	**$ 304,412**	**$ 260,880**	**$ 333,749**	$ 189,894	$ 186,096	$ 174,703	$ 218,378

The following table presents the estimated impact of staging on the allowance for loan losses for loans and off-balance sheet commitments if they were fully calculated under Stage 1 compared to the actual allowance recorded:

	As at March 31, 2020			As at March 31, 2019		
	Stage 1 and 2 allowance under IFRS 9	**Allowance – 100% in Stage 1**	**Impact of staging**	Stage 1 and 2 allowance under IFRS 9	Allowance – 100% in Stage 1	Impact of staging
Loans	**$ 315,453**	**$ 260,564**	**$ (54,889)**	$ 189,894	$ 131,027	$ (58,867)

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

	For the year ended March 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	**$546,825**	**$ 292,117**	**$ (286,542)**	**$ 240**	**$552,640**
Residential mortgages	**5,493**	**10,431**	**(2,802)**	**(264)**	**12,858**
Personal	**71,498**	**66,034**	**(44,641)**	**(267)**	**92,624**
Credit card	**41,097**	**17,398**	**(17,356)**	**(6)**	**41,133**
Total	**$664,913**	**$ 385,980**	**$ (351,341)**	**$ (297)**	**$ 699,255**

	For the year ended March 31, 2019				
($ in thousands)	Balance at beginning of period	Provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period
Business	$342,366	$ 275,409	$ (64,897)	$ (6,053)	$ 546,825
Residential mortgages	5,406	916	(860)	31	5,493
Personal	59,201	46,769	(34,146)	(326)	71,498
Credit card	39,657	15,051	(13,643)	32	41,097
Total	$446,630	$ 338,145	$ (113,546)	$ (6,316)	$ 664,913

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

	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – business								
Balance at beginning of period	**$ 22,314**	**$ 77,863**	**$ 446,648**	**$ 546,825**	$ 27,702	$ 50,214	$ 264,450	$ 342,366
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**13,141**	**(13,452)**	**311**	**-**	(3,456)	3,214	242	-
Transfers (out of) into Stage 2 (1)	**(68)**	**(45,220)**	**45,288**	**-**	(22,439)	11,572	10,867	-
Transfers (out of) into Stage 3 (1)	**(4,962)**	**(138,992)**	**143,954**	**-**	(9,270)	(86,994)	96,264	-
New originations (2)	**26,179**	**107,964**	**77,285**	**211,428**	14,793	23,878	60,850	99,521
Repayments (3)	**(5,004)**	**(38,894)**	**(39,740)**	**(83,638)**	(11,749)	(21,007)	(3,228)	(35,984)
Remeasurements (4)	**2,721**	**190,596**	**(28,990)**	**164,327**	26,722	96,832	88,318	211,872
Write-offs	**-**	**-**	**(317,141)**	**(317,141)**	-	-	(69,121)	(69,121)
Recoveries	**-**	**-**	**30,599**	**30,599**	-	-	4,224	4,224
Discounted cash flows on impaired loans and other	**(12)**	**4**	**248**	**240**	11	154	(6,218)	(6,053)
Balance at end of period	**$ 54,309**	**$ 139,869**	**$ 358,462**	**$ 552,640**	$ 22,314	$ 77,863	$ 446,648	$ 546,825

	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – residential mortgages								
Balance at beginning of period	**$ 1,495**	**$ 952**	**$ 3,046**	**$ 5,493**	$ 2,110	$ 1,313	$ 1,983	$ 5,406
Provision for loan losses								
Transfers (out of) into Stage 1 (1)	**(687)**	**674**	**13**	**-**	(57)	52	5	-
Transfers (out of) into Stage 2 (1)	**(4,114)**	**3,658**	**456**	**-**	(274)	(107)	381	-
Transfers (out of) into Stage 3 (1)	**(833)**	**(1,977)**	**2,810**	**-**	(258)	(1,704)	1,962	-
New originations (2)	**615**	**398**	**96**	**1,109**	327	104	105	536
Repayments (3)	**(24)**	**(70)**	**-**	**(94)**	(73)	(62)	(472)	(607)
Remeasurements (4)	**6,555**	**1,834**	**1,027**	**9,416**	(280)	1,356	(89)	987
Write-offs	**-**	**-**	**(3,339)**	**(3,339)**	-	-	(1,737)	(1,737)
Recoveries	**-**	**-**	**537**	**537**	-	-	877	877
Discounted cash flows on impaired loans and other	**-**	**-**	**(264)**	**(264)**	-	-	31	31
Balance at end of period	**$ 3,007**	**$ 5,469**	**$ 4,382**	**$ 12,858**	$ 1,495	$ 952	$ 3,046	$ 5,493

	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – personal								
Balance at beginning of period	**$ 38,898**	**$ 11,764**	**$ 20,836**	**$ 71,498**	$ 27,676	$ 11,152	$ 20,373	$ 59,201
Provision for loan losses								
Transfers (out of) into Stage 1 (1)	**(6,873)**	**6,376**	**497**	**-**	(957)	634	323	-
Transfers (out of) into Stage 2 (1)	**(26,143)**	**19,358**	**6,785**	**-**	(3,560)	2,407	1,153	-
Transfers (out of) into Stage 3 (1)	**(9,046)**	**(14,401)**	**23,447**	**-**	(7,844)	(2,294)	10,138	-
New originations (2)	**7,364**	**1,476**	**1,645**	**10,485**	9,842	3,588	5,616	19,046
Repayments (3)	**(1,135)**	**(1,317)**	**(1,617)**	**(4,069)**	(3,217)	(933)	(182)	(4,332)
Remeasurements (4)	**39,769**	**8,441**	**11,408**	**59,618**	16,968	(2,769)	17,854	32,053
Write-offs	**-**	**-**	**(48,646)**	**(48,646)**	(10)	(21)	(36,841)	(36,872)
Recoveries	**-**	**-**	**4,005**	**4,005**	-	-	2,727	2,727
Discounted cash flows on impaired loans and other	**-**	**-**	**(267)**	**(267)**	-	-	(325)	(325)
Balance at end of period	**$ 42,834**	**$ 31,697**	**$ 18,093**	**$ 92,624**	$ 38,898	$ 11,764	$ 20,836	$ 71,498

	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Performing		Impaired		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – credit cards								
Balance at beginning of period	**$ 10,567**	**$ 26,041**	**$ 4,489**	**$ 41,097**	$ 13,151	$ 24,104	$ 2,402	$ 39,657
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**870**	**(922)**	**52**	**-**	(6)	8	(2)	-
Transfers into (out of) Stage 2 (1)	**3,630**	**(5,553)**	**1,923**	**-**	(5,030)	1,436	3,594	-
Transfers (out of) into Stage 3 (1)	**(836)**	**(4,819)**	**5,655**	**-**	(36)	(6,161)	6,197	-
New originations (2)	**788**	**453**	**-**	**1,241**	1,042	581	-	1,623
Repayments (3)	**(441)**	**(2,921)**	**(2)**	**(3,364)**	(829)	(3,712)	(2,963)	(7,504)
Remeasurements (4)	**(5,921)**	**17,303**	**8,139**	**19,521**	2,260	9,768	8,904	20,932
Write-offs	**-**	**-**	**(27,656)**	**(27,656)**	-	-	(20,734)	(20,734)
Recoveries	**-**	**-**	**10,300**	**10,300**	-	-	7,091	7,091
Discounted cash flows on impaired loans and other	**20**	**9**	**(35)**	**(6)**	15	17	-	32
Balance at end of period	**$ 8,677**	**$ 29,591**	**$ 2,865**	**$ 41,133**	$ 10,567	$ 26,041	$ 4,489	$ 41,097

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

11 Derivative Financial Instruments

Most of ATB's derivative contracts are over-the-counter (OTC) transactions that are privately negotiated between ATB and the counterparty to the contract. The remainder are exchange-traded contracts transacted through organized and regulated exchanges and consist primarily of options and futures. ATB uses the following derivative financial instruments:

Swaps

Swaps are transactions in which two parties agree to exchange defined cash flows. ATB uses the following types of swap contracts:

- Interest rate swaps are OTC contracts in which ATB exchanges fixed- and floating-rate interest payments with a counterparty based on an agreed notional principal amount denominated in a single currency. These are used in the corporate derivative portfolio to manage exposure to interest rate fluctuations, primarily arising from the investment, loan, and deposit portfolios. Interest rate swaps are also used in the client derivative portfolio to help our corporate customers in managing risks associated with interest rate fluctuations.
- Cross-currency swaps are foreign-exchange transactions in which ATB exchanges interest and principal payments in different currencies. These are used in both the corporate and client portfolio to manage ATB's and its corporate customers' foreign-exchange risk.

Forwards and Futures

Foreign-exchange or commodity forwards are OTC transactions in which two parties agree to either buy or sell a specified amount of a currency or commodity at a specific price and on a predetermined future date. ATB uses foreign-exchange forward contracts in both its corporate and client derivative portfolios to manage currency exposure, either arising from its own foreign-currency-denominated loans and deposits, or for its customers. Commodity-forward contracts are used only in the client derivative portfolio.

Futures are contractual obligations to buy or sell an interest-rate-sensitive financial instrument on a predetermined future date at a specified price. Futures contracts are transacted in standardized amounts on regulated exchanges that are subject to daily cash margining and used only in the corporate derivative portfolio.

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

	2020		2019	
As at March 31 *($ in thousands)*	**Favourable position**	**Unfavourable position**	Favourable position	Unfavourable position
Contracts ineligible for hedge accounting				
Interest rate contracts				
Swaps	**$ 26,660**	**$ (130,973)**	$ 16,532	$ (34,845)
Futures	**33,757**	**(29,495)**	1,860	(2,803)
Other	**167,702**	**(61,818)**	51,940	(31,897)
Total interest rate contracts	**228,119**	**(222,286)**	70,332	(69,545)
Embedded derivatives				
Market-linked deposits	**-**	**(1,919)**	-	(1,449)
Total embedded derivatives	**-**	**(1,919)**	-	(1,449)
Foreign-exchange contracts				
Forwards	**140,793**	**(83,494)**	25,648	(20,482)
Cross-currency swaps	**65,275**	**(59,258)**	32,460	(24,211)
Total foreign-exchange contracts	**206,068**	**(142,752)**	58,108	(44,693)

Commodity contracts				
Forwards	**438,912**	**(418,083)**	284,464	(242,324)
Total commodity contracts	**438,912**	**(418,083)**	284,464	(242,324)
Total fair-value-ineligible contracts	**873,099**	**(785,040)**	412,904	(358,011)
Contracts eligible for hedge accounting				
Foreign-exchange contracts				
Cross-currency swaps	**115,634**	**-**	28,928	-
Total foreign-exchange contracts	**115,634**	**-**	28,928	-
Interest rate contracts				
Swaps	**550,901**	**(204,216)**	200,238	(149,135)
Total interest rate contracts	**550,901**	**(204,216)**	200,238	(149,135)
Total fair-value-eligible contracts	**666,535**	**(204,216)**	229,166	(149,135)
Total fair value	**$ 1,539,634**	**$ (989,256)**	$ 642,070	$ (507,146)
Less impact of master netting agreements	**(575,980)**	**575,980**	(335,137)	335,137
Less impact of financial institution counterparty collateral held / posted	**(636,524)**	**44,390**	(157,810)	100,825
Residual credit exposure on derivatives to ATB	**$ 327,130**	**$ (368,886)**	$ 149,123	$ (71,184)

The residual credit exposure presented above includes contracts with financial institutions and client counterparties. For the residual amounts above, $327.1 million (2019: $149.1 million) of the derivative asset and $368.9 million (2019: $71.2 million) of the derivative liability exposure relates to client counterparties.

ATB has recognized an unrealized gain of $9.3 million in profit and loss during the year (2019: unrealized gain of $12.6 million) relating to accounting for ineffectiveness arising from its cash flow hedges.

