ATB

2021 Annual Report

Built to help Albertans—then, now, and always

There has never been a more powerful demonstration of the strength and resiliency of Albertans than what we witnessed over the past year. In the face of an ongoing global health crisis and the resulting economic impacts, the people of this province found ways to stay connected—offering each other support, encouragement, and hope when it was needed most.

ATB is grateful to have played a part in helping Albertans navigate their way through the uncertainty and challenges of 2020. We focused first on the health and safety of our team members and our clients while building solutions to address the most urgent needs of our clients and our communities. Since then, we've continued to uplift Albertans, their businesses, and their communities whenever and wherever we can.

Our commitment to Albertans is at the centre of everything we do. It's why we've encouraged people to imagine what's possible and why we've nurtured the entrepreneurial spirit of Albertans. It's why we've supported local, seeded ingenuity, and spurred innovation both before and during the pandemic. And it's what we'll continue to do to keep Albertans moving toward the better days ahead. We know those days will come—and we'll be here to help Albertans embrace the possibilities that come with them.

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Message from President and CEO Curtis Stange

The act of reflection is powerful. It causes you to pause and assess what you've accomplished and, even more importantly, what you have learned. For ATB, this past year has been one of reflection and substantial growth—both as individuals and as the leaders and team members of Alberta's largest financial institution.

We are living in a new Alberta, shaped by a global pandemic, oil price and market volatility, and meaningful social movements. To say this is a fluid time is a massive understatement. However, ATB was built to help Albertans, and that calling was just as strong this year as it was when we were first created in 1938. Over the decades, we've transformed people's understanding of what banking can—and should—make possible.

When the pandemic hit, we knew we could make a difference during one of the biggest challenges of our generation. With creativity and empathy, our team members connected with thousands of clients across the province. We helped Albertans and their businesses diversify and adapt to changing economic conditions by providing personalized financial advice and solutions. Knowing the urgency our clients were facing, we quickly became experts in deploying a suite of government relief programs. ATB was one of the first banks in Canada to automate federal support payments with digital end-to-end processes. For our clients, that meant accessing their funds in days, not weeks, to be able to better navigate their new path forward.

> "While this past year may have challenged us in all aspects of our lives, more than anything, it has strengthened our resolve... ATB was built to help Albertans, and that commitment holds true as we look to the brighter future we know lies ahead."
>
> Curtis Stange, President and CEO

For some, finding their footing on that new path has been a challenge. The impacts of COVID-19 are being felt very differently by each industry, organization, and individual. In the midst of so much uncertainty, ATB pledged to do more and focused on the many ways we could make a difference. We committed to being in business for the greater good and helping to raise the overall well-being of Albertans. We found new ways to uplift mental wellness for youth and first responders, we helped to make home ownership a reality for Alberta families in need, and we partnered with United Way for on-the-ground emergency support during this volatile time.

As an organization, we recognized that our team members needed more of our support as well. While they were navigating new working environments—on the front line with personal protective equipment and at home in virtual offices—we needed to find ways to make it all possible: work, childcare, school, family, and countless other commitments. Our own resilience was tested and retested.

Along with our physical safety, we needed to address our mental health. As an organization, we introduced a new employee and family assistance program and digital resiliency tools, and we added additional wellness days for our team members to disconnect and recharge. We also reflected on our own diversity and inclusion and the need to continue building a psychologically safe workplace. The best way to create change is to set a clear intention. We commit to mitigating bias, breaking down barriers, and simply being better for our Black, Indigenous, and otherwise racialized communities and team members. We are challenging ourselves to become an organization where all team members belong and are part of #OneATB. And the power of #OneATB is undeniable.

I am truly thankful for our more than 5,000 team members who continue to display resilience and optimism and carry the unwavering belief that anything is possible. It is because of them that ATB is in our current position of strength and can continue to help guide the province back to prosperity.

While this past year may have challenged us in all aspects of our lives, more than anything, it has strengthened our resolve. Alberta, with its broad diversity in both people and landscapes, is in a unique and strong position for economic recovery. We are known for our tremendous wealth of resources, our market access, and our low cost of doing business. Alberta's unique attributes are more than robust enough to compete within our borders and well beyond, and there are many reasons to be optimistic about our future. As a province, we are already on track to recover some of the lost ground from the global pandemic and oil-price crash, and we can feel the momentum building.

As Alberta's bank, we are confident we can be a catalyst for growth. Our clients are counting on us to be experts in our field, dependable providers of advice and solutions, and ready for a new digital economy. We are at an inflection point as an industry. The rapid advancements in technology, increased use of artificial intelligence, new and innovative regulations, and changing expectations of consumers and business owners are all converging, resulting in disruption like we've not experienced before. And at ATB, we are ready for it.

While our financial results are certainly impressive—outstanding, in fact—our success is a testament to the dedicated ATB team members who are obsessed with making it possible.

ATB was built to help Albertans, and that commitment holds true as we look to the brighter future we know lies ahead.

Curtis Stange
President and CEO

> “When fiscal year 2021 began... ATB showed up, as it has throughout its 82-year history—providing stability and being the place where our clients could come for support and advice.”
>
> Joan Hertz, Chair of the Board

Message from Board Chair Joan Hertz

Ignis aurum probat, miseria fortes viros.
Fire tests gold; adversity tests the strong.
—Seneca

The COVID-19 pandemic has tested the strength of ATB, Albertans, and people from across the country and around the world. This test of strength has not come in equal measure, but we’ve all been affected.

This past year has been filled with stories of hope where clients, when faced with challenges, were able to look to ATB for help. It is times like these that the true nature of ATB comes through—we understand Alberta and our clients—and that there is no one size fits all. Whether we were helping a tech company finance an expansion in the early days of the pandemic, doing a consolidation loan for a family whose father was recovering from cancer, or providing lunch for truckers on Highway 2, ATB existed to make it possible.

When fiscal 2021 began, the pandemic was in its early stages and things looked bleak for Alberta. We were living through the steep decline in crude oil prices along with dealing with the implications of the public health measures required to slow the spread of the virus. During this dark time, ATB showed up, as it has throughout its 82-year history—providing stability and being the place where our clients could come for support and advice.

We took a proactive approach and reached out to our clients. We knew that it wouldn't be the same solution for everyone. Some needed reassurance, some needed more complex advice, and, sadly, some needed to make difficult decisions. ATB was there beside our clients, using our in-depth knowledge of Alberta and keeping our clients at the centre of our decisions. Together, we helped them make the best decisions for their financial future.

Our investments in technology paid off as well. Clients told us they needed quick and technologically advanced help—and we delivered. Riding on ATB's foundations in technological systems and artificial intelligence, ATB excelled at quickly enabling our clients to apply for government support programs. There were great stories of clients applying for the Canada Emergency Business Account (CEBA) on a Monday who saw funds in their accounts by Friday. Technology was available to team members to transition to working from home and enable them to serve our clients in new ways. Whether it was for our clients or our team members, ATB was able to show up and make it possible.

> "The road beyond the pandemic is not certain, but it is getting clearer. We are optimistic about the recovery of the economy, and ATB will be here—working with you to make it possible."
>
> Joan Hertz, Chair of the Board

This past year, boards across the world were challenged by massive waves of change in the areas of diversity and inclusion; environmental, social, and governance (ESG); and exponentially expanding advances in data and technology, to name a few. Our Board provided leadership, and we dedicated ourselves to continuous learning and improvement on these key challenges.

Because our Board takes ESG seriously, we have adopted the position that ATB is dedicated to making it possible for our clients, team members, and communities across industries and perspectives. Through a uniquely Alberta and ATB way, we are committed to ESG principles and creating long-term value through our environmental, social, governance, and economic considerations.

I want to thank the ATB Board for their hard work and dedication this past year. With their diverse backgrounds and depth of knowledge, the Board and our leadership team—led by our CEO, Curtis Stange—helped guide ATB through the challenges we faced. This year in June, Todd Pruden will be retiring from the Board, and I wish to thank him for his service and dedication to making ATB what it is today.

I also want to thank ATB team members for all their hard work. Through their dedication and perseverance, ATB has been able to deliver on our purpose, which is to make it possible for our clients. Fiscal 2021 was a very challenging year, but I will remember it as a year when our team delivered—a stabilizing force for Alberta, a trusted source of advice for our clients, and results for our owner.

The road beyond the pandemic is not certain, but it is getting clearer. We are optimistic about the recovery of the economy, and ATB will be here, working with you to make it possible.

Joan Hertz
Chair of the Board

> “For ATB, this past year has been one of reflection and substantial growth—both as individuals and as the leaders and team members of Alberta’s largest financial institution.”
>
> 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

Tara Lockyer
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

> “In the midst of so much uncertainty, ATB pledged to do more and focused on the many ways we could make a difference. We committed to being in business for the greater good and helping to raise the overall well-being of Albertans.”

Curtis Stange, President and CEO

Business Highlights

Numbers help demonstrate how we’ve worked to make things possible for Albertans. Here are a few highlights of how we were able to step up over the past year for our communities, the economy, and the greater good of our province.

$18.9B

Invested in Alberta’s growth with $18.9 billion in new and renewed lending

$1.8B

Achieved $1.8 billion in operating revenue

$1.3B

Distributed over $1.3 billion in government loans

Raised $811,000 this year alone for United Way and Teddy for a Toonie

Raised $7.2 million for charities through ATB Cares

Partnered with Albertans to donate $125,000 to elevate the well-being of Albertans through the ATB Up campaign

Delivered virtual Junior ATB to 61 schools across Alberta

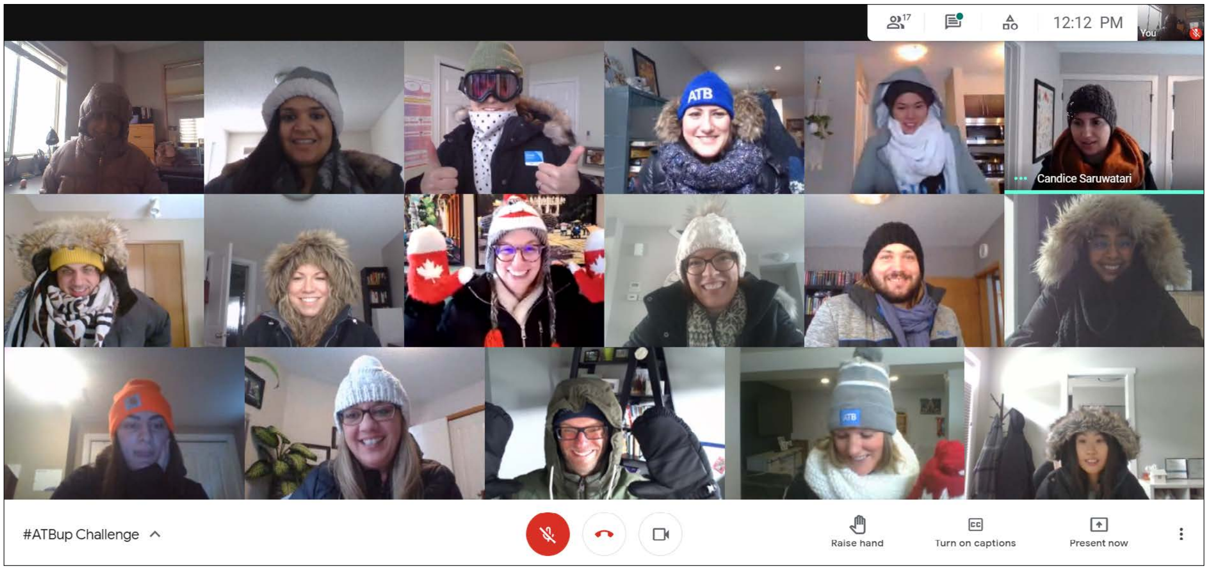
$3M

Supported nearly 200 charities with $3 million in donations

Received 8 awards from Great Place to Work® Canada

Our commitment to helping Albertans has never been more needed or more important than in the face of a global health crisis. We are grateful to our team members for everything they have done to support our clients and grateful to our clients for their faith in us.

Our Corporate Social Responsibility



ATB team members taking part in the "layer up" challenge, part of the ATB Up campaign to promote and raise funds for mental health.

The Greater Good has never been more important

Our unshakeable commitment to helping Albertans through tough times has guided us from the start. That commitment became even more important as the global pandemic and ongoing economic uncertainty impacted communities in unpredictable ways. Our corporate social responsibility (CSR) efforts adapted and intensified over the past year to address the challenges created by the pandemic's impact on our province.

This commitment has evolved into our Greater Good strategy to uplift the well-being of Albertans during the pandemic and beyond. The development of this strategy was guided by a data-driven framework created by the Social Progress Imperative called the Social Progress Index. Our Greater Good strategy focuses on three key elements of the index that were identified as the most pressing challenges facing Albertans:

- Access to mental health supports;
- Access to education; and
- Access to information and communications.

ESG factors are important to a successful and sustained recovery in Alberta and, along with our Greater Good strategy, are integral to our CSR efforts. We are seeing ESG increasingly incorporated into corporate, investor, and policy decision-making as clients and investors expect a new level of transparency.

We recognize that ATB is in a unique position; we aim to support traditional and renewable industries and become an organization that helps solve major societal challenges, all while operating with exceptional governance.

"Because our Board takes ESG seriously, we have adopted the position that ATB is dedicated to making it possible for our clients, team members, and communities across industries and perspectives," says Joan Hertz, ATB Board Chair. "In a uniquely Albertan and ATB way, we are committed to ESG principles and creating long-term value through our environmental, social, governance, and economic considerations." These principles will become an even stronger focus for us as we continue to uplift the financial, economic, and social well-being of Albertans throughout the coming years.

While many of the challenges our clients and communities faced this past year were related to the pandemic, others reflected existing societal inequities and sparked long-overdue conversations about inclusion and equity. While inclusion has long been a key value for ATB, those conversations inspired us to look more closely within our own organization and take action as needed. Our efforts to do better and become active champions of belonging are outlined in a new section of this report dedicated to diversity, inclusion, and belonging (DIB).

CSR governance

Chett Matchett, Associate Vice President of Strategy, Operations, and Social Economics, leads our CSR governance and provides direction for all aspects of our corporate citizenship, including strategic alignment of our donations and fundraising to our Greater Good agenda. Chett reports directly to the Chief People Officer. ATB's Board of Directors reviews CSR policies and procedures to ensure they align with our overall strategy.

Corporate Donations Committee

The Corporate Donations Committee reviews and approves funding for donation requests at the broader organizational level, based on principles and criteria approved by the Board of Directors. Holly Regel, Director of Social Impact Partnerships, chairs the committee, which provides direction and monitors progress for all our social impact partnerships.

Market Donations and Sponsorship Committees

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

Scorecard Advisory Committee

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

We were built to help Albertans through the Great Depression. That purpose has guided us for more than 80 years, and especially now.

Economy

Building a foundation for economic health

This has been an incredibly difficult year for people around the world and certainly for Albertans. The combined impact of COVID-19 and other economic forces unique to our province has been profoundly challenging. Many Albertans found themselves experiencing changes in employment, with people being furloughed or laid off early in the pandemic, while others struggled to keep their businesses open or adapt to necessary public health measures and changing consumer behaviours.

From the very first days of the global health crisis, ATB has worked closely with our clients to help them access available supports, adapt their business models, and set the stage for post-pandemic recovery. As we look ahead, ATB will continue to find ways to stick by Albertans and offer solutions that address their most urgent economic needs while helping them look ahead to what's possible. This includes investing in the economic health of our communities, ensuring Albertans have access to banking, helping our most vulnerable citizens, and contributing to social impact. We will also continue to help Albertans in developing the financial literacy skills they need to manage their money and achieve their goals.

Message from Todd Hirsch, our Chief Economist

Although the COVID-19 pandemic pushed the economy into a record-setting contraction in 2020, the province is on track to recover some of that lost ground, with growth of about 4.1% this year followed by 2.6% growth in 2022. At this rate, Alberta's economy will surpass its pre-pandemic level by 2023.

We know there are still severe challenges ahead. The recovery will not look the same for everyone across different sectors and income groups. ATB is forecasting a K-shaped recovery. On the upper branch of the K, higher-income earners who didn't lose their jobs will return to normal and drive consumer spending. At the same time, on the lower branch of the K, lower-income earners may face chronic unemployment because some service-sector businesses will fail to reopen, and emergency government relief programs will wind down. It will be a difficult recovery for too many Albertans.

Capital spending in the oil and gas sector will still be down compared to 2019—already a slow year; however, 2021 is looking better for Alberta's oil patch. Production bounced back to pre-pandemic levels in November, and prices have also improved significantly, with ATB forecasting an average of US$51 a barrel for 2021. There are also a number of bright spots to watch, including growth in the tech sector, which has attracted investment from several large companies. Agriculture continues to expand, with the cattle industry rebounding quickly from pandemic-related challenges. Total farm cash receipts hit a record high in 2020. The agrifoods, renewable energy, and clean-energy technologies sectors are also expected to do well in 2021 and beyond.

Stepping up to help our clients

COVID-19 relief for our personal clients

In the earliest days of the pandemic, we quickly established a client relief program that provided temporary assistance to our clients to meet their most urgent needs. This included loan deferrals and Mastercard repayment and rate-reduction options. We recognized many situations required individualized solutions, so we worked closely with clients who needed those options.

As many Canadians began applying for the new federal Canada Emergency Response Benefit (CERB), the Government of Canada encouraged the use of direct deposit to improve speed, security, and safety. To make this easier for our clients, ATB quickly incorporated a seamless Canada Revenue Agency registration process into its online banking and mobile-app platforms.

COVID-19 relief for our business clients

When the pandemic arrived, public health measures required many businesses to close or adapt their business models. To help meet the most critical needs of our business clients, ATB created relief programs that offered clients various options for temporary assistance. These options, designed to help them weather the short-term impacts, included principal and interest payment deferrals, working capital loans to sustain operations, and the waiving of merchant fees for clients who had to shut down due to COVID-19.

Supporting CEBA behind the scenes

Over 20,000 ATB clients received more than $1 billion in government-backed capital through CEBA using ATB's custom process, which differed from our competitors in several ways: ours offered digital authentication and automated application-formatting validation, and we reached out to clients directly who were not approved to offer them alternative solutions. ATB team members worked around the clock to develop, test, and implement the new process to ensure our clients received the support they needed as quickly as possible.

The harmony of purpose and profit

ATB has long worked to ensure our business goals closely align with improving the lives of Albertans. We recognize that purpose and profit are interconnected, so we wove that focus—and our commitment to working for the greater good—throughout our Path to 2030 strategic plan, released just months before the global health emergency was declared. As the crisis evolved and it became clear it would continue for many more months, ATB looked beyond emergency relief programs and developed ways to help Alberta businesses adapt to the ongoing challenges. We adapted our existing programs and initiatives and created new ones.

ATB BoostR

ATB BoostR partnered with the McConnell Foundation to eliminate platform and processing fees for Alberta-based entrepreneurs, making it easier for businesses to switch to online selling during the early months of the pandemic. From May to August 2020, ATB BoostR helped Alberta-based businesses and non-profits raise over $125,000 for their bottom lines through crowdfunding.

Ade Adegbonmire of Adewunmi Skincare, one of the local shops involved in the #AdoptAShopYEG initiative, outside his shop.

#AdoptAShopYEG

It quickly became clear that local small businesses needed an additional boost from the community. In November, we partnered with Edmonton influencer, blogger, and entrepreneur Linda Hoang for the #AdoptAShopYEG: ATB Neighbourhood Hop in support of local Edmonton businesses. The initiative encouraged people to sign up to "adopt" neighbourhoods in the city and commit to spending at local shops, generating over $28,000 for these small businesses.

ATB X Accelerator

ATB X Accelerator is a customized, growth-focused experience delivered by businesses, for businesses—through experts, connections, and community. We adapted many of the ATB X Accelerator programs to meet the challenges of the health crisis and allow Albertans to safely continue participating. So far, 11 ATB X Growth cohorts have now graduated, encompassing more than 200 alumni who are now accelerating their business goals across Alberta. ATB X Level Up and User Testing have also been recently introduced, with many Alberta business owners taking advantage of increasing their entrepreneurial skill sets while receiving immediate feedback on new products or services.

ATB Entrepreneur Centres

Our commitment to helping Alberta businesses embrace possibilities is what led us to create ATB Entrepreneur Centres in Calgary, Edmonton, Grande Prairie, and Lethbridge. This past year, the Entrepreneur Centres went fully digital, hosting all of our 45 events online, which saw more than 1,000 Albertans participate. For new entrepreneurs starting up during the pandemic, we also offered free banking for the first year so their capital could be best used in getting off the ground during an exceptionally challenging time.

Helping Albertans weather the impacts of the pandemic

One of the many truck drivers, continuing to support our economy during the pandemic, who stopped by to pick up a meal offered by ATB.

ATB Urgent Needs Committee

This committee was formed in the early days of the pandemic to address the most critical community needs. Our immediate response included a $250,000 donation to and $180,000 in fundraising for United Way to help get funds where they were needed most, and donation-matching through the ATB Cares program in April. Thanks to the tremendous generosity of ATB team members and fellow Albertans, we reached $100,000 in matched donations in only five days. Other support included organizing efforts to support health care workers, truck drivers, non-profit organizations, teachers, and vulnerable Albertans, including delivering free or subsidized meals and hand sanitizer.

Goodness Grows

#ATBGoodnessGrows was created to encourage Albertans to bring joyful moments to others at a time when so many Albertans are struggling to find happiness. Being disconnected from the places, people, and experiences we love has been hard on everyone, and ATB wanted to mobilize our team members to make acts of goodness a catalyst for happiness. Here are some of our favourite stories that came from this initiative.

Alberta food banks

As part of our commitment to Albertans, this past holiday season ATB donated over $143,000 to 83 food banks across the province. It's one of the many ways we helped Alberta's most vulnerable at a time when food security was increasingly urgent.

COVID-19 pilot project

A new partnership led by the Edmonton Zone Medical Staff Association will provide pulse oximetry monitors, which measure blood oxygen levels, to COVID-19 patients. Research shows that lower levels could be an early warning sign to let patients know when to seek help. In addition to financial support, ATB is also lending some procurement and project-coordination expertise. This pilot project will be implemented in early fiscal 2022, during the third wave of the pandemic.

Financial empowerment

Helping Albertans understand their finances so they can make their money work harder for them is an important contributor to well-being and a key focus for ATB. Many of our financial-empowerment programs adapted their strategies to serve clients safely while helping the many Albertans facing new or deepening financial challenges to address urgent needs and plan for better days ahead. In addition to our keystone programs, we:

- Continued our partnership with Cashco Financial to reach Albertans who may have difficulty accessing the conventional financial services system;
- Continued to take part in the Financial Pathways Collaborative in Edmonton to foster financial literacy in vulnerable populations;
- Continued our support of the Junior Achievement Company Program to connect students with local leaders;
- Again partnered with The Alex Centre to deliver its financial empowerment programming for Calgarians living on low incomes; and
- Partnered with 4-H to deliver financial literacy courses on the basics of budgeting and credit to 4-H youth and their leaders.

A Four Directions Financial client uses biometric technology to access banking services. Photo taken in 2019, pre-pandemic.

Four Directions Financial

Four Directions Financial uses biometric technology to make banking more accessible to Albertans experiencing houselessness or living in poverty. Over the last four years, Four Directions has grown to approximately 1,500 clients, with over 70% set up to receive a direct deposit to their account, eliminating the need for cheque management. This year we partnered with the Government of Alberta to help open accounts for Alberta Works and Assured Income for the Severely Handicapped (AISH) clients. Many of these clients have limited or no identification but are now able to access basic banking services throughout the entire province and are not limited to Four Directions Financial.

Junior ATB in action

Traditional Junior ATB delivers a hands-on, in-person mini-bank setup in an elementary school. With the restrictions in place through public health measures, we created an online financial literacy program to safely deliver an interactive experience to students in Grades 4 to 6. The new online experience offers activities and conversation designed specifically for virtual learning. More than 70% of the previous year's schools participated, and we received many new requests from schools that wanted to try the virtual format. Some teachers said this was the only extracurricular activity that students could take part in and were thrilled that ATB could quickly design and deliver the new program.

Students like this Junior ATB CEO learn valuable financial literacy and leadership skills. Photo taken in 2017, pre-pandemic.

Empower U

Empower U is a financial literacy and matched savings program whose participants are typically women from diverse backgrounds who are experiencing low income and poverty. As part of the partnership between ATB and United Way, ATB provides facilitators to run financial workshops and in-branch ambassadors to set up the accounts and personally welcome each new participant. As participants become more financially stable, they also take part in a one-to-one matched savings program, meaning that for every dollar they save, they generate $1 in matched contributions. Since Empower U began in 2012, more than 2,500 people have participated in the program, resulting in just over $324,000 saved. In addition, 90% of participants reported an increase in self-esteem and 93% reported an increase in financial self-confidence.

Bow Valley College

The ATB Centre for Financial Empowerment on campus gives students access to free financial literacy programming and services like management workshops and one-on-one coaching, which were all held online over the last year.

Growing innovation

Olds College

Our partnership with Olds College, one of the province's innovation hubs, led to the development of its Smart Farm—a 2,000-plus-acre plot of farmland supported by advanced technologies in agriculture and the sophisticated assets of the smart farmhouse—and the Agsmart Expo, a showcase event for producers and businesses to see, test, and experience the latest innovations in agricultural technology.

AltaML Applied AI Lab

Artificial intelligence (AI) is integrated into almost every part of our daily lives. ATB hosted six interns last year through the AltaML Applied AI Lab's internship program, which accelerates applied AI and machine-learning skill development. In addition to enhancing customer experience at ATB, interns gain hands-on experience and bolster Alberta's innovation ecosystem—keys to success in a new data-driven economy.

Economy scorecard

Metric	FY2020	FY2021	Action plan
Money spent on goods and services from suppliers	$550 million	$559 million	Continue using a supply base that conforms to and reflects the standards we hold ourselves accountable to.
Direct economic value generated and distributed	Economic value generated: $1.7 billion; economic value distributed: $1.6 billion; economic value retained: $102 million	Economic value generated: $1.8 billion; economic value distributed: $1.6 billion; economic value retained: $211 million	Grow our direct economic value generated and distributed to the Alberta economy through execution of our Path to 2030 strategic plan..
Net income (1)	$101.9 million	$210.5 million	Grow our net income through execution of our Path to 2030 strategic plan.
Economic profit	$81.6 million	$107.1 million	Grow our economic profit through execution of our Path to 2030 strategic plan.
Societal impact (2)	$867 million	$1.0 billion	Grow our societal impact through execution of our Path to 2030 strategic plan.
Ratio 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) Net income improved year over year, a result of ATB's focus on revenue diversification and expense management.

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

Being part of a team is about more than physical proximity—it's about a shared purpose and commitment to each other and the clients who rely on us.