The following shows when hedged cash flows, used to manage risk relating to certain loans, deposits, and securities as noted in Note 2(b), will be recognized in the consolidated statement of income:

As at March 31, 2020 *($ in thousands)*	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Total**
Cash inflows	**$ 813,080**	**$ 556,767**	**$ 314,295**	**$ 182,102**	**$ 134,213**	**$ 282,422**	**$ 2,282,879**
Cash outflows	**(835,537)**	**(567,762)**	**(346,870)**	**(233,452)**	**(174,940)**	**(318,552)**	**(2,477,113)**
Net cash flows	**$ (22,457)**	**$ (10,995)**	**$ (32,575)**	**$ (51,350)**	**$ (40,727)**	**$ (36,130)**	**$ (194,234)**

As at March 31, 2019 *($ in thousands)*	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Cash inflows	$ 788,301	$ 589,186	$ 361,448	$ 195,502	$ 131,311	$ 349,543	$ 2,415,291
Cash outflows	(881,246)	(678,713)	(454,972)	(282,569)	(201,968)	(518,020)	(3,017,488)
Net cash flows	$ (92,945)	$ (89,527)	$ (93,524)	$ (87,067)	$ (70,657)	$ (168,477)	$ (602,197)

The non-trading interest rate risk, which is hedged with interest rate swaps, has a maximum maturity of 10 years as at March 31, 2020 (2019: 9 years).

The following table shows the amounts relating to the hedging and hedged items for ATB's fair-value hedges of foreign-exchange risk:

($ in thousands)	Hedge of U.S.-dollar wholesale borrowing (1)	U.S.-dollar wholesale borrowing (2)
Notional amount	$ 280,800	$ 280,800
Opening fair value		
Asset	-	-
Liability	-	261,995
Hedge ineffectiveness		
Gains (losses) on hedged item used to determine hedge ineffectiveness	-	-
Ineffectiveness recorded in other income – foreign exchange	-	-
Cumulative net fair value change	47,764	(56,670)
Fair value at March 31, 2020		
Asset	**47,764**	**-**
Liability	**-**	**318,665**
Fair value at March 31, 2019		
Asset	17,913	-
Liability	-	279,908

(1) The fair value of the hedging derivative is reported as part of derivative asset and derivative liability on the consolidated statement of financial position.
(2) The fair value of the hedged item is reported as part of wholesale borrowings on the consolidated statement of financial position.

Term to Maturity

The notional amounts of derivative instruments represent the underlying principal amount to which the specified rate or price is applied in order to calculate the amount of cash flows to be exchanged and have varying maturity dates. Notional amounts do not represent assets or liabilities and are not recorded in the consolidated statement of financial position. The remaining contractual terms to maturity for the notional amounts of all derivative instruments are as follows:

			Residual term of contract				
As at March 31, 2020 *($ in thousands)*	**Ineligible for hedge accounting**	**Eligible for hedge accounting**	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Over-the-counter contracts							
Interest rate contracts							
Swaps	**$ 8,099,000**	**$ 24,199,975**	**$ 3,823,814**	**$ 8,780,056**	**$ 14,183,800**	**$ 5,511,305**	**$ 32,298,975**
Other	**3,855,596**	**-**	**181,655**	**469,313**	**2,025,459**	**1,179,169**	**3,855,596**
Total interest rate contracts	**11,954,596**	**24,199,975**	**4,005,469**	**9,249,369**	**16,209,259**	**6,690,474**	**36,154,571**
Embedded derivatives							
Market linked deposits	**423,127**	**-**	**7**	**113,619**	**309,460**	**41**	**423,127**
Total embedded derivatives	**423,127**	**-**	**7**	**113,619**	**309,460**	**41**	**423,127**
Foreign-exchange contracts							
Forwards	**2,136,282**	**-**	**585,067**	**1,048,387**	**502,828**	**-**	**2,136,282**
Cross-currency swaps	**981,183**	**1,103,847**	**190,057**	**-**	**1,712,453**	**182,520**	**2,085,030**
Total foreign-exchange contracts	**3,117,465**	**1,103,847**	**775,124**	**1,048,387**	**2,215,281**	**182,520**	**4,221,312**
Commodity contracts							
Forwards	**2,130,535**	**-**	**647,168**	**972,534**	**510,833**	**-**	**2,130,535**
Total commodity contracts	**2,130,535**	**-**	**647,168**	**972,534**	**510,833**	**-**	**2,130,535**
Total over-the-counter contracts	**17,625,723**	**25,303,822**	**5,427,768**	**11,383,909**	**19,244,833**	**6,873,035**	**42,929,545**
Exchange-traded contracts							
Interest rate contracts							
Futures	**23,688,000**	**-**	**2,200,000**	**13,500,000**	**7,988,000**	**-**	**23,688,000**
Total interest rate contracts	**23,688,000**	**-**	**2,200,000**	**13,500,000**	**7,988,000**	**-**	**23,688,000**
Total exchange-traded contracts	**23,688,000**	**-**	**2,200,000**	**13,500,000**	**7,988,000**	**-**	**23,688,000**
Total	**$ 41,313,723**	**$ 25,303,822**	**$ 7,627,768**	**$ 24,883,909**	**$ 27,232,833**	**$ 6,873,035**	**$ 66,617,545**

As at March 31, 2019 ($ in thousands)	Ineligible for hedge accounting	Eligible for hedge accounting	Residual term of contract Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Over-the-counter contracts							
Interest rate contracts							
Swaps	$ 7,287,174	$ 20,784,275	$ 632,300	$ 6,967,100	$ 14,997,694	$ 5,474,355	$ 28,071,449
Other	2,999,052	-	73,440	514,744	1,525,185	885,683	2,999,052
Total interest rate contracts	10,286,226	20,784,275	705,740	7,481,844	16,522,879	6,360,038	31,070,501
Embedded derivatives							
Market linked deposits	384,098	-	17	77	383,974	30	384,098
Total embedded derivatives	384,098	-	17	77	383,974	30	384,098
Foreign-exchange contracts							
Forwards	2,879,492	-	2,118,920	575,322	185,250	-	2,879,492
Cross-currency swaps	766,869	981,712	148,590	52,890	1,254,517	292,584	1,748,581
Total foreign-exchange contracts	3,646,361	981,712	2,267,510	628,212	1,439,767	292,584	4,628,073
Commodity contracts							
Forwards	2,553,397	-	628,854	1,265,663	658,880	-	2,553,397
Total commodity contracts	2,553,397	-	628,854	1,265,663	658,880	-	2,553,397
Total over-the-counter contracts	16,870,082	21,765,987	3,602,121	9,375,796	19,005,500	6,652,652	38,636,069
Exchange-traded contracts							
Interest rate contracts							
Futures	1,936,000	-	1,936,000	-	-	-	1,936,000
Total interest rate contracts	1,936,000	-	1,936,000	-	-	-	1,936,000
Total exchange-traded contracts	1,936,000	-	1,936,000	-	-	-	1,936,000
Total	$ 18,806,082	$ 21,765,987	$ 5,538,121	$ 9,375,796	$ 19,005,500	$ 6,652,652	$ 40,572,069

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 $116.1 million as at March 31, 2020 (2019: $112.7 million).

Derivative-Related Credit Risk

Derivative financial instruments traded in the OTC market are subject to credit risk of a financial loss occurring if a counterparty defaults on its contractual obligation. ATB's maximum credit risk in respect of such derivatives is the fair value of all derivatives where ATB is in a favourable position.

ATB endeavours to limit its credit risk by dealing only with counterparties assessed to be creditworthy and manages the credit risk for derivatives using the same credit risk process applied to loans and other credit assets. Financial institution counterparties must have a minimum long-term public credit rating of A-low/A3/A- or better. The exposure to credit risk on derivatives is also reduced by entering into master netting agreements and collateral agreements with counterparties. To the extent that unfavourable contracts with the counterparty are not settled, they reduce ATB's net exposure in respect of favourable contracts with the same counterparty.

The current replacement cost represents the cost of replacing, at current market rates, all contracts with a positive fair value to ATB. The credit equivalent amount is the sum of the current replacement cost and the potential future exposure, which is defined in a guideline authorized by the President of Treasury Board and Minister of Finance (the Minister), which was modelled after guidelines governing other Canadian deposit-taking institutions. The risk-weighted amount is determined by applying standard measures of counterparty credit risk to the credit equivalent amount. The derivative-related credit risks for derivative instruments are as follows:

As at March 31 ($ in thousands)	2020 Replacement cost	 Credit equivalent amount	 Risk-adjusted balance	2019 Replacement cost	 Credit equivalent amount	 Risk-adjusted balance
Contracts ineligible for hedge accounting						
Interest rate contracts						
Swaps	**$ 26,660**	**$ 28,653**	**$ 5,731**	$ 16,532	$ 23,818	$ 4,764
Futures	**33,757**	**33,757**	**6,751**	1,860	1,860	372
Other	**171,380**	**189,894**	**93,361**	51,940	65,818	31,338
Total interest rate contracts	**231,797**	**252,304**	**105,843**	70,332	91,496	36,474
Foreign-exchange contracts						
Forwards	**138,798**	**160,615**	**46,962**	25,648	45,890	14,908
Cross-currency swaps	**65,274**	**89,817**	**21,916**	32,460	56,406	13,051
Total foreign-exchange contracts	**204,072**	**250,432**	**68,878**	58,108	102,296	27,959
Commodity contracts						
Forwards	**438,906**	**542,234**	**134,396**	284,464	418,072	138,470
Total commodity contracts	**438,906**	**542,234**	**134,396**	284,464	418,072	138,470
Total contracts ineligible for hedge accounting	**874,775**	**1,044,970**	**309,117**	412,904	611,864	202,903
Contracts eligible for hedge accounting						
Interest rate contracts						
Cross-currency swaps	**115,634**	**170,826**	**34,165**	28,928	78,014	15,603
Swaps	**549,225**	**643,579**	**128,716**	200,238	273,750	54,750
Total interest rate contracts	**664,859**	**814,405**	**162,881**	229,166	351,764	70,353
Total contracts eligible for hedge accounting	**664,859**	**814,405**	**162,881**	229,166	351,764	70,353
Total	**$ 1,539,634**	**$ 1,859,375**	**$ 471,998**	$ 642,070	$ 963,628	$ 273,256

12 Property and Equipment

($ in thousands)	Leasehold improvements	Computer equipment	Buildings	Other equipment	Leasehold improvements under construction	Computer and other equipment under development	Right-of-use buildings	Right-of-use equipment	Land	Total
Cost										
Balance as at April April 1, 2018	$ 241,377	$ 97,641	$ 102,791	$ 81,540	$ 5,835	$ 9,031	$ 247,243	$ 3,919	$ 7,328	$ 796,705
Acquisitions	5,714	8,182	3,422	4,512	4,012	8,385	1,361	6,209	-	41,797
Disposals	(12,161)	(12,197)	(746)	(2,567)	(5,957)	(8,845)	(20,016)	-	-	(62,489)
Balance as at March 31, 2019	$ 234,930	$ 93,626	$ 105,467	$ 83,485	$ 3,890	$ 8,571	$ 228,588	$ 10,128	$ 7,328	$ 776,013
Balance as at April 1, 2019	**$ 234,930**	**$ 93,626**	**$ 105,467**	**$ 83,485**	**$ 3,890**	**$ 8,571**	**$ 228,588**	**$ 10,128**	**$ 7,328**	**$ 776,013**
Acquisitions	**5,806**	**5,538**	**1,356**	**4,053**	**6,571**	**7,140**	**29,983**	**13,626**	**-**	**74,073**
Disposals	**(2,312)**	**(27,075)**	**-**	**(334)**	**(7,573)**	**(10,563)**	**(6,043)**	**(11,645)**	**-**	**(65,545)**
Balance as at March 31, 2020	**$ 238,424**	**$ 72,089**	**$ 106,823**	**$ 87,204**	**$ 2,888**	**$ 5,148**	**$ 252,528**	**$ 12,109**	**$ 7,328**	**$ 784,541**
Depreciation										
Balance as at April 1, 2018	$ 150,982	$ 72,897	$ 72,543	$ 64,754	$ -	$ -	$ 101,239	$ 1,198	$ -	$ 463,613
Depreciation for the year	11,964	14,743	2,335	7,135	-	-	16,303	3,635	-	56,115
Transfers and disposals	(5,022)	(12,171)	(361)	(2,329)	-	-	(9,466)	-	-	(29,349)
Balance as at March 31, 2019	$ 157,924	$ 75,469	$ 74,517	$ 69,560	$ -	$ -	$ 108,076	$ 4,833	$ -	$ 490,379

Balance as at April 1, 2019	**$ 157,924**	**$ 75,469**	**$ 74,517**	**$ 69,560**	**$ -**	**$ -**	**$ 108,076**	**$ 4,833**	**$ -**	**$ 490,379**
Depreciation for the year	**11,169**	**8,790**	**2,187**	**5,673**	**-**	**-**	**26,017**	**4,575**	**-**	**58,411**
Transfers and disposals	**(2,279)**	**(26,500)**	**-**	**(247)**	**-**	**-**	**(6,043)**	**(8,180)**	**-**	**(43,249)**
Balance as at March 31, 2020	**$ 166,814**	**$ 57,759**	**$ 76,704**	**$ 74,986**	**$ -**	**$ -**	**$ 128,050**	**$ 1,228**	**$ -**	**$ 505,541**
Carrying amounts										
Balance as at March 31, 2019	$ 77,006	$ 18,157	$ 30,950	$ 13,925	$ 3,890	$ 8,571	$ 120,512	$ 5,295	$ 7,328	$ 285,634
Balance as at March 31, 2020	**$ 71,610**	**$ 14,330**	**$ 30,119**	**$ 12,218**	**$ 2,888**	**$ 5,148**	**$ 124,478**	**$ 10,881**	**$ 7,328**	**$ 279,000**

For the year ended March 31, 2020, depreciation expense charged to the consolidated statement of income for premises and equipment was $58.4 million (2019: $56.1 million), and $11.5 million (2019: $13.9 million) was recorded for interest expense for our right-of-use assets. No impairments were recognized during the year ended March 31, 2020 (2019: nil).

A loss of $0.5 million (2019: $7.2 million) was recognized during the year for the disposal and write-downs of property and equipment, and an additional loss of $0.3 million was recognized on implementing IFRS 16.

Income of $2.8 million (2019: $3.1 million) was recorded to the consolidated statement of income from our sublease arrangements.

The total right-of-use assets added during the year was $43.6 million (2019: $7.6 million). The total cash outflow for leases this year was $38.0 million (2019: $34.5 million).

13 Software and Other Intangibles

($ in thousands)	Computer software	Software under development	Other intangibles	Goodwill	Total
Cost					
Balance as at April 1, 2018	$ 513,356	$ 65,810	$ 197	$ -	$ 579,363
Transfers and acquisitions	87,151	59,451	36	-	146,638
Transfers and disposals	(12,012)	(54,047)	-	-	(66,059)
Balance as at March 31, 2019	$ 588,495	$ 71,214	$ 233	$ -	$ 659,942
Balance as at April 1, 2019	**$ 588,495**	**$ 71,214**	**$ 233**	**$ -**	**$ 659,942**
Transfers and acquisitions	**64,480**	**79,679**	**-**	**6,845**	**151,004**
Transfers and disposals	**(29,651)**	**(61,432)**	**-**	**-**	**(91,083)**
Balance as at March 31, 2020	**$ 623,324**	**$ 89,461**	**$ 233**	**$ 6,845**	**$ 719,863**
Depreciation					
Balance as at April 1, 2018	$ 286,531	$ -	$ 36	$ -	$ 286,567
Depreciation for the year	81,563		22	-	81,585
Transfers and disposals	(11,075)	-	-	-	(11,075)
Balance as at March 31, 2019	$ 357,019	$ -	$ 58	$ -	$ 357,077
Balance as at April 1, 2019	**$ 357,019**	**$ -**	**$ 58**	**$ -**	**$ 357,077**
Depreciation for the year	**66,329**	**-**	**24**	**-**	**66,353**
Transfers and disposals	**(12,386)**	**-**	**-**	**-**	**(12,386)**
Balance as at March 31, 2020	**$ 410,962**	**$ -**	**$ 82**	**$ -**	**$ 411,044**

Carrying amounts					
Balance as at March 31, 2019	$ 231,476	$ 71,214	$ 175	$ -	$ 302,865
Balance as at March 31, 2020	**$ 212,362**	**$ 89,461**	**$ 151**	**$ 6,845**	**$ 308,819**

For the year ended March 31, 2020, amortization expense charged to the consolidated statement of income for software and intangibles was $66.4 million (2019: $81.6 million). No impairments were recognized during the year ended March 31, 2020 (2019: nil).

A loss of $1.0 million (2019: $0.9 million) was recognized during the year for the disposal and write-downs of software and other intangibles.

The goodwill associated with our purchase of Grow Technologies Inc. (Grow) (see Note 28 for further details) is $6.8 million. ATB performs an impairment test annually on March 31 by comparing Grow's carrying value to its recoverable amount.

The recoverable amount, calculated as the fair value less costs of disposal as well as the value in use, is determined using a discounted cash flow model that projects future cash flows based on forecasted revenue. The discount rate is based on an implied internal rate of return using a combination of working capital, cash flow growth, annual capital expenditures, and ATB's payment in lieu of tax. Both estimates involve significant judgment when determining the inputs.

14 Other Assets

Other assets consist of the following:

As at March 31 *($ in thousands)*	**2020**	2019
Prepaid expenses and other receivables	**$ 236,128**	$ 206,478
Accrued interest receivable	**82,692**	64,817
Accounts receivable – financial market products	**275,667**	128,919
Other	**52,250**	29,682
Total	**$ 646,737**	$ 429,896

15 Deposits

Deposit balances consist of the following:

As at March 31, 2020 *($ in thousands)*	**Payable on demand**	**Payable on a fixed date**						**Total**
		Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	
Redeemable fixed-date deposits	**$ -**	**$ 1,331,784**	**$ 82,958**	**$ 28,727**	**$ 12,040**	**$ 6,691**	**$ 366**	**$ 1,462,566**
Non-redeemable fixed-date deposits	-	**4,935,357**	**1,987,984**	**1,316,771**	**190,296**	**97,083**	**161**	**8,527,652**
Savings accounts	**9,485,318**	**-**	-	**-**	**-**	**-**	**-**	**9,485,318**
Transactions accounts	**8,653,216**	-	-	**-**	**-**	**-**	-	**8,653,216**
Notice accounts	**7,244,615**	**-**	**-**	**-**	**-**	**-**	-	**7,244,615**
Total deposits	**$ 25,383,149**	**$ 6,267,141**	**$ 2,070,942**	**$ 1,345,498**	**$ 202,336**	**$ 103,774**	**$ 527**	**$ 35,373,367**

As at March 31, 2019 *($ in thousands)*	Payable on demand	Payable on a fixed date						Total
		Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	
Redeemable fixed-date deposits	$ -	$ 1,877,946	$ 102,283	$ 38,189	$ 16,612	$ 12,242	$ 203	$ 2,047,475
Non-redeemable fixed-date deposits	-	4,885,730	1,965,292	1,152,682	992,208	180,279	268	9,176,459
Savings accounts	10,004,043	-	-	-	-	-	-	10,004,043
Transactions accounts	7,574,046	-	-	-	-	-	-	7,574,046
Notice accounts	7,119,926	-	-	-	-	-	-	7,119,926
Total deposits	$ 24,698,015	$ 6,763,676	$ 2,067,575	$ 1,190,871	$ 1,008,820	$ 192,521	$ 471	$ 35,921,949

The total deposits presented above include $1.4 billion (2019: $1.7 billion) denominated in U.S. funds.

As at March 31, 2020, deposits by various departments and agencies of the Government of Alberta included in the preceding schedule totalled $236.9 million (2019: $135.2 million).

The repayment of all deposits and wholesale borrowings, without limit, including accrued interest, is guaranteed by the Crown in right of Alberta in respect of which the Crown assesses an annual deposit guarantee fee payable by ATB. For the year ended March 31, 2020, the fee was $55.0 million (2019: $53.7 million), with $46.7 million (2019: $47.7 million) recorded to non-interest expenses for deposits and the remainder to net interest income for wholesale borrowings and collateralized borrowings for credit cards.

16 Collateralized Borrowings

Canada Mortgage Bonds (CMB) Program

ATB periodically securitizes insured residential mortgage loans by participating in the *National Housing Act* Mortgage-Backed Security Program. Through the program, ATB bundles residential mortgage loans guaranteed by the Canada Mortgage and Housing Corporation (CMHC) into mortgage-backed securities (MBS). The MBS issued are sold to the Canada Housing Trust (CHT), as part of the CMB program, or to third-party investors. CHT uses the proceeds of its bond issuance to finance the purchase of MBS issued by ATB. As an issuer of the MBS, ATB is responsible for advancing all scheduled principal and interest payments to CMHC, whether or not the amounts have been collected on the underlying transferred mortgages. Amounts advanced but not recovered are ultimately recovered from the insurer. The sale of mortgage pools that comprise the MBS does not qualify for derecognition, as ATB retains the prepayment, credit, and interest rate risks associated with the mortgages, which represent substantially all of the risks and rewards. Also included in the collateralized borrowing liabilities are accrued interest, deferred transaction costs, and premiums and discounts, representing the difference between cash proceeds and the notional amount of the liability issued. Accrued interest on the collateralized borrowing liability is based on the CMB coupon for each respective series. At the time of the CMB coupon settlement, any excess or shortfall between the CMB coupon payment and interest accumulated with swap counterparties is received or paid by ATB.

There are no expected credit losses on the securitized mortgage assets, as the mortgages are insured against default. Further, the investors and CMHC have no recourse to other assets of ATB in the event of failure of debtors to pay when due.

As part of a CMB transaction, ATB must enter into a total return swap with highly rated counterparties, exchanging cash flows of the CMB for those of the MBS transferred to CHT. Any excess or shortfall in these cash flows is absorbed by ATB. These swaps are not recognized on ATB's consolidated statement of financial position, as the underlying cash flows of these derivatives are captured through the continued recognition of the mortgages and associated CMB collateralized borrowing liabilities. Accordingly, these swaps are recognized on an accrual basis and not fair-valued through ATB's consolidated statement of income. The notional amount of these swaps as at March 31, 2020, is $8.0 billion (2019: $8.5 billion).

Collateralized borrowing liabilities are non-amortizing liabilities with fixed maturity dates. Principal payments collected from the mortgages underlying the MBS sold to the CHT are transferred to the CHT monthly, where they are either reinvested in new MBS or invested in eligible investments.

Credit Card Securitization

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

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

As at March 31 *($ in thousands)*	**2020**	2019
Principal value of mortgages pledged as collateral	**$ 7,394,422**	$ 7,610,203
ATB mortgage-backed securities pledged as collateral through repurchase agreements	**605,722**	1,017,580
Principal value of credit card receivables pledged as collateral	**678,852**	677,148
Total	**$ 8,678,996**	$ 9,304,931
Associated liabilities	**$ 8,545,092**	$ 8,965,829

17 Other Liabilities

Other liabilities consist of the following:

As at March 31 *($ in thousands)*	Note	**2020**	2019
Accounts payable and accrued liabilities (1)		**$ 1,390,631**	$ 755,400
Accounts payable – financial market products		**256,303**	125,116
Accrued interest payable		**144,695**	165,125
Payment in lieu of tax and income taxes payable	21	**30,846**	41,618
Due to clients, brokers, and dealers		**108,664**	65,728
Accrued pension-benefit liability	20	**18,336**	77,161
Achievement notes	25	**55,172**	63,080
Deposit guarantee fee payable		**54,990**	53,676
Total		**$ 2,059,637**	$ 1,346,904

(1) Includes the present value of minimum lease liabilities of $195,187 (2019: $206,295). (See Note 23.)

The increase in accounts payable and accrued liabilities is due to higher collateral pledged by ATB as a result of changes made by the Bank of Canada. (See Notes 7 and 23.)

18 Subordinated Debentures

ATB privately places debentures with the Crown in right of Alberta. These debentures are subordinated to deposits and other liabilities and are unsecured, non-convertible, non-redeemable, and non-transferable. They bear a fixed rate of interest, payable semi-annually. The outstanding subordinated debentures were issued with an original term of five years.