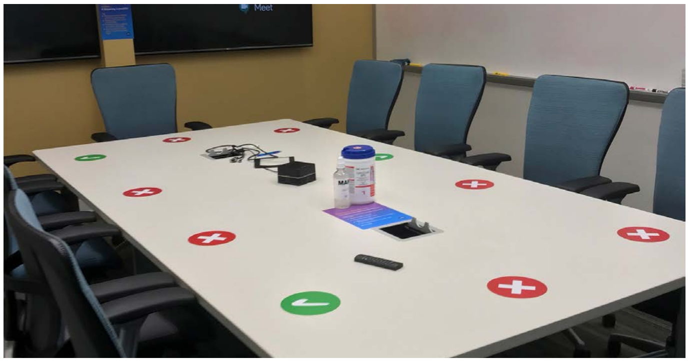
Workplace

Building a more connected workplace

Our workplaces were dramatically transformed over the past year. When the Province first enacted public health measures in March of 2020, many Albertans, including ATB team members, quickly transitioned to working from home and many of us wondered how we could possibly continue to collaborate and work effectively in this new reality. We soon discovered that, while COVID-19 had changed the workplace, it hadn't changed our commitment to our clients or to each other. Although it was not always possible to work face to face, we were still connected. Our leadership team made it a priority to stay in touch through initiatives like "Daily Download" emails and "Fridays in 30" livestream videos from our President and CEO, Curtis Stange. Team members found innovative ways to collaborate and support each other—championing initiatives relating to mental health, celebrating achievements, and participating in volunteer activities.

Our team members are a priority for us, which has led to ATB being named the third-best place to work in Canada by Great Place to Work®—the fifth time ATB has been recognized since 2016. ATB is the only financial institution to make the list's top 10. We were proud to receive eight awards from Great Place to Work, including Best Workplaces for Giving Back and Best Workplaces for Women. That's why creating supportive workplaces, even in the midst of a pandemic, is one of our key facets of CSR.

Supporting team members during the pandemic



Implementing measures to protect our team members still working in the office during the pandemic.

In the early days of the pandemic, when Alberta first declared a public health emergency, our immediate focus was on the health and safety of our team members. Those who could work at home were supported in making the transition and we did our best to accommodate team members' individual circumstances and concerns—particularly those who found themselves working at home with children who needed their attention and reassurance.

For the more than 1,000 team members who needed to remain on the front lines in our branches, we created processes that would protect them while they continued meeting the needs of our clients. Processes and resources such as FAQs and internal team member "channels" were created to keep people informed and to answer the questions we all had.

Along with our physical safety, we needed to address our mental health. As an organization, we introduced a new employee and family assistance program and digital resiliency tools, and we added additional wellness days for our team members to disconnect and recharge.

Taking the pulse of team members

We conducted a series of pulse-check surveys to assess the mental health and wellness of team members, their concerns about COVID-19, and their satisfaction with ATB's workforce response to the pandemic. While team member well-being was lowest and team member concern about COVID-19 was highest in March 2020, subsequent pulse checks indicated that around 9 out of 10 team members consistently rated themselves on the positive end of the mental health continuum (from "healthy" to "reacting"). We also checked in about plans around returning to the office and confidence in leadership. This data was shared throughout ATB.

Team members supporting Albertans during the pandemic

CATB's commitment to helping Albertans deal with the challenges created by the pandemic drove most of our activities and initiatives over the past year. In addition to client relief programs offered through ATB, our team members worked closely with clients who were facing unique situations or dealing with urgent concerns. We even helped people learn to better use existing technology and platforms, so they could feel comfortable banking anytime and anywhere.

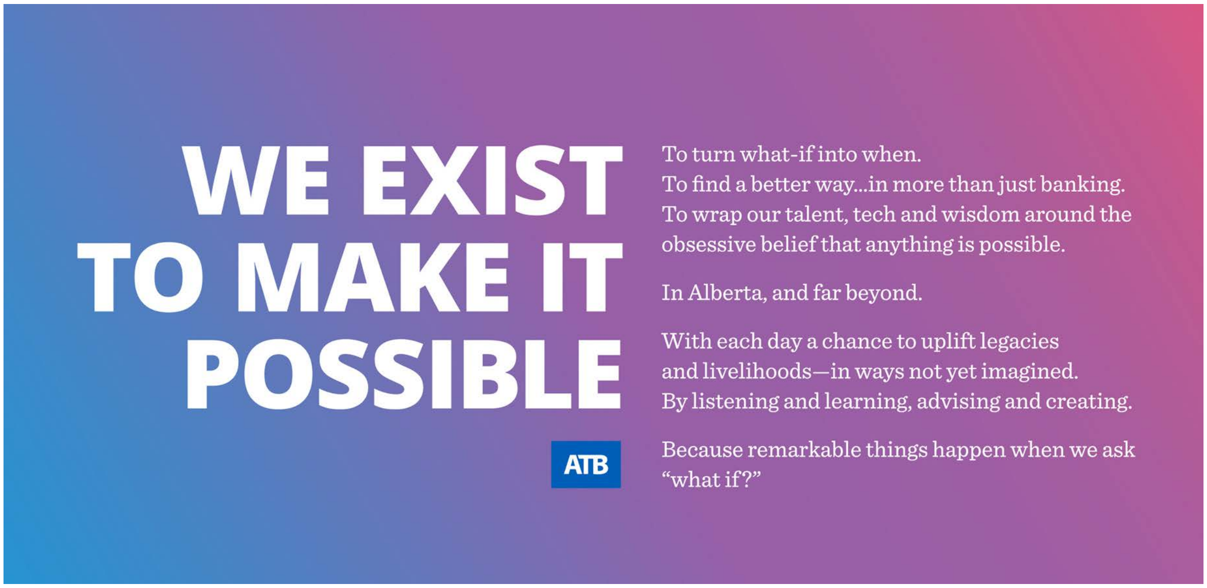
This past December, when we couldn't get together for in-person celebrations, we used the budget that would have been spent on holiday parties for team members to support Alberta charities and local businesses. Every team member was given $50 to donate or to support local businesses. More than 2,600 ATB team members put their gift to work, contrwibuting $67,700 to local food banks, $35,650 to mental health, and $30,500 to support local businesses through ATB Marketplace (an online shopping platform featuring Alberta businesses and their products).

Planning and defining the future of ATB

Our Path to 2030

In late 2019, ATB unveiled our Path to 2030, a bold 10-year strategic plan that discussed the realities of the world we are facing and the things we must do to courageously advance our future. It discussed the importance of AI and humanizing technology for a friendlier and more personal experience, it examined the accelerating pace of change and evolving client expectations, and it reiterated our unwavering commitment to our roots and to building solutions that help Albertans and their businesses in meaningful and impactful ways. Our strategic plan stressed the importance of being in business for the greater good, and the interconnectedness of purpose and profit.

Our strategic plan could not have come at a better time. The thinking and intentionality behind our plan allowed us to quickly adapt our processes and build relief programs that helped address the most urgent needs of Albertans in the earliest days of the pandemic. It gave us a framework for accelerating technological change and innovation that should have taken years but was developed and implemented within days. Although the plan was developed to help drive change and growth that would lead us on our Path to 2030, it became a mechanism for providing the support and hope our clients needed right now.



Over the last year, one of the many changes we rolled out was our new Purpose, redefining why ATB exists and serving as a guiding star.

Investing in our team members

Mental health

Every ATB team member deserves the health services they need to live their best life. That includes mental health services, which too often carry an unwarranted stigma, despite the knowledge that mental illness can impact lives, families, and communities just like any physical illness can.

We launched Inkblot, a platform that can be accessed anywhere and at any time for virtual therapy and coaching, as our new employee and family assistance provider. The platform offers an app-based resilience coach called *headversity* to encourage proactive and preventive measures for mental health.	To help reduce the stigma associated with mental health and increase support in our workplace, we joined in two big national campaigns, National Depression Screening and Mental Health Awareness Week, which both promote mental health awareness.
We 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, a pilot program for team members, and customized follow-up. Surveys indicated an increase in resilience, a decrease in stigma, and tangible behaviour change.	We've continued to grow two grassroots internal ATB teams, the Mental Health Action Team and the Wellness Leadership Committee. We also moved Wellness Wednesdays—our monthly video series led by our President and CEO that focuses on physical, mental, spiritual, and financial health—to a livestream format that grew to an average of 1,000 viewers per segment.

Learning

All ATB team members have access to Degreed, an adaptive system that anticipates a team member's needs and focuses on helping them build relevant skills while connecting them to other team members to learn and grow together. In 2020, engagement rose by 120% for viewed items and 150% for completed items, and the skills that were highest rated by team members (based on number of ratings) included leadership, growth mindset, public speaking, business development, account management, design thinking, entrepreneurship, change management, data analytics, and adaptability.

Volunteering

This past year, ATB continued its Helping Hands program, which donates $500 to the cause of choice of any team member who volunteers at least 40 hours in a year. If the volunteering involves fundraising, ATB chips in 20% of their goal, up to $500. In spite of restrictions due to the pandemic, we still saw team members donate 13,632 hours of their time to causes they care about, resulting in $42,173 in donations.

ATB also launched a pilot program in February 2021 to curate volunteer opportunities (currently only virtual) that align with our three Greater Good strategic priorities. For every hour a team member volunteers through these opportunities, ATB donates an additional $10 to the charity they volunteered for. We plan to grow this program in the next year.

Everyday Heroes and President's League

Our internal recognition program, Everyday Heroes, gives ATB team members an easy way to share meaningful kudos in the workplace. This ranges from team members giving each other virtual 'high fives' and Everyday Heroes points, which can be redeemed for everything from gift cards to gadgets to nominating each other for quarterly awards, which are presented along with bonus points. Quarterly award winners are then eligible for induction into the President's League, which involves a personal reception with the executive team, monthly surprise-and-delight gifts, and ongoing opportunities for internal experiential bursts, networking, and learning.

ATB 101

ATB 101 was created to offer meaningful employment opportunities to Alberta post-secondary students. While the in-person element of ATB 101 wasn't possible this past year, we adapted the program to work in a virtual environment by using our already existing suite of Google tools and our Degreed learning platform to support our ATB 101 students' experience. One other unique change for this year was that, instead of the traditional ATB 101 capstone project, students were connected with our Goodness Grows team with a focus on finding creative ways to uplift Albertans during the pandemic.

Workplace scorecard

Metric	FY2020	FY2021	FY2022 target	Action plan
Cultural Health Index (1)	NA	78%	78%	Continue to be *the* place to work, where team members are "ALL IN."
Percentage of ATB team members who responded positively to the statement "I feel good about the ways we contribute to the community."	95%	89%	89	Raise awareness among team members and give them opportunities to get involved in 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%	81%	81%	Implement our new performance system.
Absenteeism (2)	8.2 days	5.5 days	≤ 6 days	

(1) In FY2021, we officially shifted to the Cultural Health Index as our team member sentiment metric. It incorporates elements of employee engagement.

(2) Absenteeism had a significant spike in FY2020 in the fourth quarter, due in part 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. FY2021 absenteeism returned to baseline levels.

ATB exists to make it possible for Albertans, and that must include all Albertans.

Diversity, Inclusion, and Belonging

Building a more inclusive world

The global pandemic that changed almost everything about our daily lives wasn't the only societal upheaval that occurred over the past year. Even in the midst of social distancing and lockdowns that kept us apart, the world came together in awakening to the systemic racism and inequality that still exists today.

Shocking incidents of racialized violence sparked social unrest, global protests, and long-overdue conversations about race, gender, sexual identity, and inclusivity. Here at ATB, the realization that we must take concrete steps to be better and do better led us to develop a DIB strategy that will guide our efforts in the coming years. Our DIB strategy aims to address issues of inclusion, social justice, and equality, acknowledging and amplifying the voices of communities that have been marginalized. Over the past year, we created a DIB team that brings people together to celebrate and share diverse cultures while promoting the importance of inclusive leadership and talent.

Inclusion in the workplace

A key value for ATB is creating an inclusive workplace that welcomes diversity and honours the lived experiences of all our team members in ways that allow people to realize their potential and pursue their goals. Our DIB team was built to help drive inclusivity and belonging for all our team members and you can meet them here.

The first step in our inclusion and diversity commitment was to learn to listen to the stories of those who have experienced inequity, racism, or systemic barriers, which is why we held sessions throughout the summer for our leaders to lean into this learning. Our executives also attended a workshop with Dr. Robert Livingston, a Harvard lecturer whose research focuses on diversity and social justice. Once we listened, we set out to analyze, understand, and take action.

New DIB strategy

Our new DIB portfolio and accompanying strategy will be a high priority going forward.

To develop our strategy, we did a deep data analysis to understand the biggest areas of opportunity for ATB. The project, managed by a diverse group of team members, began in August and was completed in December 2020. We conducted interviews with executive leaders to capture their perceptions of this work; conducted workshops with key stakeholders to understand where ATB currently stands in its journey toward DIB maturity; and undertook a talent flow analysis and talent management audit to better understand how team members, especially those from equity-seeking communities, enter and move through the organization, with a goal of making our personnel programs more equitable.

Our new strategy addresses four major pillars:

1. Culture and awareness;
2. Inclusive leadership;
3. Inclusive talent systems; and
4. Organizational enablement.

We recognize that before we can demonstrate our commitment to our clients and the communities we serve, we must engage in meaningful inclusive change for and within our own teams; therefore, our strategy's current primary focus is internal.