As detailed in Note 21, since March 31, 2011, ATB has issued subordinated debentures annually to settle the outstanding liability for ATB's payment in lieu of tax for each fiscal year.

On December 18, 2019, ATB repaid all of its subordinated debentures.

Subordinated debentures consist of the following:

As at March 31 *($ in thousands)* Maturity date	Interest rate	**2020**	2019
June 30, 2018	3.4%	**$ -**	$ -
June 30, 2019	2.8%	**-**	82,564
June 30, 2020	3.0%	**-**	98,177
June 30, 2021	2.3%	**-**	32,298
June 30, 2022	1.6%	**-**	45,038
June 30, 2023	3.0%	**-**	81,063
Total		**$ -**	$ 339,140

19 Salaries and Benefits

ATB has included certain disclosures required in the Corporate Governance and Fiscal 2019–20 Performance and Executive Compensation sections of the MD&A relating to executive salary and compensation.

20 Employee Benefits

Public Service Pension Plan (PSPP)

The PSPP is a multi-employer pension plan for eligible employees of the Province of Alberta, approved provincial agencies, and public bodies. Prior to March 1, 2019, the Minister was the legal trustee for the plan. On March 1, 2019, PSPP Corporation became the trustee and administrator of the plan. As a result, PSPP is now governed by the PSPP Sponsor Board and PSPP Corporation.

The plan provides a pension of 1.4% for each year of pensionable service based on average salary of the highest five consecutive years up to the year's maximum pensionable earnings and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act*.

As a participant in this plan, ATB and its participating employees are responsible for making current service contributions sufficient to provide for the accruing service of members and the amortization of any unfunded liability. ATB's share of the current service contributions (employer and employee) is based on the current pensionable earnings of active ATB participants (prorated against the total current pensionable earnings of all active PSPP members). The employer and employee share the required contributions 50/50.

Although the PSPP pools all assets and liabilities of participating employers and there is no allocation of assets and liabilities to participating employers, in order to recognize an estimate of its current liability under this plan, ATB has applied defined-benefit (DB) accounting. ATB has estimated its share of the fair value of assets, the DB obligation, and the net pension liability as at March 31, 2020, based on its pro-rata share of contributions into the plan, adjusted for its pro-rata contribution rate (split 50/50 between employer and employee). ATB reassesses and discloses the estimated value of this liability annually.

Registered Pension Plan

ATB provides its management employees with a registered pension plan (the ATB Plan) with either DB or defined-contribution (DC) provisions. The DB component provides benefits based on members' years of service and earnings. The DC component provides annual contributions based on members' earnings.

ATB amended the ATB Plan to change the annual contributions in the DC component effective January 1, 2015, and to close the DB component to service accruals effective July 7, 2016. Current members in the DB component will continue to accrue earnings for their highest average earnings calculations and service for early retirement subsidies but, effective July 8, 2016, will accrue future benefits under the DC component. Since July 8, 2016, all new entrants into the ATB Plan automatically go into the DC component.

Effective July 15, 2006, ATB finalized arrangements with the Government of Alberta to assume pension obligations relating to current ATB employees who participated in the PSPP prior to joining the ATB Plan (the PSPP take-on). The arrangements formalized ATB's commitment to providing combined pensionable service (CPS) benefits for qualifying members whose CPS benefits were affected by the withdrawal of ATB from the Management Employees Pension Plan.

Since June 27, 2014, any employee promoted to a management position joins the plan under the DC provision, and any pension benefit earned in the PSPP is deferred at Alberta Pension Services or, if eligible, the employee may choose to withdraw their pension benefit.

Non-Registered Plans

ATB also provides a non-registered DB supplemental retirement plan (SRP) and other post-employment benefits (OPEB) for designated management employees. The SRP provides benefits based on members' years of service and earnings over the Canada Revenue Agency maximum pension limits.

Plan Risks

The DB plans expose ATB to actuarial risks, such as longevity, currency, interest rate, and market risks. ATB, in conjunction with the Human Resources and Retirement Committees, manages risk through the plan's statement of investment policies and procedures and pension investment risk management policy, which:

- Establishes allowable and prohibited investment types;
- Sets diversification requirements;
- Limits portfolio mismatch risk through an asset allocation policy; and
- Limits market risks associated with the underlying fund assets.

Breakdown of Defined-Benefit Obligation

The breakdown of the DB obligations for each plan is as follows:

As at March 31, 2020 *($ in thousands)*	**Registered plan**	**Supplemental and other**	**ATB's share of PSPP**
Active	**$ 127,430**	**$ 956**	**$ 120,533**
Deferred	**20,725**	**923**	**33,299**
Pensioners and beneficiaries	**227,281**	**5,815**	**118,166**
Total defined-benefit obligation	**$ 375,436**	**$ 7,694**	**$ 271,998**

As at March 31, 2019 *($ in thousands)*	Registered plan	Supplemental and other	ATB's share of PSPP
Active	$ 156,867	$ 1,342	$ 144,810
Deferred	24,758	1,116	40,006
Pensioners and beneficiaries	259,072	6,579	141,966
Total defined-benefit obligation	$ 440,697	$ 9,037	$ 326,782

Breakdown of Plan Assets

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

		2020		2019
As at March 31 *($ in thousands)*	**Non-quoted on an active market**	**Quoted on an active market**	Non-quoted on an active market	Quoted on an active market
Bonds				
Provinces, municipal corporations, and other public administrations	**$ -**	**$ 73**	$ -	$ 82
Other issuers	**-**	**334,204**	-	328,814
Shares	**-**	**93,868**	-	110,876
Cash and money-market securities	**-**	**981**	-	1,610
Total fair value of plan assets	**$ -**	**$ 429,126**	$ -	$ 441,382

Asset/Liability Matching Strategy

The investment policy is reviewed each year. The current policy is to match those assets in respect of inactive members with a matching fixed-income portfolio. For active members that have liabilities with other variables such as salary growth, assets are not matched but an equity-centric portfolio is held (70% benchmark in equities). A more in-depth asset/liability study, which involves a detailed risk assessment, is conducted every three to five years.

Cash Payments

For the year ended March 31, 2020, total cash paid or payable for employee benefits—cash contributed by ATB for the DB and DC provisions of the ATB Plan—made directly to beneficiaries for the unfunded SRP and cash contributed to the PSPP was $45.1 million (2019: $47.6 million).

Contributions expected during the upcoming year are $1.7 million (2019: $1.7 million) for the DB portion of the ATB Plan, $0.4 million (2019: $0.4 million) for the unfunded SRP and CPS, and $11.2 million (2019: $12.0 million) for the PSPP.

Pension Plan Obligation Maturity Profile

For 2020, the weighted-average financial duration of the main group plans was approximately 15 years (2019: 15 years).

Net Accrued Benefit Liability

The funded status and net accrued pension-benefit liability for the DB provisions of the ATB Plan and the other pension obligations, which include the PSPP, SRP, obligations recognized in respect of the CPS benefit obligation to inactive plan members, OPEB, and the notional supplemental plan (NSP) consist of the following:

As at March 31 *($ in thousands)*	**2020**	2019
Registered plan		
Fair value of plan assets	**$ 429,126**	$ 441,383
Projected benefit obligation	**(375,562)**	(440,697)
Net pension-benefit asset (1)	**$ 53,564**	$ 686
Supplemental and other		
Unfunded projected benefit obligation, representing the plan funding deficit	**$ (7,694)**	$ (9,037)
Net pension-benefit liability (1)	**$ (7,694)**	$ (9,037)
ATB's share of PSPP		
Fair value of plan assets	**$ 215,488**	$ 264,132
Projected benefit obligation	**(271,998)**	(326,782)
Net pension-benefit liability (1)	**$ (56,510)**	$ (62,650)
Notional supplemental plan liability	**(7,696)**	(6,160)
Total net pension-benefit liability (1) (2)	**$ (18,336)**	$ (77,161)

(1) The effect of asset limitation and IAS minimum funding requirements is nil.
(2) There are no unrecognized actuarial gains/losses and past-service costs.

The net accrued benefit liability is included in other liabilities in the consolidated statement of financial position as appropriate. (See Note 17.)

Other Comprehensive Income

As at March 31 *($ in thousands)*	Registered plan		Supplemental and other		ATB's share of PSPP	
	2020	2019	**2020**	2019	**2020**	2019
Actuarial loss (gain) on plan assets	**$ 7,495**	$ (9,888)	**$ -**	$ -	**$ 57,901**	$ (3,403)
Effect of changes in financial assumptions	**(59,406)**	24,892	**(995)**	390	**(30,782)**	13,185
Experience (gain) loss on plan liabilities	**(61)**	583	**70**	(63)	**(37,363)**	(12,779)
Amount recognized in other comprehensive (income) loss	**$ (51,972)**	$ 15,587	**$ (925)**	$ 327	**$ (10,244)**	$ (2,997)
Beginning balance, accumulated other comprehensive loss (income)	**77,490**	61,903	**4,982**	4,655	**(17,721)**	(14,724)
Ending balance, accumulated other comprehensive loss (income)	**$ 25,518**	$ 77,490	**$ 4,057**	$ 4,982	**$ (27,965)**	$ (17,721)

Change in Plan Assets and Benefit Obligations

Changes in the estimated financial position of the DB provisions of the ATB Plan, the PSPP, and the SRP and OPEB obligations are as follows:

As at March 31	Registered plan		Supplemental and other		ATB's share of PSPP	
($ in thousands)	**2020**	2019	**2020**	2019	**2020**	2019
Change in fair value of plan assets						
Fair value of plan assets at beginning of the year	**$ 441,383**	$ 431,394	**$ -**	$ -	**$ 264,132**	$ 250,046
Contributions from ATB	**1,722**	1,612	**710**	1,240	**11,202**	12,001
Interest income	**14,312**	15,259	**-**	-	**8,747**	9,061
Actuarial (gain) loss on plan assets	**(7,114)**	10,183	**-**	-	**(57,901)**	3,403
Benefits paid	**(19,943)**	(15,960)	**(710)**	(1,240)	**(10,692)**	(10,379)
Actual plan expenses	**(1,234)**	(1,105)	**-**	-	**-**	-
Fair value of plan assets at end of the year	**$ 429,126**	$ 441,383	**$ -**	$ -	**$ 215,488**	$ 264,132
Change in defined-benefit obligation						
Projected benefit obligation at beginning of the year	**$ 440,697**	$ 416,475	**$ 9,037**	$ 9,611	**$ 326,782**	$ 312,659
Effect of changes in financial assumptions	**(59,406)**	24,892	**(995)**	390	**(30,782)**	13,185
Experience (gain) loss on plan liabilities	**(61)**	583	**70**	(63)	**(37,363)**	(12,779)
Current service costs	**-**	-	**-**	-	**13,436**	13,003
Interest expense	**14,275**	14,707	**292**	339	**10,617**	11,093
Benefits paid	**(19,943)**	(15,960)	**(710)**	(1,240)	**(10,692)**	(10,379)
Defined-benefit obligation at end of the year	**$ 375,562**	$ 440,697	**$ 7,694**	$ 9,037	**$ 271,998**	$ 326,782
Net pension-benefit asset (liability)	**$ 53,564**	$ 686	**$ (7,694)**	$ (9,037)	**$ (56,510)**	$ (62,650)

Defined-Benefit Pension Expense

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

As at March 31	Registered plan		Supplemental and other		ATB's share of the PSPP	
($ in thousands)	**2020**	2019	**2020**	2019	**2020**	2019
Current service costs	**$ -**	-	**$ -**	$ -	**$ 13,436**	$ 13,003
Interest expense	**14,275**	14,707	**292**	339	**10,617**	11,093
Interest income	**(14,312)**	(15,259)	**-**	-	**(8,747)**	(9,061)
Administrative expenses and taxes	**853**	810	**-**	-	**-**	-
Net pension-benefit expense recognized	**$ 816**	$ 258	**$ 292**	$ 339	**$ 15,306**	$ 15,035

Key Assumptions and Sensitivities

The significant assumptions used in the actuarial determination of projected benefit obligations and the related net benefit expense are, on a weighted-average basis, as follows:

	Registered plan		Supplemental and other		ATB's share of the PSPP	
	2020	2019	**2020**	2019	**2020**	2019
Accrued benefit obligation as at March 31						
Discount rate at end of the year	**4.2%**	3.3%	**4.2%**	3.3%	**4.2%**	3.3%
Rate of compensation increase (1)	-	-	-	-	**3.2%**	3.2%
Defined-benefit expense for the year ended March 31						
Discount rate at beginning of the year	**3.3%**	3.6%	**3.3%**	3.6%	**3.3%**	3.6%
Rate of compensation increase (1)	-	-	-	-	**3.2%**	3.3%
ATB's share of PSPP contributions	-	-	-	-	**3.6%**	3.6%

(1) The long-term weighted-average rate of compensation increase, including merit and promotion.

The following table outlines the possible impact of changes in certain key weighted-average economic assumptions used to measure the accrued pension-benefit obligations as at March 31, 2020, and the related expense for the year then ended:

As at March 31, 2020 *($ in thousands)*		Registered plan Benefit obligation	Registered plan Benefit expense	Supplemental and other Benefit obligation	Supplemental and other Benefit expense	ATB's share of the PSPP Benefit obligation	ATB's share of the PSPP Benefit expense
Discount rate							
Impact of:	1.0% increase	**$ (46,568)**	**$ (2,595)**	**$ (919)**	**$ 40**	**$ (37,400)**	**$ (4,236)**
	1.0% decrease	**58,456**	**1,776**	**1,104**	**(57)**	**37,400**	**3,251**
Inflation rate							
Impact of:	1.0% increase	**34,410**	**1,346**	**81**	**3**	**19,976**	**1,964**
	1.0% decrease	**(30,478)**	**(1,189)**	**(74)**	**(4)**	**(19,976)**	**(1,964)**
Rate of compensation increase							
Impact of:	0.25% increase	**1,611**	**68**	**-**	**-**	**6,770**	**1,036**
	0.25% decrease	**(1,560)**	**(65)**	**-**	**-**	**(6,770)**	**(1,036)**
Mortality							
Impact of:	10.0% increase	**(6,680)**	**(275)**	**(140)**	**(6)**	**n/a (1)**	**n/a (1)**
	10.0% decrease	**7,303**	**303**	**149**	**6**	**n/a (1)**	**n/a (1)**

(1) Mortality sensitivity information for the PSPP is not available.

This sensitivity analysis should be used with caution, as it is hypothetical and the effect of changes in each significant assumption may not be linear. Also, the sensitivities in each key variable have been calculated independently of changes in other key variables, and actual experience may result in simultaneous changes to a number of key assumptions. Changes in one factor could result in changes to another that may serve to amplify or reduce certain sensitivities.

21 Payment in Lieu of Tax

Pursuant to the *ATB Act*, the Government of Alberta may assess a charge to ATB as prescribed by the *Alberta Treasury Branches Regulation (ATB Regulation)*. The *ATB Regulation* defines the charge to be an amount equal to 23% of ATB's consolidated net income as reported in its audited annual financial statements. The payment in lieu of tax (PILOT) is calculated as 23% of net income reported under IFRS, excluding AltaCorp's net income, which is subject to income tax.

As at March 31, 2020, ATB accrued a total of $30.8 million (2019: $41.6 million) for PILOT. The amount outstanding as at March 31, 2019, was settled on June 30, 2019, with ATB issuing a subordinated debenture to the Government of Alberta. (See Note 18.) The PILOT will continue to be settled by issuing subordinated debentures until ATB's Tier 2 notional capital is eliminated. (See Note 26.)

Included in ATB's PILOT are income taxes relating to AltaCorp with the provision varying from what is calculated by applying the combined statutory Canadian federal and provincial income tax rate:

As at March 31 *($ in thousands)*		**2020**		2019
Income taxes at Canadian statutory tax rate	**$ (1,260)**	**27%**	$ 657	27%
Increase (decrease) in income taxes resulting from:				
Tax exempt income	**-**	**-**	(810)	(33%)
Prior-year tax adjustment	**79**	**(2%)**	22	1%
Deferred income tax recovery	**72**	**(1%)**	-	-
Change in income tax rates	**987**	**(21%)**	-	-
Other	**(49)**	**1%**	148	6%
Total income tax (recovery) expense	**$ (171)**	**4%**	$ 17	1%

Due to ATB's purchase of all employee-owned Class B shares in AltaCorp on March 31, 2020 (see Notes 27 and 28), AltaCorp's net income earned in Canada, effective April 1, 2020, is subject to PILOT as prescribed in the *ATB Regulation.*

22 Related-Party Transactions

In the ordinary course of business, ATB provides normal banking services to various departments and agencies of the Government of Alberta on terms similar to those offered to non-related parties. (See Note 15.) These services also include over-the-counter foreign-exchange forwards to manage currency exposure. (See Note 11.) The fair values of the asset and liability associated with these derivative contracts as at March 31, 2020, are nil (2019: $23.1 million) and $1.2 million (2019: nil), respectively.

During the year, ATB leased certain premises from the Government of Alberta. For the year ended March 31, 2020, the total of these payments was $0.3 million (2019: $0.3 million). ATB recognized a deposit guarantee fee payable to the Crown in right of Alberta in return for a guarantee on all customer deposits and a payment in lieu of tax. (See Notes 15 and 21.) ATB has no subordinated debt outstanding with the Crown in right of Alberta. (See Note 18.)

ATB entered into a wholesale borrowing agreement with the Minister on November 24, 2003 (amended November 9, 2007). The agreement was amended again in December 2015 to increase the available limit of borrowings to $7.0 billion from $5.5 billion. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Under this agreement, the Minister acts as fiscal agent of ATB under the *Financial Administration Act* and is involved in raising wholesale deposits in the marketplace. As at March 31, 2020, wholesale borrowings were $4.4 billion (2019: $3.6 billion), payable to the Minister.

ATB provides loans to key management personnel, defined as those having authority and responsibility for planning, directing, and controlling the activities of ATB, their close family members, and their related entities on market conditions, except for banking products and services that are subject to approved guidelines governing all employees. As at March 31, 2020, $6.9 million (2019: $7.6 million) in loans were outstanding. Key management personnel have deposits provided at standard market rates. As at March 31, 2020, $1.1 million (2019: $0.6 million) in deposits were outstanding.

No impairment losses were recorded against balances outstanding from key management personnel, and no specific allowances for impairment were recognized on balances with these personnel and their close family members. Key management personnel's compensation is disclosed in the Fiscal 2019–20 Performance and Executive Compensation section of the MD&A.

Key management personnel may also purchase achievement notes based on their role within ATB. As at March 31, 2020, $3.0 million (2019: $2.9 million) in achievement notes were outstanding to this group.

ATB's key management personnel include our named executive officers (NEOs); President and Chief Executive Officer; Senior Advisor to the CEO (former Chief Financial Officer); Chief Financial Officer; Senior EVP, ATB Business, and CEO, AltaCorp; Chief Experience Officer and Executive Vice President, Everyday Financial Services. The following table presents the compensation of ATB's Board and NEOs:

For the year ended March 31 *($ in thousands)*	**2020**	2019 (1)
Salaries and short-term incentives (2)	**$ 4,142**	$ 4,138
Pension (3)	**41**	39
Long-term incentives (4)	**3,043**	2,207
All other compensation and benefits (5)	**502**	4,982 (6)
Total	**$ 7,728**	$ 11,366

(1) In fiscal 2018–19, the NEOs consisted of the Chief Executive Officer (CEO); Chief Financial Officer; Chief Transformation Officer; President and Executive Vice President, ATB Wealth; and Chair and CEO, AltaCorp Capital Inc. As such, in fiscal 2018–19 "pension" included the annual compensatory value of the DB Plan and "All other compensation" included a completion of contract payment and benefit (in lieu of retirement benefits).
(2) Salaries and short-term incentives consist of all regular base pay earned by NEOs and Board of Directors' compensation and other direct cash remuneration. Short-term incentive plan pay for NEOs is also included and is accrued based on goal attainment for the fiscal year but is paid after the fiscal year-end.
(3) Pension includes the annual compensatory value from the Flexible Pension Plan for NEOs, based on employer contributions.
(4) Long-term incentives include the grants awarded to NEOs for the fiscal year. Payment of the grants is deferred for three fiscal years and will include appreciation or depreciation annually based on ATB's long-term risk-adjusted return on capital (RAROC) performance and depends on the NEOs' continued employment with ATB or the terms of their employment agreement.

(5) All other compensation may include the following for NEOs: perquisites, health-care spending account credits, executive health benefit, personal tax advice, relocation benefit, bonus to recognize completion of a term position, employer contributions to a registered retirement savings plan and an unfunded supplementary pension plan operating on a defined-contribution basis (DC SERP) within the CEO Pension Plan, and employer contributions to the Notional Supplemental Plan (NSP). ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the *Income Tax Act*. The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions.

(6) All other compensation and benefits for fiscal 2018–19 have increased by $42.6 from the value reported last year, to recognize additional benefits received in fiscal 2018–19.

23 Commitments, Guarantees, and Contingent Liabilities

Credit Instruments

In the normal course of business, ATB enters into various off-balance-sheet commitments to provide customers with sources of credit. These may include letters of credit, letters of guarantee and loan guarantees, and commitments to extend credit.

All of these credit arrangements are subject to ATB's normal credit standards, and collateral may be obtained where appropriate. The contract amounts represent the maximum credit risk exposure to ATB should the contracts be fully drawn and any collateral held prove to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts do not necessarily represent future cash requirements.

Letters of Credit

Standby letters of credit represent an irrevocable obligation to make payments to a third party if the customer cannot meet its financial or performance contractual obligations. In the event of a call on such commitments, ATB has recourse against the customer.

Documentary and commercial letters of credit require ATB to honour drafts presented by third parties upon completion of specific activities.

Guarantees

Guarantees also represent an irrevocable obligation to make payments to a third party in certain situations. Guarantees include contracts or indemnities that contingently require ATB to make payments (either as some asset or service) to another party based on changes in an asset, liability, or equity the other party holds; failure of a third party to perform under an obligating agreement; or failure of a third party to pay its indebtedness when due. The term of these guarantees varies according to the contracts and normally does not exceed one year. In the event of a call on such commitments, ATB has recourse against the customer.

Commitments to Extend Credit

Commitments to extend credit represent undertakings by ATB to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down and credit facilities available on a revolving basis.

The amounts presented in the current and comparative year for commitments to extend credit include demand facilities of $11.5 billion (2019: $12.0 billion). For demand facilities, ATB considers the undrawn portion to represent a commitment to the customer; however, the terms of the commitment allow ATB to adjust the credit exposure if circumstances warrant doing so. Accordingly, these demand facilities are considered to represent a lesser exposure than facilities with extended commitment terms. Credit facilities are contracted for a limited period of usually less than one year and may expire or terminate without being drawn upon. The contractual amounts of all such credit instruments are outlined in the table below:

As at March 31 *($ in thousands)*	**2020**	2019
Loan guarantees and standby letters of credit	**$ 488,885**	$ 570,678
Commitments to extend credit	**17,617,065**	18,738,476
Total	**$ 18,105,950**	$ 19,309,154

Pledged Assets

In the ordinary course of business, ATB grants a security interest in certain collateral (including securities, interest-bearing deposits with financial institutions, and loans and accounts) to the Bank of Canada in order to participate in clearing and payment systems and to have access to its facilities. ATB also pledges securities to Clearing and Depository Services Inc. in order to participate in a settlement-agent credit ring, which is outlined as follows:

As at March 31 *($ in thousands)*	**2020**	2019
Assets pledged to:		
Bank of Canada	**$ 6,023,653**	$ 428,887
Clearing and Depository Services Inc.	**16,000**	16,000
Total	**$ 6,039,653**	$ 444,887

In addition to the amounts above, ATB has pledged assets relating to certain derivative contracts and collateralized borrowing. (See Notes 11 and 16.) The increase in the assets pledged to the Bank of Canada is a result of changes made by the Bank of Canada. (See Notes 7 and 17.)