Team member networks

Our eight team member networks (TMNs) are employee resource groups that help build awareness and inclusive, safe spaces that benefit team members who share common stories and lived experiences. They speak to the unique nature of particular communities, develop metrics to measure accountability and objectives, and strategically align to the business through their unique perspectives on solutions and innovations that relate to their communities. While our TMNs were limited by public health measures this past year, they were still able to create a number of safe and engaging events such as a virtual discussion regarding Black women in technology; a spotlight on Dr. Wanda Costen, Dean of the School of Business at MacEwan University; a panel discussing women in leadership; an online marketplace through ATB BoostR for Indigenous-owned businesses; and an ATB virtual Pride Lounge, to name a few.

Social justice

Systemic racism and support for BIPOC communities

The horrific murder of George Floyd in Minneapolis sparked a global uprising that pushed the Black Lives Matter movement to the forefront of our collective consciousness. These events brought to light the urgent need for ATB to further address systemic discrimination and racism in our organization and our province. We know change won't be quick or easy, but we are committed to the work of confronting racism, engaging in active allyship, and creating an environment for team members and clients where they can courageously be themselves and be allies for their communities.

In June 2020, to help support Black, Indigenous, and otherwise racialized communities and in response to the Black Lives Matter movement, ATB donated $30,000 in support of seven organizations that serve BIPOC communities in Alberta: the Centre for Race and Culture, Action Dignity, CommunityWise, the Institute for the Advancement of Aboriginal Women, the Bent Arrow Traditional Healing Society, the Institute for Sexual Minority Studies and Services, and the Calgary Centre for Newcomers' Rainbow Railroad Station.

We also recognized the need to do more to address systemic racism within our processes and systems and to address inequities in how BIPOC community members access the solutions they need. We are headed in the right direction but have a long way to go to make a meaningful difference.

Anti-racism learning pathway

Anti-racism is fundamental to our allyship, so a pathway was designed in Degreed (our learning platform) to help educate and support our team members. We recognize that people may be at different stages in their journey, and we have selected pathway content that meets them where they are, with the goal to have everyone reach the same destination.

Supporting Black-owned Alberta businesses

In February, we hosted a week-long event to help Albertans support the local businesses they love, with a focus on Black-owned businesses, which led to 387 being tagged on social media, $500 being given to 27 businesses to hold follow-up activations of their own, and over $14,000 put in the hands of Alberta businesses to use for giveaways.

Truth and reconciliation

ATB is a proud long-time partner of the Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations program (PAR). PAR is the only recognized Canadian corporate program with an emphasis on Indigenous relations. This framework, which is governed and maintained by the CCAB, helps guide reconciliation strategy development. CCAB PAR companies convey to Indigenous communities and peoples that the companies are good places to work, good business partners to have, and committed to prosperity in Indigenous communities. ATB is currently in the Committed Level Phase 3 of the three-phase process and will deliver our final Phase 3 Committed report in FY2022.

We are also a member of the Northeastern Alberta Aboriginal Business Association (NAABA), AKSIS – Edmonton's Aboriginal Business and Professional Association, and the Circle for Aboriginal Relations in support of Indigenous business in the province.

ATB is committed to advancing critically important diversity, inclusion, and reconciliation practices. This includes promoting Indigenous cultural recognition, like beginning events with a land recognition, and aiming to launch a comprehensive banking strategy in early FY2022 to better support Indigenous communities.

Orange Shirt Day

On September 30, we hosted an ATB-wide livestream event to commemorate Orange Shirt Day. Launched in 2013, this day commemorates the history and painful legacy of the residential school system in Canada and honours the journey of the survivors and their families.

History of Indigenous Peoples in Canada

We developed a Degreed learning pathway and connected team members with the University of Alberta's Indigenous Canada course to help improve Indigenous cultural awareness. We are committed to helping team members apply this knowledge to be allies and ambassadors of cultural change and to be an active participant in Canada's reconciliation movement.

Youth take part in transformative sport and play programming through Spirit North. Photo taken in 2019, pre-pandemic.

Spirit North

Spirit North empowers Indigenous youth through the transformative power of sport and play. ATB's donations support the delivery of sport and play programming designed to improve the mental, physical, and emotional health of Indigenous children and youth in communities throughout Alberta.

McMurray Métis Cultural Centre

ATB was proud to help support the building of the new McMurray Métis Cultural Centre in Fort McMurray. The centre will feature an art gallery, museum, smudging rooms, youth spaces, community kitchen, conference spaces, and offices for various services. The centre will play an important role in healing and reconciliation for the community.

Indigenous marketplace

In June 2020, the ATB Branch for Arts & Culture and ATB BoostR created an Indigenous Artist Market that helped 30 Indigenous artists across the province raise over $15,000 by selling their art online.

Conferences and summits

ATB was a sponsor for several important events that supported Indigenous awareness and economic development, including the National Aboriginal Trust Officers Association (NATOA) Trust and Investment Conference and the Cando Youth Economic Development Summit.

LGBTQ2S+

ATB's ongoing commitment to our LGBTQ2S+ communities remained important during the pandemic, as social isolation and economic challenges exacerbated existing barriers. We reaffirmed our support for existing partnerships and looked for new opportunities to assist with promoting mental health and resiliency wherever we could make a difference.

Institute for Sexual Minority Studies and Services (iSMSS)

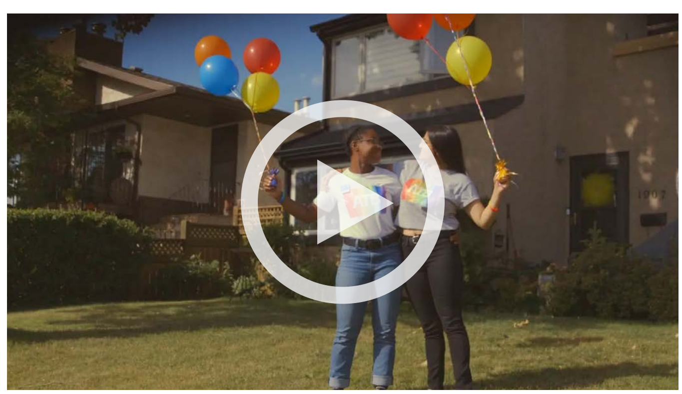
ATB was proud to continue its support of iSMSS in its work of delivering education programs, research, policy development, advocacy, and community services that help the LGBTQ2S+ community thrive, while building awareness, allyship, and hope. Among these programs are OUTpost, a drop-in support centre run by the Community Health Empowerment and Wellness Project that works specifically with at-risk LGBTQ2S+ youth facing houselessness; fYrefly in Schools, a vital program for LGBTQ2S+ youth that was able to continue online this year; and Where the Rivers Meet, a program that uses traditional Indigenous knowledge and teachings to uplift and empower Two-Spirit and LGBTQ+ Indigenous youth through allyship and advocacy in their schools and communities.

Reading with Royalty

Reading with Royalty, supported by ATB, was first launched at the Calgary Public Library in February 2018. The free drop-in program welcomes all ages, with a focus on families with children 0–8 years old and their parents/caregivers. Led by local drag queens, kings, and monarch performers, it celebrates diversity and encourages children to embrace exploration of self and imagine a world where people are free to express their identity.

Calgary Pride Festival

For this year's Pride Week, held mostly virtually, we featured videos with our team members speaking to the importance of allyship, the actions that demonstrate that commitment, and the work that remains to address discrimination within the LGBTQ2S+ community. We also submitted a virtual parade entry during the livestreamed Pride Parade.



We took part in Calgary Pride's #ProudPartners Panel discussion, which explored questions related to investing in diversity, employee resource groups (our TMNs), and how allies can be engaged within an organization. We also got to continue our partnership with the Centre for Sexuality and their WiseGuyz program to launch a one-day campaign with the help of Monogram Coffee Inc. that raised over $5,000 to support gender and sexuality alliance programs provided through the Centre for Sexuality in Calgary and surrounding area.

Pride Month

With increasing societal unrest leading up to and including June 2020, there was a shift from what would normally be a celebratory time during Pride Month to more sombre conversations about allyship, social injustice, and inequity. During this time we created an internal social channel where team members could safely discuss their own lived experiences related to racism, privilege, inequity, and bias. Those discussions also shared stories of hope and inspired commitments to be better allies, while providing team members resources that might support them.

Women in business

We made a strategic decision this past year to prioritize women's banking as a clearly defined focus area and with specific resourcing. This led us to hire a Head of Women in Business Banking, a leadership role that provides accountability for addressing this underserved market.

Research has shown that men and women have different ways to approach problems, and we recognize that any successful women-entrepreneurship strategy must acknowledge and address these differences.

Build Her Business

During the third annual Build Her Business crowdfunding campaign, which ran during February and March 2021, ATB BoostR helped 20 women-owned businesses raise over $55,000, including just over $15,000 to help open a new business in a small Alberta town. ATB BoostR is a rewards-based crowdfunding platform that helps small businesses expand.

Supporting all abilities

Inclusion Alberta

ATB is a long-time partner of Inclusion Alberta, whose mission is the pursuit of fully inclusive communities for youth and adults with developmental disabilities. ATB increased its financial support for Inclusion Alberta's most recent annual fundraiser, held virtually, with ATB's support being used as a "challenge gift" to inspire others to support. The result of this year's annual fundraiser was nearly as successful as the previous year's in-person event, an unexpected result given the challenges so many other not-for-profit organizations faced in 2020.

Nina Haggerty Centre for the Arts

Each year, we partner with this centre to help recognize the accomplishments of artists from their collective. The awards are presented at Here's Nina, a red-carpet awards show and fundraiser for over 300 guests. With COVID-19 restricting in-person gatherings, organizers came up with a creative alternative: a drive-in spectacular at the River Cree Resort and Casino. We also partnered with the Nina Haggerty Centre to create the ATB Art + Wellness project, which supports mental health and staying connected during the pandemic through art.

Diversity, Inclusion, and Belonging scorecard

Metric	FY2020	FY2021	FY2022 target	Action plan
Compensation ratio men vs. women (1)	1.0	1.0	Parity	Ensure compensation plans are fair and equitable.
Executives who are women (24 out of 58) (2)	43%	41%	Parity	Work toward more-balanced gender representation, along with other dimensions of diversity, on our executive team.
Board directors who are women (6 of 13)	50%	46%	Parity	Support our existing Board diversity policy.

Diversity indicators among all team members (as a percentage of population) (3)

Metric	FY2019	FY2021	FY2022 target	Action plan
Women	63.5%	60.8%	Increase representation of Indigenous people, people with disabilities, and LGBTQ2S+ team members.	Identify gaps in hiring for those who identify with one or more diversity indicators. Continue to grow awareness and create an inclusive workplace through TMNs.
Indigenous peoples	2.3%	2.6%		
Visible minorities	29.2%	29.7%		
LGBTQ2S+	3.1%	7.0%		
Persons with disabilities	3.1%	3.9%		

Team member feelings of belonging (Cultural Health Index component); percentage of ATB team members who responded positively to the statement… (4)

"I would not hesitate to recommend my team within ATB to anyone looking for an inclusive workplace."	N/A	90%	90%	FY2021 is a baseline year for ATB's new Cultural Health Index. We will have a better idea of targets as more data is gathered. In the meantime, we strive to maintain the scores, including those relating to team member belonging ("thriving").
"I can courageously be myself around here."		86%	86%	
"I feel a strong sense of belonging at work."		84%	84%	

(1) Looking at compensation at all levels of the organization, the compensation ratio of men vs. women is 1.00, meaning that men and women in equivalent roles. An analysis of 2020 Canadian data suggests that the pay of men is approximately 3.9% higher than women working in the same company at a similar level.
(2) Includes Strategic Leadership Team and vice presidents.
(3) This data was typically collected as part of our former annual team member engagement survey. The FY2020 survey was moved to September FY2021. We then transitioned to our Cultural Health Index when diversity indicators were collected for FY2021. We have included FY2019 as reference.
(4) FY2021 was the introduction of our new Cultural Health Index, so data on these metrics did not exist in previous fiscal years.

ATB was built to help Albertans, and we believe that supporting our communities is both a privilege and a responsibility.

Social Impact and Community Initiatives

Building stronger communities

The health and economic impacts of COVID-19 were felt in communities across our province and around the world. Although many Albertans united to support their friends and neighbours, the realities of the pandemic made it next to impossible to come together in-person to discuss how to help our communities. Necessary public health measures also changed the ways community groups, arts organizations, and sporting teams could operate and fundraise. Community agencies had to adapt to meet increasing demand from Albertans who were struggling with mental health and poverty. And the necessity of staying connected through technology created new demands to improve access and get technology into the hands of those who needed it most.

Albertans found ways to rise to that challenge, and ATB was there to help in any way we could. Our longstanding involvement with community agencies allowed us to adjust our efforts to meet COVID-19-related demands. The pandemic also accelerated our social-impact efforts within our Greater Good strategy, focusing on the three pillars of access to mental health, access to education, and access to information and communications, to uplift the well-being of Albertans. We have begun to make headway in each of these areas and officially introduced Greater Good into the community in the early months of 2021.

Fundraising

Supporting fundraising efforts across Alberta has been part of ATB's community commitment from the start. Although the realities of this past year made it harder to fundraise in traditional ways, they also created more urgency for those fundraising dollars. We worked with our partners to adapt our processes and timing to ensure we could meet the needs of Albertans when they needed us most.

Teddy for a Toonie

In the face of the myriad pressures and upheaval created by the pandemic, mental health issues have become increasingly prevalent for children and adolescents. Despite the pandemic and economic struggles, ATB raised $311,000 for children's mental health during our annual Teddy for a Toonie campaign. Normally, the campaign runs for the entire month of May. This past year, it shifted to October to allow us to focus on some Albertans' more immediate needs in the early days of the pandemic and was run almost exclusively online.