Indemnification Agreements

In the normal course of operations, ATB enters into various agreements that provide general indemnification to the other party. Examples of such agreements include service agreements, leasing agreements, clearing arrangements, and service contracts. These indemnifications may require ATB, in certain circumstances, to compensate the other party for costs incurred as a result of various contingencies.

ATB also indemnifies directors and officers, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the company. The terms of these indemnifications vary based on the contract, the nature of which prevents ATB from making a reasonable estimate of the maximum potential amount it could be required to pay to other parties. Historically, any such amounts have not been significant. No amount has been accrued in the consolidated statement of financial position in respect of such indemnifications.

Contingent Liabilities

Various actions and legal proceedings arising from the normal course of business are pending against ATB. Management does not consider the aggregate liability of these actions and proceedings to be material.

Contractual Obligations

ATB has various obligations under long-term non-cancellable contracts, which include service contracts and operating leases for buildings and equipment. The expected payments for such obligations for each of the next five fiscal years and thereafter are outlined as follows:

As at March 31 *($ in thousands)*	**2020**	2019
2020	**$ -**	$ 78,207
2021	**84,927**	39,479
2022	**43,522**	23,507
2023	**25,192**	15,349
2024	**19,120**	13,324
2025	**11,553**	12,893
Thereafter	**44,341**	46,786
Total	**$ 228,655**	$ 229,545

There were no expenses for premises and equipment operating leases charged to the consolidated statement of income for the year ended March 31, 2020 (2019: $5.7 million).

Finance Lease Commitments

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

As at March 31 *($ in thousands)*	**2020**	2019
Future minimum lease payments		
Not later than 1 year	**$ 40,313**	$ 31,096
Later than 1 year but not later than 5 years	**106,279**	105,325
Later than 5 years	**111,705**	149,032
Total future minimum lease payments	**258,297**	285,453
Less finance charges not yet due	**63,110**	79,158
Present value of finance lease commitments	**$ 195,187**	$ 206,295

24 Interest Rate Risk

Interest Rate Gap Analysis

Gap analysis involves the allocation of interest-rate-sensitive assets and interest-rate-sensitive liabilities into categories according to their maturity or repricing date. Gaps can change significantly within a short period of time. The impact of changes in interest rates on net interest income will depend upon the size and rate of change in interest rates, the size and maturity of the total gap position, and management of these positions over time. ATB actively manages its interest rate gap position to protect net interest income while minimizing risk. The following table shows ATB's interest rate gap position as at March 31:

	Term to maturity/repricing								
As at March 31, 2020 *($ in millions)*	**Fixed rate within 3 months**	**Floating rate within 3 months**	**Within 3 months**	**3 to 12 months**	**Total within 1 year**	**1 to 5 years**	**Over 5 years**	**Non-interest-rate-sensitive**	**Total**
Assets									
Cash resources and securities	**$ -**	**$ 5,824,870**	**$ 5,824,870**	**$ -**	**$ 5,824,870**	**$ -**	**$ -**	**$ 220,228**	**$ 6,045,098**
Loans	**7,726,341**	**20,768,902**	**28,495,243**	**5,436,558**	**33,931,801**	**12,786,993**	**622,898**	**(359,524)**	**46,982,168**
Other assets	**2,774,190**	**-**	**2,774,190**	**-**	**2,774,190**	**-**	**-**	**-**	**2,774,190**
Derivative financial instruments (1)	**-**	**-**	**9,422,375**	**3,120,000**	**12,542,375**	**8,046,000**	**3,611,600**	**-**	**24,199,975**
Total	**$ 10,500,531**	**$ 26,593,772**	**$ 46,516,678**	**$ 8,556,558**	**$ 55,073,236**	**$ 20,832,993**	**$ 4,234,498**	**$ (139,296)**	**$ 80,001,431**
Liabilities and equity									
Deposits	**$ 17,921,960**	**$ 321,605**	**$ 18,243,565**	**$ 5,704,072**	**$ 23,947,637**	**$ 3,256,995**	**$ 14,545**	**$ 8,154,190**	**$ 35,373,367**
Securities sold under repurchase agreements	**350,828**	**-**	**350,828**	**-**	**350,828**	**-**	**-**	**-**	**350,828**
Wholesale borrowings	**2,258,550**	**263,180**	**2,521,730**	**-**	**2,521,730**	**-**	**1,850,000**	**30,437**	**4,402,167**
Collateralized borrowings	**368,828**	**2,334,033**	**2,702,861**	**353,141**	**3,056,002**	**4,105,587**	**1,404,043**	**(20,540)**	**8,545,092**
Other liabilities	**3,054,474**	**-**	**3,054,474**	**-**	**3,054,474**	**-**	**-**	**(5,581)**	**3,048,893**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,081,109**	**4,081,109**
Derivative financial instruments (1)	**-**	**-**	**17,004,200**	**1,695,000**	**18,699,200**	**4,263,275**	**1,237,500**	**-**	**24,199,975**
Total	**$ 23,954,640**	**$ 2,918,818**	**$ 43,877,658**	**$ 7,752,213**	**$ 51,629,871**	**$ 11,625,857**	**$ 4,506,088**	**$ 12,239,615**	**$ 80,001,431**
Interest-rate-sensitive gap as percentage of assets	**$ (13,454,109)** **(16.8%)**	**$ 23,674,954** **29.6%**	**$ 2,639,020** **3.3%**	**$ 804,345** **1.0%**	**$ 3,443,365** **4.3%**	**$ 9,207,136** **11.5%**	**$ (271,590)** **(0.34%)**	**$ (12,378,911)** **(15.5%)**	

(1) Derivative financial instruments are included in this table at the notional amount.

As at March 31, 2019 ($ in millions)	Term to maturity/repricing Fixed rate within 3 months	Floating rate within 3 months	Within 3 months	3 to 12 months	Total within 1 year	1 to 5 years	Over 5 years	Non-interest-rate-sensitive	Total
Assets									
Cash resources and securities	$ -	$ 5,459,680	$ 5,459,680	$ -	$ 5,459,680	$ -	$ -	$ 218,282	$ 5,677,962
Loans	7,188,492	21,087,809	28,276,301	4,912,122	33,188,423	13,392,323	713,777	(288,799)	47,005,724
Other assets	-	-	-	-	-	-	-	1,660,465	1,660,465
Derivative financial instruments (1)	-	-	6,686,675	2,065,000	8,751,675	7,803,000	4,229,600	-	20,784,275
Total	$ 7,188,492	$ 26,547,489	$ 40,422,656	$ 6,977,122	$ 47,399,778	$ 21,195,323	$ 4,943,377	$ 1,589,948	$ 75,128,426
Liabilities and equity									
Deposits	$ 17,553,856	$ 348,968	$ 17,902,824	$ 5,890,978	$ 23,793,802	$ 4,303,442	$ 24,719	$ 7,799,986	$ 35,921,949
Wholesale borrowings	1,350,200	263,180	1,613,380	225,200	1,838,580	200,000	1,600,000	(19,514)	3,619,066
Collateralized borrowings	611,026	2,056,657	2,667,683	520,885	3,188,568	3,407,164	2,367,083	3,014	8,965,829
Other liabilities	230,875	-	230,875	-	230,875	-	-	1,623,175	1,854,050
Subordinated debentures	82,564	-	82,564	-	82,564	256,576	-	-	339,140
Equity	-	-	-	-	-	-	-	3,644,117	3,644,117
Derivative financial instruments (1)	-	-	14,729,899	755,000	15,484,899	4,601,875	697,500	-	20,784,275
Total	$ 19,828,521	$ 2,668,805	$ 37,227,225	$ 7,392,063	$ 44,619,288	$ 12,769,057	$ 4,689,302	$ 13,050,778	$ 75,128,426
Interest-rate-sensitive gap as percentage of assets	$ (12,640,029) (16.8%)	$ 23,878,684 31.8%	$ 3,195,431 4.3%	$ (414,941) (0.55%)	$ 2,780,490 3.7%	$ 8,426,266 11.2%	$ 254,075 0.34%	$ (11,460,830) (15.3%)	

(1) Derivative financial instruments are included in this table at the notional amount.

The effective yield represents the weighted-average effective yield based on the earlier of contractual repricing and maturity dates. The weighted-average effective yield for each class of financial asset and liability is shown below:

As at March 31, 2020	**Within 3 months**	**3 to 12 months**	**Total within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Total assets	**2.6%**	**2.7%**	**2.7%**	**3.0%**	**2.5%**	**2.7%**
Total liabilities and equity	**1.3%**	**1.7%**	**1.3%**	**1.4%**	**2.2%**	**1.4%**
Interest-rate-sensitive gap	**1.3%**	**1.0%**	**1.4%**	**1.6%**	**0.3%**	**1.3%**

As at March 31, 2019	Within 3 months	3 to 12 months	Total within 1 year	1 to 5 years	Over 5 years	Total
Total assets	3.8%	2.9%	3.7%	2.9%	2.6%	3.4%
Total liabilities and equity	1.8%	1.9%	1.8%	1.5%	2.5%	1.7%
Interest-rate-sensitive gap	2.0%	1.0%	1.9%	1.4%	0.1%	1.7%

Interest Rate Sensitivity

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

As at March 31 *($ in thousands)*	**2020**	2019
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	**$ 38,842**	$ 38,645
200 basis points	**74,367**	75,765
Decrease in interest rates of:		
100 basis points (1)	**(5,556)**	(50,147)
200 basis points (1)	**46,617** (2)	(117,534)

(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.

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

25 Achievement Notes

ATB sells principal at risk achievement notes to certain eligible employees as an incentive for promoting the growth of the subsidiaries of ATB that provide, or will in the future provide, services under the ATB Wealth brand name. Under this plan, eligible employees were offered an opportunity to purchase a 25-year note with a value linked to the fair market value of certain ATB subsidiaries, namely ATB Investment Management Inc, ATB Securities Inc. and ATB Insurance Advisors Inc. Holders of these notes do not have an ownership interest in ATB or its subsidiaries, nor do they have the rights of a direct holder of an interest in ATB or its subsidiaries.

Each note-holder is entitled to:

- Receive a cash payment at maturity representing the then-current value of the note;
- Submit a request to sell notes during the annual transaction window (subject to a three-year vesting period and additional restrictions on ATB Wealth executives); and
- Receive cash distributions, if any, based on the formula set out in the note.

Upon an employee's termination, a designated affiliate of ATB has the right, but not the obligation, to acquire notes from the employee at the price applicable at the termination date.

The notes are not guaranteed under the deposit guarantee provided by the Crown in right of Alberta, and there is the risk, if the fair market value of the ATB subsidiaries specified above decreases, that the note-holder will lose some or all of the original investment. There is no public market for these notes, and the valuation of the ATB subsidiaries specified above is based on a model prepared by an external consultant.

During the year, ATB issued $3.6 million (2019: $3.3 million) of these notes, which are recorded in other liabilities in the consolidated statement of financial position. During the current year, $6.5 million (2019: $5.5 million) of the notes were redeemed. Income of $9.1 million (2019: $2.1 million expense) was recognized during the year to reflect the decrease in achievement notes outstanding, offset by an increase in the fair value of the notes based on their valuation as at March 31, 2020. As at March 31, 2020, the liability for these notes was $55.2 million (2019: $63.1 million). During the year, $4.9 million (2019: $4.1 million) in distribution payments were accrued for payment to achievement note-holders.

26 Capital Management

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

As a Crown corporation, ATB and its subsidiaries operate under a regulatory framework established pursuant to the *ATB Act, ATB Regulation,* and *Capital Requirements* guideline. ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the Government of Alberta's President of Treasury Board and Minister of Finance. 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 allowance for loan losses, and notional capital. Wholesale borrowings became eligible as Tier 2 capital as of December 2015 as a result of an amendment to the capital requirements guideline. Effective March 31, 2020, the limit was increased by $2.0 billion to $9.0 billion. Effective March 30, 2009, $600 million of notional capital was made available to ATB. This amount reduces by 25% of net income each quarter. Effective April 1, 2017, software and other intangibles were deducted from total capital.

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

As at March 31 *($ in thousands)*	**2020**	2019
Tier 1 capital		
Retained earnings	**$ 3,752,651**	$ 3,652,955
Tier 2 capital		
Eligible portions of:		
Subordinated debentures (1)	**-**	124,727
Wholesale borrowings	**2,018,480**	1,853,760
Collective allowance for loan losses	**315,453**	189,894
Notional capital	**74,276**	99,199
Total Tier 2 capital	**$ 2,408,209**	$ 2,267,580
Deductions from capital		
Software and other intangibles	**308,819**	302,865
Total capital	**$ 5,852,041**	$ 5,617,670
Total risk-weighted assets	**$ 38,803,887**	$ 37,441,480
Risk-weighted capital ratios		
Tier 1 capital ratio	**9.7%**	9.8%
Total capital ratio	**15.1%**	15.0%

(1) On December 18, 2019, ATB repaid all its subordinated debentures.

27 Shares

ATB's subsidiary, AltaCorp Capital Inc., issues share capital as follows:

(a) Authorized:
Unlimited number of Class A voting common shares without nominal or par value and
Unlimited number of Class B non-voting common shares without nominal or par value

Effective March 31, 2020, ATB purchased all of the Class B shares in AltaCorp. (See Note 28.)

(b) Issued:

(in thousands)	**Shares**	**Value**
Class A shares		
Balance as at March 31, 2019	**3,386**	**$ 4,414**
Shares issued during the year	**-**	**-**
Balance as at March 31, 2020	**3,386**	**$ 4,414**

(in thousands)	**Shares**	**Value**
Class B shares		
Balance as at March 31, 2019	**2,493**	**$ 1,978**
Shares issued during the year	**100**	**230**
Shares repurchased during the year	**(266)**	**(555)**
Share purchase loan	**-**	**-**
Balance as at March 31, 2020	**2,327**	**$ 1,653**

28 Business Combinations

Significant Acquisitions

AltaCorp Capital Inc.

On January 2, 2018, ATB acquired 100% of the voting shares of AltaCorp Capital Inc. (AltaCorp), a full-service brokerage firm that provides advisory and institutional financial services. The acquisition, which required no cash consideration, was made possible by AltaCorp repurchasing and extinguishing the remaining outstanding voting shares. Effectively, ATB's total ownership in AltaCorp increased from 29.7% to 56.8% at acquisition and has been accounted for using the acquisition method. Effective March 31, 2020, ATB purchased all of the employee-owned

Class B shares in AltaCorp. As such, ATB's total ownership increased to 100% from 57.6% this time last year. (See Note 27.)

(See Note 30 for the operating revenue and net income earned by AltaCorp since acquisition. No acquisition-related costs were incurred. ATB expects the full amount of the acquired receivables to be collected.)

The following table summarizes the information relating to ATB's non-controlling interests (NCI):

As at March 31 *($ in thousands)*	**2020**	2019
NCI percentage	**0.0%**	42.4%
Net assets	**$ 1,341**	$ 3,037
Net assets attributable to NCI	**-**	1,288
Operating revenue	**$ 19,920**	$ 20,002
Net loss	**(1,360)**	(614)
Other comprehensive income	**-**	-
Total comprehensive loss	**$ (1,360)**	$ (614)
Net loss allocated to NCI	**$ (1,442)**	$ (247)
Other comprehensive income allocated to NCI	**-**	-
Cash flows used in operating activities	**$ -**	$ (1,850)
Cash flows used in investing activities	**-**	(282)
Cash flows provided by financing activities	**-**	1,729
Net decrease in cash	**$ -**	$ (403)

The following table summarizes the information relating to the purchase of the employee-owned Class B shares:

As at March 31, 2020 *($ in thousands)*	
Carrying amount of NCI acquired	**$ 2,872**
Consideration paid to NCI	**5,237**
Decrease in equity attributable to ATB ownership in AltaCorp	**$ 2,365**

A contingent liability for $1.3 million was recorded to other liabilities that will be paid by ATB depending on AltaCorp's 2021 fiscal year results.

Grow Technologies Inc. (Grow)

On November 5, 2019, ATB acquired substantially all of the assets of Grow. Grow is a fintech company that provides a software-as-a-service solution and tools to aggregate financial data and allow customers to monitor their financial health. The cost of the acquisition was $20.0 million, with $1.0 million held in trust. No acquisition-related costs were incurred.

The following table summarizes the consideration paid, the assets acquired, and residual goodwill based on the finalized purchase price allocation. The fair values are measured based on observable market inputs, which include recent market transactions of comparable companies:

As at November 5, 2019 *($ in thousands)*	
Consideration paid	**$ 20,000**
Assets acquired	
Property and equipment	**55**
Software and other intangibles	**13,100**
Goodwill	**$ 6,845**

29 Revenue

Disaggregation of Revenue

The following tables disaggregate fee and commission income by fee types and area of expertise (AoE) and reflect the nature and amount of revenue collected in accordance with IFRS 15. (See Note 30 for more on ATB's segmented information.)

($ in thousands)	**Everyday Financial Services (1) (2)**	**Business and Agriculture (2)**	**Corporate Financial Services**	**ATB Wealth**	**AltaCorp Capital Inc.**	**Strategic service units**	**Total**
March 31, 2020							
Wealth management	**$ -**	**$ -**	**$ -**	**$ 223,183**	**$ -**	**$ (1,752)**	**$ 221,431**
Service charges	**53,026**	**16,545**	**5,451**	**712**	**-**	**(271)**	**75,463**
Card fees	**31,062**	**30,536**	**2,225**	**1,243**	**-**	**37**	**65,103**
Credit fees	**267**	**6,102**	**38,481**	**10**	**-**	**5**	**44,865**
Insurance	**21,658**	**3,330**	**-**	**2**	**-**	**(3)**	**24,987**
Capital markets revenue	**-**	**-**	**-**	**-**	**20,275**	**-**	**20,275**
Sundry	**7**	**4**	**3,334**	**2,687**	**-**	**(32)**	**6,000**
Total revenue from contracts with customers	**$ 106,020**	**$ 56,517**	**$ 49,491**	**$ 227,837**	**$ 20,275**	**$ (2,016)**	**$ 458,124**
Other non-contract fee income	**7,546**	**4,992**	**41,260**	**120**	**233**	**20,354**	**74,505**
Total other income	**$ 113,566**	**$ 61,509**	**$ 90,751**	**$ 227,957**	**$ 20,508**	**$ 18,338**	**$ 532,629**

($ in thousands)	Everyday Financial Services (1) (2)	Business and Agriculture (2)	Corporate Financial Services	ATB Wealth	AltaCorp Capital Inc.	Strategic service units	Total
March 31, 2019							
Wealth management	$ -	$ -	$ -	$ 208,736	$ -	$ (4,257)	$ 204,479
Service charges	39,408	30,435	5,461	644	-	411	76,359
Card fees	26,832	39,498	-	116	-	49	66,495
Credit fees	87	6,019	38,669	4	-	307	45,086
Insurance	20,733	3,289	-	14	-	(14)	24,022
Capital markets revenue	-	-	-	-	20,256	-	20,256
Sundry	24	5	2,902	2,672	2,018	(2,712)	4,909
Total revenue from contracts with customers	**$ 87,084**	**$ 79,246**	**$ 47,032**	**$ 212,186**	**$ 22,274**	**$ (6,216)**	**$ 441,606**
Other non-contract fee income	5,337	3,703	38,870	(30)	3	1,350	49,233
Total other income	**$ 92,421**	**$ 82,949**	**$ 85,902**	**$ 212,156**	**$ 22,277**	**$ (4,866)**	**$ 490,839**

(1) Effective June 26, 2019, Retail Financial Services relaunched as Everyday Financial Services (EFS) to better describe the changing work and focus of this group.
(2) Effective April 2019, EFS includes ATB 360. Results for the year ended March 31, 2019, were not restated for ATB 360. Previously ATB 360 was reported under B&Ag.

30 Segmented Information

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

- **Everyday Financial Services** provides service and support for all personal and digital business customers through our retail branches, agencies, entrepreneur centres, mortgage and broker services, and Client Care (call centre) distribution channels.
- **Business and Agriculture** provides financial services to independent business and agricultural customers.
- **Corporate Financial Services** provides financial services to mid-sized and large corporate borrowers.
- **ATB Wealth** provides wealth management solutions, including retail brokerage, mutual funds, portfolio management, investment advice, and private banking.
- **AltaCorp Capital Inc.** provides advisory and institutional financial services, including corporate mergers and acquisitions, equity financings, debt capital markets, acquisitions and divestitures, equity research, sales and trading, market making, and private wealth management.

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 functional groups.

On January 20, 2020, we announced changes to our structure, which will merge three channels into one operating model to provide value to our business customers. In fiscal 2020–21, ATB Business will be created, which combines Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and AltaCorp Capital Inc., and provides financial advisory services to mid and large-sized businesses, corporations, and agricultural customers.

Basis of Presentation

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

Net interest income is attributed to each AoE according to ATB's internal funds transfer pricing (FTP) system, whereby assets earn net interest income to the extent that external revenues exceed internal FTP expense, and liabilities earn net interest income to the extent that internal FTP revenues exceed external interest expenses. Provision for loan losses are allocated based on the loans the AoE has issued, and is determined based on the methodology outlined in Notes 2 and 10.

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

($ in thousands)	**Everyday Financial Services (1) (2)**	**Business and Agriculture (2)**	**Corporate Financial Services**	**AltaCorp Capital Inc.**	**ATB Wealth**	**Strategic services units**	**Total**
March 31, 2020							
Net interest income	**$ 489,800**	**$ 279,597**	**$ 329,918**	**$ 448**	**$ 21,386**	**$ 73,040**	**$ 1,194,189**
Other income	**113,566**	**61,433**	**90,751**	**20,508**	**227,957**	**18,414**	**532,629**
Total operating revenue	**603,366**	**341,030**	**420,669**	**20,956**	**249,343**	**91,454**	**1,726,818**
Provision for loan losses	**84,638**	**87,228**	**211,237**	**-**	**2,877**	**-**	**385,980**
Non-interest expenses (3)	**555,621**	**224,050**	**136,495**	**26,732**	**229,622**	**35,735**	**1,208,255**
(Loss) income before payment in lieu of tax	**(36,893)**	**29,752**	**72,937**	**(5,776)**	**16,844**	**55,719**	**132,583**
Payment (recovery of) in lieu of tax	**-**	**-**	**-**	**(171)**	**13,944**	**16,902**	**30,675**
Net (loss) income	**$ (36,893)**	**$ 29,752**	**$ 72,937**	**$ (5,605)**	**$ 2,900**	**$ 38,817**	**$ 101,908**
Total assets	**$ 25,566,346**	**$ 7,337,176**	**$ 15,329,501**	**$ 25,037**	**$ 1,096,125**	**$ 6,447,271**	**$ 55,801,456**
Total liabilities	**15,714,736**	**7,412,666**	**11,032,211**	**21,837**	**1,126,753**	**16,412,144**	**51,720,347**

($ in thousands)	Everyday Financial Services (1) (2)	Business and Agriculture (2)	Corporate Financial Services	AltaCorp Capital Inc.	ATB Wealth	Strategic services units	Total
March 31, 2019							
Net interest income	$ 442,268	$ 335,756	$ 338,066	$ 511	$ 16,179	$ 59,020	$ 1,191,800
Other income (loss)	92,421	82,949	85,902	22,277	212,156	(4,866)	490,839
Total operating revenue	534,689	418,705	423,968	22,788	228,335	54,154	1,682,639
Provision for loan losses	46,818	148,307	138,675	-	4,345	-	338,145
Non-interest expenses (3)	502,937	270,597	137,161	22,230	206,810	24,435	1,164,170
(Loss) income before payment in lieu of tax	(15,066)	(199)	$148,132	558	17,180	29,719	180,324
Payment in lieu of tax	-	-	-	17	12,724	28,888	41,629
Net (loss) income	$ (15,066)	$ (199)	$ 148,132	$ 541	$ 4,456	$ 831	$ 138,695
Total assets	$ 23,344,544	$ 7,774,939	$ 14,036,096	$ 42,334	$ 994,842	$ 8,151,396	$ 54,344,151
Total liabilities	12,845,125	9,133,732	10,741,203	34,182	1,015,807	16,929,985	50,700,034

(1) Effective June 26, 2019, Retail Financial Services relaunched as Everyday Financial Services (EFS) to better describe the changing work and focus of this group.
(2) Effective April 2019, EFS includes ATB 360. Results for the year ended March 31, 2019, were not restated for ATB 360. Previously ATB 360 was reported under B&Ag.