Funds raised were divided between the Alberta Children's Hospital Foundation and the Stollery Children's Hospital Foundation. The Stollery Children's Hospital will use these funds to create integrated mental health services within its emergency department, and the Alberta Children's Hospital will use the funds to grow its Acute at Home program, which provides a lifeline to struggling families.

United Way

As the economic challenges of the pandemic became apparent, we decided to move up our United Way campaign to support our community partners that were leading pandemic relief efforts in Alberta.

ATB is a long-time partner of United Way, which has the unique ability to get help to where it's needed most. In the spring, ATB raised $180,000 to support not-for-profit organizations on the front lines of the pandemic through virtual fundraising activities, and, in the fall, we gave team members an opportunity to sign up for regular payroll deductions, raising another $320,000. In total, ATB raised $500,000 for United Way so they could continue helping Albertans who need them.

ATB Cares

ATB Cares is our online donation program that amplifies the generosity of Albertans by matching a portion of donations to eligible charities. Despite their own struggles, Albertans stepped up and helped us direct a record-setting $7.2 million to charities across the province, up from $5.8 million last year. We are grateful for the kindness and generosity of the many Albertans who donated to help their friends, neighbours, and strangers.

This year we increased our matching percentage from 15% to 20% while increasing our monthly matching budget from $20,000 to $30,000, a change made possible by redeploying funds that in previous years would have been spent on covering administration fees for all charities. For December 2020, we increased our monthly matching budget even more to $100,000, with a focus on supporting food banks. This resulted in just over $245,000 donated to Alberta's food banks.

Access to information and communications

ATB looked for opportunities to help communities improve their quality of life through technology and connectivity, now and beyond the pandemic.

Enabling learning through technology

Technology has been a significant barrier to learning for many students during the pandemic, with siblings living under the same roof sometimes having to share devices to attend classes. ATB stepped up to help and worked with United Way to donate $100,000 worth of technology to students in need: 412 Chromebooks were distributed to 23 schools across the province, with United Way's digital literacy support in place to make the most of the new devices.

More than 400 students received new Chromebooks as a result of ATB's donation through United Way to enable learning during the pandemic.

Water Valley Public Library: Keeping the town of Water Valley moving

As an isolated town with hilly terrain, Water Valley has hit-and-miss Internet access. When COVID-19 necessitated working and learning from home, the situation became critical. The local library quickly became the hotspot for reliable Internet access but was only able to open two days a week. ATB donated to Water Valley's fundraiser to keep the library open five days a week so residents could stay connected.

Silvera for Seniors: Reducing isolation during the pandemic

With visitors and outings no longer allowed due to COVID-19, seniors in Silvera housing communities in Calgary were disconnected from favourite pastimes, loved ones, friends, and even their health care providers. ATB heard about the situation and Silvera's idea for a creative, technological solution. Our donation was combined with donations from other local businesses, and Silvera was able to purchase tablets for the residents.

Mental health

Access to mental health is another area of need that ATB is addressing and inspired our involvement in the following activities.

ATB Up

ATB Up helped introduce Greater Good in a big way, encouraging Albertans to use the power of social media to engage and inspire others. From March 1 to 12, 2021, ATB invited Albertans to participate in a new and playful challenge each day and share via their social networks, tagging @ATBFinancial and #ATBUp. The challenges, which ranged from layering on clothes to taking pictures with pets, focused on improving mental health through play and were vetted with our partner, headversity, to ensure each one was based on science.

Every time #ATBUp was used on social media, it triggered a $1 donation from ATB to Alberta's Mental Health Foundation. The campaign succeeded beyond our expectations, raising $125,000 (the goal was $50,000).

We also included extra elements of surprise and delight (and social good) through some of the challenges, which resulted in:

- $8,000 toward 1,275 articles of clothing (including underwear, gloves, and warm pants) for four shelters across Alberta;
- $8,000 converted to over 1,400 meals to four Meals on Wheels programs across Alberta; and
- $4,000 to Spirit North, which provided 240 children with access to one month of sport and play programming.

Drive-In for Mental Health concert series with Gord Bamford

ATB partnered with country singer Gord Bamford to bring Albertans together to safely enjoy a live concert while raising funds and awareness for mental health in our province. From June to September, ATB organized 12 shows that raised $123,000 for eight mental health charities across the province. More than 6,500 people attended in more than 1,600 vehicles throughout Grande Prairie, Fort McMurray, Edmonton, Red Deer, Calgary, Medicine Hat, and Lethbridge.

Calgary Distress Centre

As part of our commitment to supporting the mental health of Albertans, we continued to partner with the Calgary Distress Centre's volunteer program, 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.

CASA Foundation

ATB partnered with the CASA Foundation for their 2020 Cycle Challenge event, where people could sponsor participants to complete either 20.20 km, 202.0 km, or 2020 km in a safely distanced way between July and early October 2020. All donations supported mental health programs and services offered through the foundation for youth and their families. During a three-day social media campaign, ATB matched 100% of donations, resulting in more than $50,000 raised.

Access to education

Whether through a traditional post-secondary institution or an organization delivering programs to support in building skills of the future, access to education is and will continue to be a necessity for economic recovery and growth in Alberta. We recognize the ingenuity, creativity, and innovation that educators and educational organizations cultivate, and here are just some of the ways we've supported learners and our education partners over the past year.

MindFuel

MindFuel is an education technology leader that aims to spark curiosity and fuel innovation by bringing STEM (science, technology, engineering, and math) to life for Grades K–12 youth. ATB was the regional partner for MindFuel's Crack the Code Challenge, held January 15 to March 26, 2021, which taught kids valuable coding skills and gave them an opportunity to create an app with their new-found knowledge. We are proud to say that, of the 27 top coders, 13 were from Alberta.

NPower

ATB partnered with NPower Canada to help support low-income Calgary youth. NPower works to reduce poverty by helping low-income, diverse young adults ages 17 to 30 launch IT careers, providing no-cost skills training, industry credentials, job placement, and five years of alumni career-laddering services, including mentorship and support with further education.

Windmill Microlending

ATB supported Windmill Microlending, an organization that provides microloans to help immigrants and refugees to gain Canadian accreditation and restart their careers in Canada. These individuals often arrive in Alberta with valuable professional expertise but face barriers to professional accreditation. Microloans allow them to pursue exams, courses, and resources for accreditation so they can earn a livable income. On average, employment earnings increase 3.4 times for clients upon completion of their learning plans, and unemployment drops from 40% to 10%.

Mount Royal University

Our new partnership with Mount Royal University's Iniskim Centre in Calgary will support Indigenous students and help contribute to their success while in school.

University of Alberta

This year we expanded our relationship to include First People's House, which provides holistic physical, mental, emotional, spiritual, and financial support in an environment of empowerment for the University's First Nations, Métis, and Inuit students.

Bursaries and scholarships

The ATB Loran Awards are handed out by the Loran Scholars Foundation for qualities that transcend transcripts: character, integrity, commitment to service, entrepreneurial spirit, breadth of interests, teamwork, and potential for leadership. We were also thrilled to partner with a number of other post-secondary institutions to support students through bursaries and scholarships, including the Southern Alberta Institute of Technology, Red Deer College, and NorQuest College.

Community investment

Arts and culture

ATB has a long tradition of sponsoring events and festivals that bring joy to the communities where we live and work, and we were proud to continue our support so arts and culture festivals and organizations could reimagine their offerings in light of pandemic health measures. Working with the Edmonton Fringe Festival, National Music Centre, Grande Prairie Street Performers Festival, Calgary Folk Festival, Edmonton Comedy Festival and Calgary International Film Festival, we were able to help Albertans safely enjoy some of their favourite events through creative virtual outlets and home deliveries, as well as help provide or sustain employment opportunities for artists, organizers, and others in our vibrant cultural scene.

Sports and wellness

This past year required us to reimagine what sports and wellness events looked like, and ATB was proud to play a part in helping these activities carry on while supporting local businesses in creative ways. Over 120 people participated in the ATB Client Cycling Program, an average of over 95,000 viewers tuned in to two Team Koe curling events on Facebook Live, and we hosted a virtual hockey hot stove in December, featuring ATB Community Ambassador and NHL player Ryan Nugent-Hopkins, NHL player Jordan Eberle, and Canadian sports reporter Natasha Staniszewski.

Curtis Stange, President and CEO, and his spouse ready for a picture with Santa at the ATB Holiday Drive-Thru event in support of the Edmonton Food Bank.

Holiday events

Although we couldn’t come together in person to celebrate the spirit of the season this year, we found ways to connect and share the holiday magic. ATB partnered with the National Music Centre to hire two Alberta-based musicians to play a virtual National Music Centre Holiday Concert, and through the Castrol Raceway Christmas Drive-Thru Experience provided a unique way of connecting our clients during the holiday season and creating a safe, family-friendly event that involved some 360 vehicles and carloads of food for the Edmonton Food Bank.

Social Impact and Community Initiatives scorecard

Metric	FY2020	FY2021	FY2022 target	Action plan
Donations	$3 million	$3 million	$3 million	Continue 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)	$7.6 million	$2.2 million	$6 million	Bring ATB's brand closer to Albertans through sponsorships and experiences that unite communities, build relationships, and bring meaningful engagements that drive value back to ATB. As COVID-19 continues, ATB and our sponsor properties will work in lockstep with Alberta Health Services to determine a safe re-entry point to hosting in-person gatherings and events across Alberta.
ATB fundraising	$1.2 million	$811,000	Continue to raise as much as possible.	Align our fundraising efforts to ATB's Greater Good strategy, and create an overarching fundraising strategy.
Junior ATB (2)	84 schools	61 schools	90 schools	Now that a virtual program has been developed, look to scale up delivery of virtual Junior ATB to more schools across Alberta.
Employee giving program (Helping Hands) (3)	$106,000 in grants; 35,000-plus volunteer hours	$42,000 in grants; 14,000 volunteer hours	Create a new employee-giving and volunteer strategy	Evaluate ATB's volunteer program and how it can best support our Greater Good strategy. Consider an online platform for its administration.
ATB Cares (4)	$5.5 million in donations, $250,000 matched by ATB; $5.8 million total donated to charitie	$6.8 million in donations, $402,000 matched by ATB; $7.2 million total donated to charities	$6 million donated to charities (including match from ATB	Program changes were implemented this year for ATB to be more intentional with its investment in ATB Cares. Continue to review and implement changes that will further align with our Greater Good strategy.

(1) Due to the cancellation of many events during FY2021, sponsorship expenditure was significantly less than budgeted yet some events were moved to virtual formats. When events were switched to safer formats, we honoured the original sponsorship arrangements and paid our partners in full.
(2) The decrease in numbers was due to the uncertainty of our Junior ATB schools during the pandemic.
(3) The dip in participation in the Helping Hands program can be attributed to limited in-person opportunities due to COVID-19 concerns and restrictions.
(4) The FY2022 target is based on average donations in the two years pre-pandemic and the current level of donations received.

Minimizing our environmental impact to preserve our province for future generations is, and will remain, one of our top priorities.

Environment

Building environmental awareness and responsibility

The realities that transformed how we lived and worked over the past year also had an unexpected impact on our environment. As people stayed home more and drove less, scientists were able to measure a discernible reduction in greenhouse gas emissions and air pollution.

While many ATB team members were already set up to work from home either full time or as needed, at the beginning of the pandemic, 78% were now encouraged to work remotely, with more than 850 team members being newly set up for it. This shift resulted in a noticeable change in our carbon footprint. Also, during this last year, our corporate space occupancy was only 3% utilization on average. Although this change was encouraging, we know it is temporary. Once we are able to safely return to our workplace settings, we expect our carbon footprint to return to pre-pandemic levels. This means we must continue our efforts to move toward a more sustainable future by looking for ways to reduce our footprint as we transition to life after COVID-19.

Ducks Unlimited Canada: A natural partnership

ATB and Ducks Unlimited Canada (DUC) have both been part of Alberta's landscape since 1938, when ATB received its charter and DUC established its first habitat restoration project near Medicine Hat.

In 2013, we came together as partners through DUC's Revolving Land Conservation Program (RLCP). The RLCP secures habitat in strategically targeted priority landscapes while providing productive land for agricultural use. The ATB Financial Legacy Fund provides for the purchase of the lands, while other funds may be used to restore the land for waterfowl, other wildlife, and a diversity of ecosystem services including carbon storage and nutrient removal. The land is then sold to producers with a registered conservation easement that protects the habitat while allowing use for haying and grazing. The proceeds of the sale are used to purchase other land, and the process repeats itself. By protecting habitat and then putting it back in the hands of landowners, we can create a sustainable environmental and economical solution to wetland conservation.

One of the many benefactors of the land reclamation projects taking place in Alberta through ATB's partnership with DUC.

Over the last eight years, our work with DUC has resulted in 11,581 acres of conserved habitat on 35 projects across Alberta. These numbers tell the story of the environmental benefits made possible through this partnership:

- 225,000 tonnes of carbon storage
- 225,000 tonnes of carbon storage;
- 80,200 kilograms per year of nitrogen filtration;
- 8,020 kilograms per year of phosphorous filtration; and
- 2 million cubic metres of water storage.

Net-zero homes

A big part of being built to help Albertans is helping to build a better future. Certified net-zero homes, which produce at least as much energy as they use, are an important part of a more sustainable future for our province. Over the past year, ATB has begun looking at ways to encourage Albertans to explore net-zero homes, with a goal of making those homes and the technology they use more affordable and accessible. We are currently in the early stages of creating a partnership that will drive more net-zero construction and offer interest rate incentives for potential buyers.

Assessing sustainability

Our ATB Capital Markets analysts are being certified in the fundamentals of sustainable accounting through the Sustainable Accounting Standards Board, which provides standards to assess and review a company's efforts related to ESG. These efforts also support ATB's dedication to the greater good, as they help both us and our clients make better informed decisions toward sustainability performance, which leads to better outcomes for businesses and the economy.

Carbon footprint

Branch retrofits

Over the past several years, we have been working on retrofitting branches to improve energy efficiency. This project has been on pause over the last year as ATB prioritized our response to the pandemic, but we plan to resume it in FY2022. To date, we have retrofitted 140 of our branches. Since launching our 2014 carbon inventory study, upgrades to cooling controls and lighting systems have helped us achieve a 25% reduction in direct energy emissions. They've also reduced our electricity consumption by more than 3.6 million kilowatt-hours.

Renewable energy

Our commitment to renewable energy hasn't wavered. As in previous years, we used the savings from our power bill to buy Campus Energy renewable energy certificates equivalent to 12,000 kilowatt-hours of electricity, meaning that all of ATB's purchased power is still green. We also acted on the appetite we saw among the ATB team members working at our Calgary Campus corporate location and had three level-one electric-vehicle charging stations installed, with the ability to upgrade to level-two stations in the future.

Support for solar

ATB is investing in renewable energy—including helping to finance the Suffield and Yellow Lake solar projects in southeast Alberta and construction of a new solar power generation facility near Claresholm. Upon completion, these facilities are expected to generate enough energy to power thousands of Alberta homes annually.

ATB continued to offer our solar panel financing program, which helps our commercial, residential, and agricultural clients install solar panels on their business or property. The program runs through 46 participating vendors across the province and has seen 27 applications as at March 31, 2021, with a retail total loan approval of over $595,000. We are continuing to focus on bringing visibility and awareness to the program and ensuring it is easier to access for both our team members and clients.

Cascade Power Project

ATB has invested in the Cascade Power Project, expected to be the largest and most efficient gas-fired power plant in our province, which will provide power to 900,000 homes while reducing Alberta's carbon footprint by 5%. This equity investment also marks the first transaction supported by the Alberta Indigenous Opportunities Corporation.

Paper reduction

ATB's use of DocuSign continued to see marked improvements in paper reduction. For 2020, DocuSign helped ATB save:

- 230,432.2 pounds of wood, equal to 691.3 trees (~226% increase from 2019);
- 678,494.9 gallons of water, equal to 9,692.8 bathtubs (~249% increase from 2019);
- 540,876 pounds of CO2, equal to the output of 2,756.6 refrigerators per year (~236% increase from 2019); and
- 37,445 pounds of solid waste, equal to over 624 trash cans (~249% increase from 2019).

Environment scorecard

Metric	2019 carbon inventory study	2020 carbon inventory study	FY2022 target	Action plan
Total carbon footprint [1]	37,522 tCO_2e	27,963 tCO_2e	Uncertainty still exists as public health measures and restrictions continue; however, ATB will aim, at a minimum, to maintain the performance achieved in our 2019 carbon inventory study.	Continue to improve monitoring, tracking, and reporting for reliability and accuracy of information. Understand how the pandemic has affected carbon footprint and assess the impact of returning to the workplace post-pandemic.
Direct energy consumption by primary source (natural gas only)	6,353 tCO_2e	5,649 tCO_2e		Work toward understanding future trends, which depend on the impact of returning to the workplace and the opportunities to optimize corporate and branch space.
Indirect energy consumption by primary source (electricity only)	19,349 tCO_2e	16,801 tCO_2e		Work toward understanding future trends, which depend on the impact of returning to the workplace and the opportunities to optimize corporate and branch space.

Other indirect emissions sources (2)	11,758 tCO_2e	5,513 tCO_2e		Leverage technology to improve and optimize distance communication and collaboration even when public health measures are reduced and eventually removed.
• Business travel (air)	519 tCO_2e	35 tCO_2e		Encourage videoconferencing and other remote-work strategies to reduce travel.
• Hotel	195 tCO_2e	19 tCO_2e		Encourage videoconferencing and other remote-work strategies to reduce travel.
• Business travel (other)	1,729 tCO_2e	157 tCO_2e		Encourage videoconferencing and other remote-work strategies to reduce travel.
• Employee commuting	8,978 tCO_2e	5,100 tCO_2e		Support both work-from-home strategies and alternative transportation such as bike-to-work initiatives that include secure bike-parking areas and lockers.
• Waste	254 tCO_2e	144 tCO_2e		Education programs and waste audits have been placed on hold during the pandemic due to reduction in waste from ATB team members working from home. This will be a focus and consideration in our post-pandemic workplace strategy.
• Paper usage	83 tCO_2e	58 tCO_2e	Continued reduction in paper usage.	Continue to drive paperless solutions for ATB communications.
Meeting environmental standards in all new buildings and renovations	Achieved	Achieved (No new locations during FY2021)	New locations will follow environmental standards.	Evolve and enhance environmental standards with changing branch and corporate design.

(1) Corporate-wide reduction of 25% in ATB's 2020 emissions. Approximately 20% of this reduction is attributable to public health measures and restrictions.
(2) Overall reduction resulting from reduced operating hours in branches and mandatory work from home for corporate team members.

> "While we will experience challenges in an uneven reopening and recovery process, ATB will be there to serve Albertans every step of the way, just like we have since 1938."
>
> Dan Hugo, Chief Financial Officer

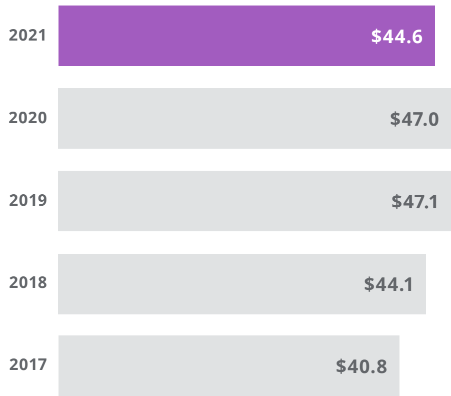
2020–21 Financial Highlights

For the year ended March 31	**2021**	**2020**
Operating results *($ in thousands)*		
Net interest income	**$ 1,178,567**	$ 1,194,189
Other income	**599,380**	532,629
Operating revenue	**1,777,947**	1,726,818
Provision for loan losses	**271,085**	385,980
Non-interest expenses	**1,233,453**	1,208,255
Net income before payment in lieu of tax	**273,409**	132,583
Payment in lieu of tax	**62,884**	30,675
Net income	**$ 210,525**	$ 101,908
Income before provision for loan losses (1)		
Operating revenue	**$ 1,777,947**	$ 1,726,818
Less: non-interest expenses	**(1,233,453)**	(1,208,255)
Income before provision for loan losses	**$ 544,494**	$ 518,563
Financial position *($ in thousands)*		
Net loans	**$ 44,597,222**	$ 47,046,234
Total assets	**55,755,035**	55,865,522
Total risk-weighted assets (1) (2)	**36,487,057**	38,803,887
Total deposits	**37,758,388**	35,373,367
Equity	**4,074,923**	4,081,109
Key performance measures *(%)*		
Return on average assets	**0.38**	0.19
Return on average risk-weighted assets (2)	**0.58**	0.28
Operating revenue growth	**3.0**	2.6
Other income to operating revenue	**33.7**	30.8
Operating expense growth	**2.1**	3.8
Efficiency ratio	**69.4**	70.0
Net interest margin	**2.23**	2.28
Loan losses to average loans	**0.60**	0.83
Net loan change	**(5.2)**	0.02
Total asset growth	**(0.20)**	2.7
Total deposit change	**6.7**	(1.5)
Growth in assets under administration	**25.3**	(2.2)
Tier 1 capital ratio (2)	**10.9**	9.7
Total capital ratio (2)	**16.2**	15.1
Other information		
ATB Wealth's assets under administration *($ in thousands)*	**$ 24,880,721**	$ 19,855,943
Branches	**162**	173
Agencies	**120**	141
Total clients (3)	**803,736**	810,071
Team members (4)	**5,044**	5,345

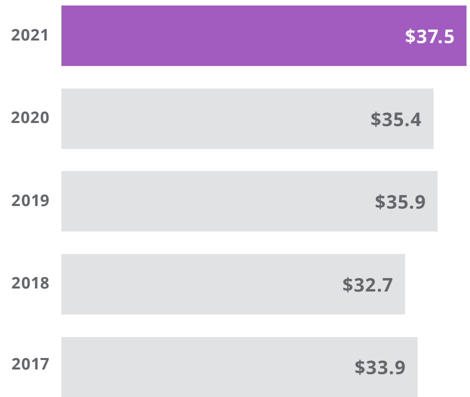
(1) Refer to the glossary for a definition of our key performance measures.
(2) Effective April 1, 2020, the methodology to calculate risk-weighted assets has been revised, resulting in a lower amount compared to prior-period results. Comparative results were not restated for the change.
(3) Reported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

Financials at a Glance

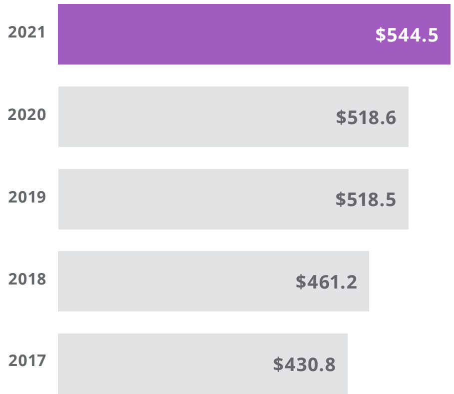
Net loans
($ in billions)



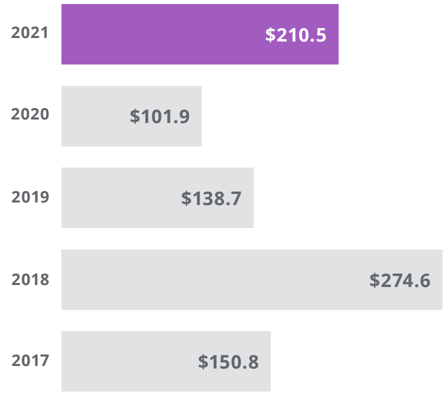
Deposits
($ in billions)



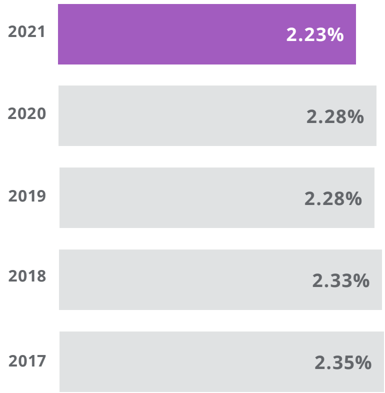
Income before provision for loan losses
($ in millions)



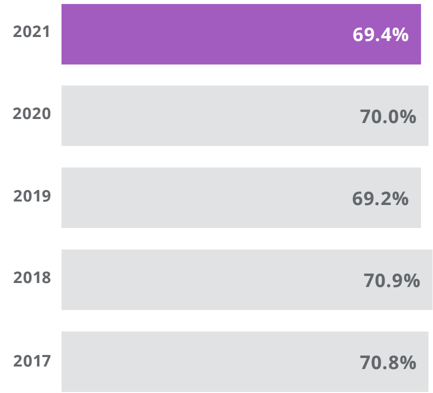
Net income
($ in millions)



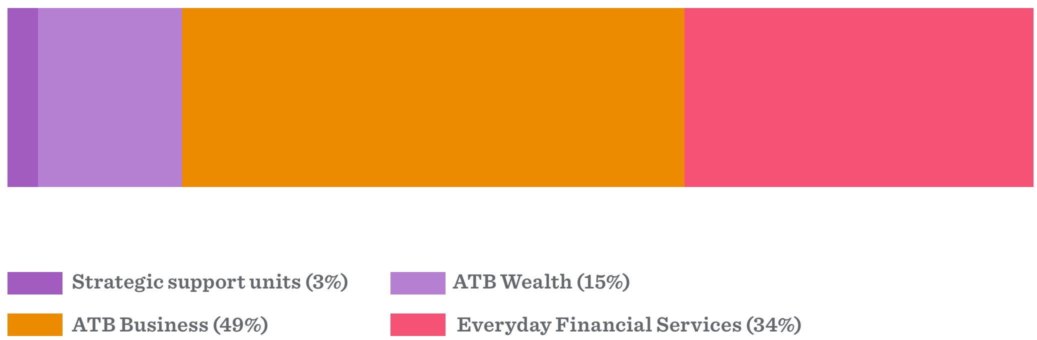
Net interest margin



Efficiency ratio

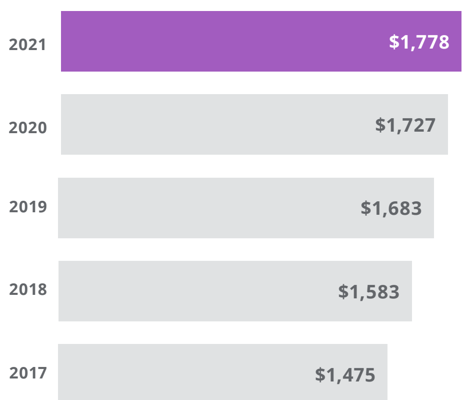


Revenue earned by area of expertise



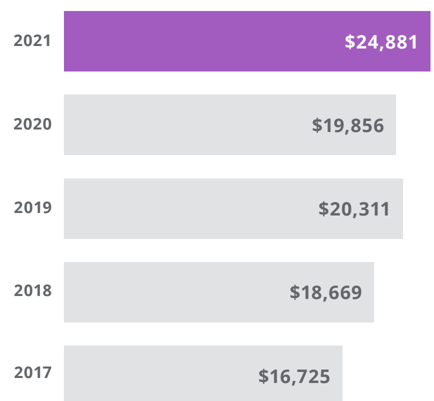
Operating revenue

($ in millions)



Assets under adminstration

($ in millions)



Message from Chief Financial Officer Dan Hugo

The past year affected us all in so many ways and has left an indelible imprint on society and history. In a year like no other, we faced a barrage of health and mental challenges that were exacerbated by the oil price collapse in the earlier part of the year. ATB continued to play a pivotal role in the well-being of Alberta, and I am exceptionally proud of all the contributions of our ATB team members. Although the COVID-19 pandemic has presented many challenges, it has also created opportunities for ATB to achieve milestones and accelerate the progress of some of our initiatives on our Path to 2030.