(3) Certain costs are allocated from the SSUs to the AoE. The allocation method, revised annually, creates fluctuations in ATB's segmented results.

31 Subsequent Events

The continued worldwide spread of the COVID-19 pandemic, combined with the collapse of oil prices, has profoundly impacted financial markets, commodity prices, and, most importantly, our customers. While it is too early to determine the impacts of either, both developments are expected to affect our operations and financial results—from how we issue and price our loans to determining expected credit losses plus additional costs to support not only our team members and branches, but our customers.

Particularly related to COVID-19, we have provided customers with relief options, through waived payments or reduced interest options, and we participate in the government relief programs provided provincially and federally.

32 Comparative Amounts

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

Glossary

Achievement note	A long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Wealth. Achievement notes have benefits similar to those of equity purchase plans in place for many wealth management companies across Canada, but they also have important features that are unique to ATB.
Allowance for loan losses	A total allowance that represents management's best estimate of expected losses for both performing and impaired loans that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month and lifetime horizon or the discounted contractual cash shortfall expected over the remaining lifetime.
Area of expertise (AoE) direct contribution	Revenue generated by AoE minus expenses incurred by the AoE. Includes expenses related to the AoE's normal operating activities and does not include corporate allocations. Corporate allocations would include general overhead expenses that the AoE benefits from, including head office building expenses or shared services such as Brand and Corporate Finance.
Assets-to-capital multiple	Total assets divided by total capital.
Assets under administration	Assets that are beneficially owned by customers for which ATB provides management and custodial services. These assets are not reported on ATB's balance sheet.
Average assets	The average of the daily total asset balances during the year.
Average interest-earning assets	The daily average for the year of deposits with financial institutions, securities, and loans, including impaired loans and provision for loan losses.
Average risk-weighted assets	The monthly average value of assets calculated by applying a prescribed risk-weighted factor to on- and off-balance-sheet asset exposures.
Basis point	One one-hundredth of one percent (0.01%).
Carrying value	The value of an asset or liability as reported within the consolidated financial statements.
Cash flow at risk	The statistically modelled change in replacement costs, relative to a particular expectation, that could occur due to the impact of market risks on a specified set of financial instruments (bonds, swaps, investments, etc.), over a particular time period and selected confidence level.
Clean price	The fair value of assets, excluding accrued interest.
Collateral	Assets pledged as security for a loan or other obligation.
Credit risk	The risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB.
Customer advocacy index (CAI)	The standard metric ATB uses to measure a client's willingness to continue to bank with ATB and to recommend ATB to others, allowing us to benchmark ourselves against other financial institutions in Alberta.
Derivative or derivative contract	A contract whose value changes by reference to a specified underlying variable, such as interest rates, foreign-exchange rates, or equity or commodity prices. Use of derivatives allows for the mitigation of current or expected risks relating to these variables. Derivatives typically require little or no initial net investment and are settled at a future date. The most common types of derivatives ATB uses include interest rate swaps, foreign-exchange and commodity forwards, and futures contracts.
Economic capital	ATB's own assessment of the capital it needs at a given confidence level over one year. It is used to estimate the true capital required to underpin the risks in ATB's balance sheet, and for risk-adjusted pricing for the areas of expertise. It is also used for risk budget quantification and optimizing balance sheet assets based on risk-adjusted return and risk appetite. It is calculated by aggregating a credit risk capital calculation (using internal and external data), operational risk, and other comprehensive risks as per the Internal Capital Adequacy Assessment Process.
Effective interest rate (EIR)	A rate that discounts estimated future cash payments or receipts over the expected life of a financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset or liability.
Efficiency ratio	Non-interest expenses for the year divided by total operating revenue for the year. May be referred to as the "productivity ratio" by other financial institutions.
Embedded derivative	A component of a financial instrument or other contract with features similar to a derivative.
Fair value	The amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's-length transaction.
Financial instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset/liability is the right to receive/deliver cash or another financial asset or the right to exchange financial instruments with another party under favourable or unfavourable conditions. An equity instrument is a contract that represents a residual interest in another entity's assets.
Foreign-exchange forward contract	A commitment to buy or sell a fixed amount of foreign currency on a future specified date at a set rate of exchange.
Foreign-exchange risk	The potential risk of loss resulting from fluctuations in foreign-exchange rates. It arises from the existence of a net asset or liability position denominated in foreign currencies and/or a difference in maturity profiles for purchases and sales of a given currency.

Forwards and futures	Commitments to buy or sell designated amounts of securities, commodities, or currencies on a specified date at a predetermined price. Forwards are customized contracts transacted in the over-the-counter market. Futures are traded on recognized exchanges.
Fund management fees	Fees earned from funds or investors for providing, or arranging for, investment decisions, management of funds, and distribution and sales of fund units. The amount earned is linked to portfolio value and is received monthly.
Funds transfer pricing (FTP)	An internal allocation process used to calculate the profitability of the areas of expertise and isolate them from interest rate risk.
Growth in assets under administration	The current year's assets under administration less the previous year's assets under administration, divided by the previous year's assets under administration.
Hedging	A risk management technique used to reduce uncertainty associated with current or anticipated exposure to future movements in interest rates, foreign-exchange rates, and equity or commodity prices.
High-quality liquid assets (HQLA)	Instruments that are free of any restrictions on liquidating, selling, or transferring. They are eligible for large-value transfer system (LVTS) collateral at the Bank of Canada and are low risk, so they can easily be converted into cash at little or no loss in value.
Impaired loan	A loan for which there is no longer reasonable assurance of the timely collection of principal or interest.
Income before provision for loan losses	All ATB revenue (operating revenue) minus non-interest expenses (operating expenses). Does not include payment in lieu of taxes or loan loss provision expenses.
Interest rate floor	A contract whereby the buyer pays the seller a premium in exchange for the payment of any difference below a set strike interest rate and the prevailing market interest rate on predetermined dates.
Interest rate gap	A measure of net assets or liabilities by future repricing date.
Interest rate risk	The potential for financial loss arising from changes in interest rates in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.
Letter of credit	ATB's guarantee of payment to an interested third party in the event the client defaults on an agreement.
Letter of guarantee	A contract issued by ATB for a client to purchase goods from a supplier, even if the client defaults.
Liquidity coverage ratio (LCR)	HQLA divided by total net cash outflows over the next 30 calendar days. LCR is designed to ensure sufficient liquid assets are on hand to endure a short-term liquidity stress scenario over 30 calendar days. Under normal conditions, the LCR should be no lower than 100%.
Liquidity risk	The risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or force the sale of assets. As with other similar financial institutions, ATB's risk arises from fluctuations in cash flows from lending, deposit-taking, investing, and other activities. These commitments are generally met through cash flows supplemented by investment assets readily convertible to cash or through our capacity to borrow.
Loan losses to average loans	The provision for loan losses divided by average net loans.
Loss given default (LGD)	The loss incurred when a borrower defaults on a loan. This is typically a percentage of the exposure at risk that is not expected to be recovered in the event of default.
Market risk	The risk that a loss may be incurred as a result of adverse changes in interest rates, foreign-exchange rates, and equity or commodity market prices.
Mortgage-backed securities	Securities established through the securitization of residential mortgage loans.
Net income	Income after the removal of payment in lieu of tax.
Net interest income	The difference between interest earned on assets, such as securities and loans, and interest paid on liabilities, such as deposits and wholesale and collateralized borrowings.
Net interest margin	The ratio of net interest income for the year to the value of average interest-earning assets for the year.
Net loans	Gross loans less the allowance for loan losses.
Net loan growth	Net loans outstanding at year-end less net loans outstanding at the previous year-end, divided by net loans outstanding at the previous year-end.
Notional amount	The principal value used to calculate interest and other payments under derivative contracts. The amounts are termed "notional" because they are not usually exchanged, except in the case of cross-currency swaps; they serve only as the basis for calculating amounts that do change hands.
Off-balance-sheet instruments	Assets or liabilities that are not recorded on the balance sheet but have the potential to produce future positive or negative cash flows. Various products offered to clients can be classified as "off balance sheet," and they fall into two general categories: credit-related arrangements, such as letters of credit and letters of guarantee, and the notional amount of derivatives.
Operating expense growth	The current year's non-interest expenses less the previous year's non-interest expenses, divided by the previous year's non-interest expenses.
Operating revenue growth	The current year's total operating revenue less the previous year's total operating revenue, divided by the previous year's total operating revenue.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. It includes legal risk, but not strategic or reputational.
Option	A contract between two parties whereby the buyer of the option has the right but no obligation to buy (call) or sell (put) a specified financial instrument or currency at a set price or rate on or before a specified future date or on a series of specified future dates.

Other income to operating revenue	Other income for the year divided by operating revenue for the year.
Performing loans	Net loans, excluding the impacts of impaired loans and provisions for loan losses.
Performing loan growth	Performing loans outstanding at year-end less performing loans outstanding at the previous year-end, divided by performing loans outstanding at the previous year-end.
Probability of default (PD)	The likelihood that a borrower will not be able to make scheduled repayments.
Project Finance advisory fees	Fees generated by the Project Finance team on advisory projects for external third-party ATB clients looking to structure a deal/bid for a project.
Provision for loan losses	An expense representing management's best estimate of expected losses for both performing and impaired loans that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month or lifetime horizon or the discounted contractual cash shortfall expected over the remaining lifetime.
Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) *ATB Act* and *ATB Regulation* and guidelines, and (b) other laws, rules, regulations, and prescribed practices applicable to ATB in any jurisdiction in which it operates.
Reputational risk	The potential that negative stakeholder impressions, whether true or not, regarding ATB’s business practices, actions, or inaction, will or may cause deterioration in ATB’s value, brand, liquidity, customer base, or relationship with its owner.
Return on average assets	Net income for the year divided by average total assets for the year.
Return on average risk-weighted assets	Net income for the year divided by average risk-weighted assets for the year.
Risk-adjusted return on capital (RAROC)	A relative performance measure that provides a standardized comparison across different investments, areas of expertise, and financial institutions. It compares their net income, adjusted for risk, to its estimated losses in a worst-case scenario.
Securities purchased under reverse repurchase agreements	The purchase of securities for cash and the concurrent sale of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securities sold under repurchase agreements	The cash sale of securities and the concurrent repurchase of the securities for value at a later date. Normally, such transactions are not considered economic sales and consequently are treated as collateralized financing transactions.
Securitization	The process by which a pool of financial assets, mainly loans, are converted into asset-backed securities and transferred to a trust that normally issues a series of asset-backed securities to investors to fund the purchase of loans.
Standby fees	Fees charged monthly, quarterly, or annually to a customer based on the average unused portion of their loan commitment. They can arise on any loan, including syndicated loans.
Swaps	A contractual agreement between two parties to exchange a series of cash flows. For interest rate swaps, counterparties generally exchange fixed- and floating-rate interest payments based on a notional amount in a single currency. For cross-currency swaps, counterparties generally exchange one currency for another, at a set date.
Syndication fees	Fees associated with syndicated loans, where ATB, but not the lead syndicate, participates with other financial institutions to fund a loan to a customer.
Tier 1 capital	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 asset growth	Total assets outstanding at year-end less total assets outstanding at the previous year-end, divided by total assets outstanding at the previous year-end.
Total deposit growth	Total deposits outstanding at year-end less total deposits outstanding at the previous year-end, divided by total deposits outstanding at the previous year-end.
Trailer fees	Fees earned from asset management companies for providing advice to clients who hold investments in the mutual funds. The amount earned is linked to portfolio value and received quarterly.
Underwriting fees	Fees earned when AltaCorp is agent/underwriter in distributing the securities of issuers.
Yield curve	A graph curve showing the return of a fixed-interest security against the term to maturity.