ATB is an Alberta-based financial institution with a long history of supporting Albertans and Alberta businesses. This has never been more true than during the past year. During the height of the initial lockdowns, we implemented a number of relief and deferral programs to help our clients navigate uncertainty. In addition, we originated more than $1 billion, or 21,000 loans, under CEBA and the Business Credit Availability Program (BCAP) to provide much-needed liquidity to Alberta businesses during this stressful period. Our branches remained accessible and we introduced a number of additional precautions to ensure the health and safety of our clients and team members.

> "The past year affected us all in so many ways and has left an indelible imprint on society and history.... ATB continued to play a pivotal role in the well-being of Alberta and I am exceptionally proud of all the contributions of our ATB team members."
>
> Dan Hugo, Chief Financial Officer

In a year that tested our mettle on so many levels, ATB rose to the challenge and established a new high watermark for total revenue of nearly $1.8 billion. A highlight underlying the revenue growth was the increase in other income (OI) that is a strong proof point and leading indicator of the potential underlying our new strategic plan. The growth in revenue was achieved with prudent expense management, and our efficiency ratio improved to 69.4%. Although there still remains substantial uncertainty about the trajectory and velocity of the recovery of the economy, we have seen more positive economic trends, and our loan loss provision (LLP) is $115 million lower than the prior year. This resulted in a net income (NI) of $211 million, an increase of more than $100 million year over year. As a testament to ATB's financial strength and resilience, we also improved our capital and liquidity position and optimized and repriced most of our balance sheet.

As we look into the future, a high level of uncertainty persists as the race between the spread of new COVID-19 variants and the speed of the rollout of vaccines continues to ebb and flow. We expect that once the vaccine rollout reaches a critical mass, Alberta's economy will start reopening later this summer. The "K-shaped" economic recovery will present different opportunities and challenges for Albertans, depending on which side of the K they reside. While we will experience challenges in an uneven reopening and recovery process, ATB will be there to serve Albertans every step of the way, just like we have since 1938.

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 clients 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 (Minister). • ATB's CEO provides regular reports to the Deputy Minister of Alberta's Treasury Board and to the Minister. • The Minister provides direction and feedback to the Board and CEO during annual strategic planning. • ATB provides information to the Alberta Superintendent of Financial Institutions (ASFI) on an ongoing basis, consistent with the requirements of ATB's mandate-and-roles document. • Each quarter, the ASFI reviews ATB's 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 clients, team members, and interested community members.	Return on risk-weighted assets
Our team members	• We have adopted a new team member sentiment strategy that adopts Employee Experience World Norm benchmark comparisons that enable ATB to adopt a new bimonthly sequence of strategically themed pulse surveys. Moving away from *one* annual team member survey, we are now better positioned for more timely, shorter, and effective pulse surveys to disseminate results and insight to leaders for action. • ATB has developed its own proprietary index to measure cultural health (CHI). • Over the last year, ATB launched the Anytime Feedback mechanism for team members to provide spontaneous feedback—an idea or suggestion, question, or concern on anything related to ATB. Team members have the option to continue the conversation or remain anonymous. • ATB Connect, ATB's intranet site, promotes team member interaction and engagement. • Our President and CEO, Curtis Stange, spends at least 30 minutes with all team members each week in a segment called "Fridays in 30." During this time, Curtis gives team members insight into what's on his mind and responds to questions. • Our monthly Wellness Wednesday livestream with our President and CEO focuses on four pillars of wellness for team members. Experts are brought in to discuss physical, mental, financial, and spiritual wellness.	Cultural Health Index (CHI)

	• Any team member can directly contact our President and CEO and Strategic Leadership Team. • Each area of expertise (AoE) / strategic service unit (SSU) has regularly scheduled meetings and/or broadcasts where leaders share high-level updates. Team members are encouraged to ask their leaders questions. • "Dear John" is a Google app where Everyday Financial Services (EFS) team members can share their voice. It is open for any and all ideas about our products and services, how we can transform and elevate our client experience, or to let us know when something isn't working. The tool has received more than 7,150 submissions, including 377 this year alone. • ATB is subject to the *Public Interest Disclosure (Whistleblower Protection) Act (PIDA).* Under the Board-approved safe disclosure policy, team members can anonymously contact an external service provider to issue suggestions and complaints.	
Our clients	• Client loyalty is measured through our Client Advocacy Index (CAI) in all AoEs (EFS, Business, and Wealth). Moving forward, this metric will be replaced by the more comprehensive Client-Obsessed Value (COV), which measures the health of a client's relationship with ATB. • Service Evaluation studies are completed with new clients joining ATB and disappointed clients leaving ATB. We use what we learn to improve our products, processes, and service. • My Two Cents Panel is an ATB owned and operated client panel where in-house researchers run studies with our clients. • We can ask questions in a quarterly omnibus study to receive regular feedback on all aspects of our service. • The Client Intelligence team exists to hear the Voice of the Client (VoC), which collects client feedback, mines it for insights, and then allows us to incorporate the insights into business decisions. • We record every call to ATB Client Care and mine the conversations for insights to enhance our clients' experience. • We have a formalized Client Feedback Policy that guides clients with concerns. • We use social media to directly engage clients. • We engage small and medium-sized business owners through our Business AoE and our Entrepreneur Centres. • *The Owl* is a daily economic forecast produced by our economists. • Based on a deep understanding of the unique features of Alberta's economy, ATB's *Alberta Economic Outlook* presents a forecast for GDP and employment growth. • The Future Of podcast, hosted by ATB's Chief Economist Todd Hirsch, connects with leaders who share their unique insight to help listeners navigate into the future. • ATB leaders and experts participate in business and community events across the province.	CAI is based on willingness to recommend ATB (Say) and the intention to continue to use ATB (Stay). We classify clients as advocates, committed, indifferent, or detractors. The derived CAI is a weighted average of the categories. The CAI score ranges from -20 to 90. COV will combine what clients say (measured by a client obsession index, COI) with what they do (measured by economic operating revenue, EOR). COV (\$) = EOR (\$) x COI (%). The goal is happy clients who have deep relationships with ATB.

	• Marketing campaigns invite Albertans to engage in conversations with ATB in support of ATB's brand promise to listen. • Every quarter, we survey a representative sample of Albertans who do not use ATB to assess their connection to our brand and their perceptions of ATB as a company.	
Our suppliers	• As a Crown corporation (commercial enterprise), ATB is subject to the U.S.-Mexico-Canada Agreement and the New West Partnership Trade Agreement. • ATB Supplier Resources provides additional information for suppliers looking to partner with ATB. • ATB Nexus and the Alberta Purchasing Connection (the Province of Alberta's website for managing public purchasing opportunities) are online portals where ATB posts supplier opportunities.	Money spent on goods and services from suppliers
Our community partners	• ATB's Social Impact team engages with our community partners on an ongoing basis. • ATB's Community Initiatives team manages our corporate sponsorships across the province. • We have an online application portal for donation and sponsorship requests on atb.com. • We use corporategiving@atb.com to address inquiries about applications for funding.	Community scorecard

Privacy scorecard

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

Metric	FY2020	FY2021	FY2022 target	Action plan
Substantiated reports of privacy infringement	213	197	0	Monitor privacy infringement trends to make appropriate updates to enterprise training and provide suitable and timely guidance to assist resolution of incidents.

Scope

This is ATB's third combined annual report and 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 five key areas of social responsibility: Economy; Workplace; Diversity, Inclusion and Belonging; Social Impact and Community Initiatives; and Environment. We aim to follow international standards for CSR reporting and recognize that transparency is key to ATB's long-term sustainability.

ATB operates mainly in Alberta. Our ATB Capital Markets Inc., ATB Capital Markets USA Inc., and ATB Private Equity GP Inc. subsidiaries operate through our Business AoE, and ATB Investment Management Inc., ATB Securities Inc., and ATB Insurance Advisors Inc. operate through our Wealth AoE.

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 2021 (April 1, 2020–March 31, 2021), 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 11 years ago. We used the materiality principle to choose significant economic, workplace, inclusion and diversity, 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 a sustainable, profitable, and responsible steward. It reflects our significant activities in the five areas above. 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 group represents key areas of ATB such as finance, human resources, environmental sustainability, and brand. The committee chose indicators to measure the results of our efforts within each of the five key CSR areas. Our resulting report showcases ATB's efforts in CSR for all ATB stakeholders, including our Shareholder and regulator (the Province of Alberta), our team members, and our clients.

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

Scorecard Committee: Javier Cuervo, Noorddin Farishta, Roselle Gonsalves, Logan Hutchinson, Dale Lechelt, Chett Matchett, Holly Regel

Aligning with Global Reporting Initiative

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

In the past, we have used GRI's G4 standard to self-declare core compliance. GRI has updated these standards and we are currently reporting with reference to the updated standards as we work towards a thorough review of the revisions as intended for future use. 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 Social Impact 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 162 Branches

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

Our 162 Branches

Airdrie (2)	Castor	Forestburg	Lamont	Ponoka	Strathmore
Andrew	Chestermere	Fort Macleod	Leduc	Provost	Sundre
Athabasca	Claresholm	Fort McMurray (2)	Lethbridge (3)	Raymond	Sylvan Lake
Banff	Coaldale	Fort Saskatchewan	Linden	Red Deer (2)	Taber
Barrhead	Cochrane	Fort Vermillion	Lloydminster	Redwater	Thorsby
Beaverlodge	Cold Lake	Grande Prairie (2)	Magrath	Rimbey	Three Hills
Black Diamond	Consort	Granum	Manning	Rocky Mountain	Tofield
Bonnyville	Coronation	Grimshaw	Mayerthorpe	House	Trochu
Bow Island	Crossfield	Hanna	McLennan	Rycroft	Two Hills
Boyle	Daysland	High Level	Medicine Hat (2)	Ryley	Valleyview
Breton	Didsbury	High Prairie	Milk River	Sherwood Park (2)	Vegreville
Brooks	Drayton Valley	Hinton	Nanton	Slave Lake	Vermillion
Bruderheim	Drumheller	Hythe	Okotoks	Smoky Lake	Viking
Calgary (22)	Edmonton (20)	Innisfail	Olds	Spirit River	Vulcan
Camrose	Edson	Jasper	Onoway	Spruce Grove	Wainwright
Canmore	Elk Point	Killam	Oyen	St. Albert (2)	Westlock
Cardston	Fairview	La Crete	Peace River	St. Paul	Wetaskiwin
Caroline	Falher	Lac La Biche	Picture Butte	Stettler	Whitecourt
Carstairs	Foremost	Lacombe	Pincher Creek	Stony Plain	Wildwood

Our 120 Agencies

Acadia Valley	Carmangay	Enchant	Mallaig	Rolling Hills	Warner
Alberta Beach	Carseland	Evansburg	Mannville	Sangudo	Waskatenau
Alder Flats	Cereal	Fox Creek	Marwayne	Sedgewick	Wembley
Altario	Champion	Galahad	Millet	Sexsmith	Westerose
Amisk	Chauvin	Gibbons	Milo	Spruce Grove	Willingdon
Arrowwood	Cleardale	Glendon	Mirror	St. Albert	Winfield
Bashaw	Clive	Grande Cache	Morinville	Standard	Worsley
Bassano	Coutts	Halkirk	Morrin	Stavely	Youngstown
Bawlf	Delburne	Hardisty	Mundare	Stirling	
Beaumont	Delia	Heisler	Myrnam	Strome	
Berwyn	Devon	High River	Nampa	Swan Hills	
Big Valley	Dewberry	Hines Creek	New Norway	Tangent	
Blackfalds	Donalda	Holden	New Sarepta	Thorhild	
Blackie	Duchess	Innisfree	Newbrook	Tilley	
Blairmore	Eaglesham	Irma	Nobleford	Vauxhall	
Bon Accord	Eckville	Irricana	Paradise Valley	Veteran	
Bonanza	Edberg	Irvine	Penhold	Vilna	
Bowden	Edgerton	Islay	Plamondon	Wabamun	
Bragg Creek	Edmonton (8)	Kinuso	Rainbow Lake	Wabasca	
Bruce	Elnora	Lake Louise	Red Earth Creek	Wandering River	
Calmar	Empress	Lougheed	Rockyford	Warburg	

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 the financial position of ATB Financial (ATB) for the year ended March 31, 2021. (See the Glossary and Acronyms for our defined terms.) The MD&A is current as at May 20, 2021. 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 (IFRS). 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 clients.

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 terms, our planned strategies or actions to achieve those objectives, and the outlook for our operations or the Alberta economy. Forward-looking statements typically use the words *anticipate, believe, estimate, expect, intend, may, plan*, or other similar expressions, or future or conditional verbs such as *could, should, would,* or *will*.

By their very nature, forward-looking statements require ATB's management to make numerous assumptions and are subject to inherent risks and uncertainties, both general and specific. A number of factors could cause actual future results, conditions, actions, or events to differ materially from the expectations, estimates, or intentions expressed in the forward-looking statements. Such factors include, but are not limited to, changes in our legislative or regulatory environment; changes in ATB's markets; technological changes; changes in general economic conditions, including fluctuations in interest rates, commodity prices, currency values, and liquidity conditions; the ongoing impacts on the global economy due to the COVID-19 pandemic; 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 that reflects a common understanding of each party's respective roles and responsibilities in fulfilling ATB's mandate.

As Crown corporations, ATB and its 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 commercial enterprise and 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 financial services 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 of Directors has adopted a 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. The 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 ATB Capital Markets Inc.) and the Alberta Securities Commission (ATB Investment Management Inc., ATB Securities Inc., and ATB Capital Markets Inc.).

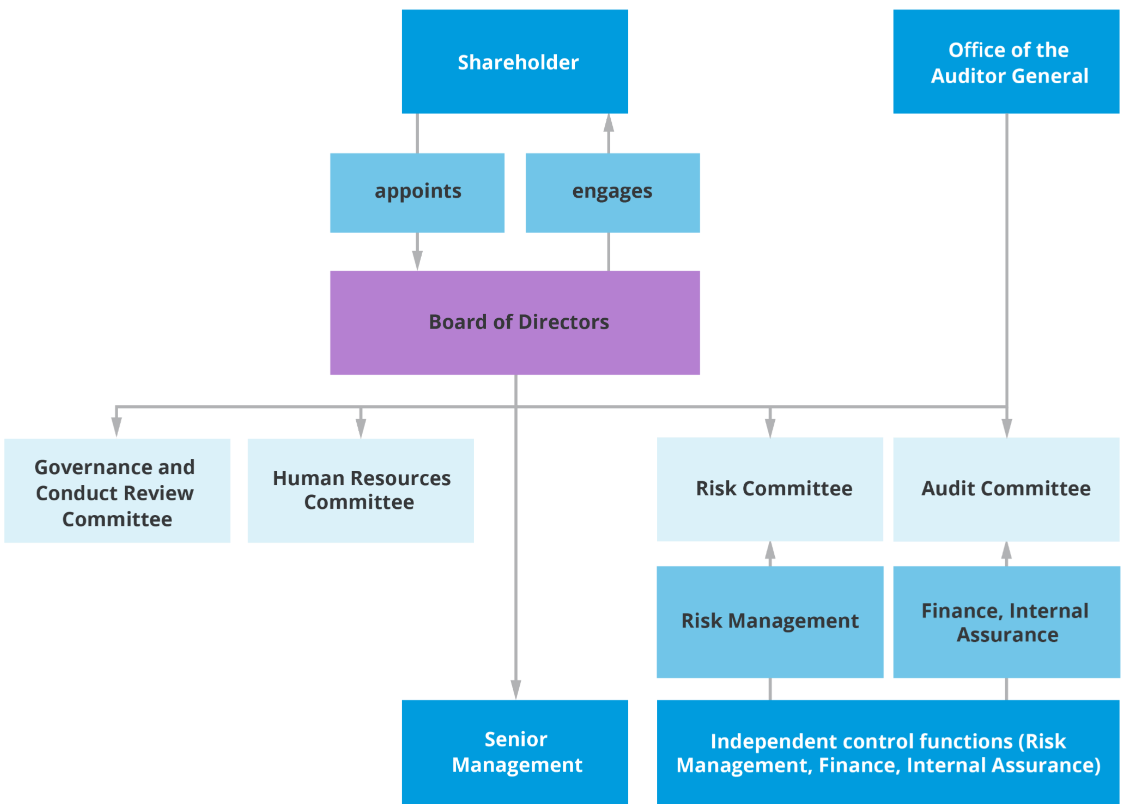
ATB and its subsidiaries pursue compliance with all applicable laws and regulations. Annually, ATB provides the Minister with a formal report on compliance, pursuant to the *ATB Regulation*.

Corporate Governance

ATB's Board of Directors is committed to excellence in corporate governance. Our corporate governance policies and procedures exceed those required of us 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;
- Chair of the Board position description; and
- 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, which 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. The Board employs governance practices and business policies broadly comparable to those of other Canadian financial institutions. With its diverse range of expertise and experience, the Board acts independently of government and management.

Each committee chair reports to the Board after each committee 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), Andy Fraser, Wendy Henkelman, Robert Logan, Patrick Lor, and Mary Ellen Neilson
	Human Resources Committee **Terms of reference**	Oversees human resources (HR) policies, procedures, and compensation programs, including pension plans Oversees talent management and executive succession and compensation	Members: Wendy Henkelman (Chair), Diane Brickner, Jim Davidson, Andy Fraser, Diane Pettie, and Todd Pruden
	Governance and Conduct Review Committee **Terms of reference**	Develops governance policies and procedures, including those related to team member conduct and ethics and client feedback Oversees Board and committee evaluations Recommends Board candidates	Members: Diane Pettie (Chair), Patrick Lor, Manjit Minhas, Rob Pearce, and Todd Pruden
	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: Mary Ellen Neilson (Chair), Diane Brickner, Jim Davidson, Barry James,Robert Logan, Manjit Minhas, and Robert Pearc

Chair of the Board

The Chair of the Board is an independent director. The Chair enables 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 provides leadership for the Board. Their 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 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 the role.

Board Mandate

ATB is a Crown corporation with regulatory requirements similar to those of the chartered banks and credit unions. Pursuant to APAGA, ATB and the Minister agree, 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 are described below:

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 reviewing and approving ATB's enterprise-wide objectives and its 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 HR 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 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 HR 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 the Board and committee chairs. The Governance and Conduct Review Committee periodically reviews these position descriptions 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 HR 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 two written codes of conduct and ethics (one for directors and one for team members), which are reviewed annually by the Ethics Committee and at least once every three years by the Governance and Conduct Review Committee, and are ultimately approved by the Board.

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 (see above).

The codes establish the standards that govern the way directors and team members deal with each other, ATB's Shareholder, clients, 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 team member 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. 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 year (FY) 2020–21, the Board had no occasion to consider any waiver from the relevant code for the benefit of any director or executive officer of ATB. The Board also had no occasion to determine that any conduct by an ATB director or executive officer was a material departure from the relevant code as defined in National Instrument 51-102.

Conflicts of Interest

The codes, *ATB Act, ATB Regulation*, and Board Bylaw No. 2 set 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 that 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 not vote or participate in the decision. Should a conflict become incompatible with service as a director, the director must offer their 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 approved a whistleblower policy. The policy resulted in the Ethics Committee implementing a whistleblower program to provide team members, directors, clients, and vendors with a method by which they can confidentially—and without fear of reprisal—report good-faith concerns about unethical or inappropriate activity (including wrongdoing) of team members or directors in the conduct of ATB's business. 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 FY2020–21, no disclosures of wrongdoing were made or referred to the designated officer under PIDA and the designated officer did not 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. To this end, 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 is deemed independent if the Governance and Conduct Review Committee affirmatively determines that the director has no direct or indirect material relationship with ATB. In making its determination, the committee considers 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). ATB collects such information through an annual due-diligence process that includes:

- Each director's comprehensive written disclosure that attests to their independence, related-party matters, and potential conflicts of interest;
- Each director's biographical information;
- Privately held meetings between the Chair and each director and a full report of these meetings 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 those 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 FY2020–21, the Board held four regular meetings and one special meeting, and the committees held 31 meetings in total.
- The Board and each committee may engage their own independent advisors at the expense of ATB. This is considered an important tool to ensure the Board's independence from management.

To ensure that directors have sufficient time and energy to devote to their responsibilities and that 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 FY2020–21, 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 the 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 2020–21. As of March 31, 2021, 6 of the 13 Board members (46%), including the Chair, were women, with three of the four committees chaired by women.*

Year	Diversity target	Gender representation
2014	25% female	16.7% female
2015–16	25% female	41.7% female
2017–20	50% female	50.0% female
2020–21	50% female	46.2% 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. ATB's current focus is ensuring that it offers an inclusive work environment.

Through its talent-management and succession-planning processes, ATB regularly monitors and reviews the number of women in executive and senior leadership positions. The executive team and HR Committee of the Board review the results of these processes, including year-over-year changes, and discuss the number of women who currently hold executive officer positions and the gender balance of the succession pipeline.

While the best candidate for the role will ultimately be chosen, when seeking potential team members for executive positions ATB reviews 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 meet various criteria.

The following table shows the number and percentage of men and women in executive officer and executive roles at ATB as of March 31, 2021. (The phrase "executive officer" is used in the regulations in comparing the gender diversity of executive officer staff across companies, whereas "executive" is ATB's preferred term for its executive staff.) The executive officers also include officers of ATB Wealth subsidiaries and ATB Capital Markets Inc.

Gender	Number of executive officers	Percentage of executive officers	Number of executives	Percentage of executives
Men	8	50%	32	59%
Women	8	50%	24	41%
Total	**16**	**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. ATB will continue to work toward increasing the diversity of its team, including executive officers and executives.

Effectiveness and Evaluations

The Board and each of its committees annually evaluate their effectiveness, and directors regularly participate in a peer review. 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 participate in interviews that assess the effectiveness of the Board and its committees. The results are reviewed by the members of each committee, who consider whether any changes are required to the structure or terms of reference of their committee. The Board and its committees also annually review whether they have completed their responsibilities under their terms of reference and work plans and report their findings to the Governance and Conduct Review Committee. *For FY2020–21, the Board and its committees assessed that they had met their key accountabilities.*

The annual evaluation of individual directors involves a self-evaluation and peer review. The Chair is responsible for collecting, investigating, analyzing, and actioning and communicating relevant information to the directors, with the objective of performance improvement. The results from the individual director evaluations also form the basis for reappointment recommendations to the Minister. The Board periodically engages a third party to conduct the evaluation. *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 and determined through the annual evaluation.

The Board 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. Recommendations are based on careful examination of the Board's size, composition, and director tenure, and they balance 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 APAGA and the mandate-and-roles document. The committee also ensures 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, which 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 Board 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 between 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 tenure 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. In considering this, they balance the competing goals of keeping the Board small enough for effective discussions and offering adequate representation to meet the demands of Board and committee work in the context of ATB's business and operating environment.

Orientation and Professional Development

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

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

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

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 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 educational materials, and participating in the Institute of Corporate Directors (ICD). 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 FY2020–21, individual Board members participated in the following training, conferences, or courses, among others:

- ICD: Board Oversight of Technology;
- ICD: Continuing the Digital Transformation Journey;
- HarvardX: Fintech Course;
- AI and the Pandemic (webinar);
- Webinars on environmental, social, governance (ESG); diversity; and social purpose;
- Bennett Jones World Business Forum;
- WOBI: World Business Forum (New York);
- ICD: Board Oversight of Strategy;
- Energy Roundtable Series;
- Webinars on executive compensation; and
- International Women's Foundation: Cornerstone Conference.

In FY2020–21, Board and committee members participated in the following presentations, which were organized by management:

May	Special Purpose Vehicles (SPVs) and Update on Loan Loss Provision (LLP)
August	Business Plan Update/Refresh due to COVID-19
September	September Board Retreat – Path to 2030 Work / Everyday Journey to Digitization of EFS
January	Pension Education Session

Subsidiary Governance

The Board plays a key role in overseeing the governance of ATB's wholly owned subsidiaries; oversight is led 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 summaries describe the careers, education, and competencies of ATB's directors, who work diligently to honour ATB's governance values. Their commitment to ATB matters is demonstrated through their strong attendance record.

Joan Hertz

LLB, Q.C., ICD.D

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

Career and education summary

Joan Hertz chairs ATB'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 was previously Interim President and CEO of NorQuest College and is a corporate commercial lawyer and strategic consultant. She serves as the Board Chair for the 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 boards, as well as with numerous other Crown and community boards.

Current directorships

- Edmonton International Airport
- Covenant Health
- CPA Canada Board
- Silvacom Holdings Corp.
- Alberta Machine Intelligence Institute

Past directorships

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

Barry James

BCom, FCPA, FCA, ICD.D

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

Career and education summary

Barry James is Vice Chair of the Board, Chair of the Board's Audit Committee, and 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, his CA designation from the Canadian Institute of Chartered Accountants, his fellowship from the Institute of the Chartered Accountants of Alberta, and his 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
- University of Alberta Properties Trust Inc.

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

Diane Brickner

CIP, ICD.D

Edmonton
Age 60–69
Director since 2019
ATB committees HR; Risk
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 (CIP) 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
- 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
- ZCL Composites Inc.

Jim Davidson

BES, ICD.D

Calgary
Age 60–69
Director since 2020
ATB committees HR; Risk
Employment Corporate Director

Career and education summary

Jim Davidson co-founded FirstEnergy Capital Corp. (FirstEnergy) in 1993, leading the energy-focused investment bank before retiring from the organization in 2018. In 2016, he was inducted into the IIAC Investment Industry Hall of Fame and awarded a Lifetime Achievement Award by the Oil & Gas Council. Jim is also the recipient of the Queen Elizabeth II Diamond Jubilee Medal from the Governor General of Canada.

Through Jim's leadership, FirstEnergy won numerous awards for both business leadership and community service. FirstEnergy was recognized as one of "Canada's 50 Best Managed Companies" and the "Best Workplace for Volunteerism and Community Involvement." In 2014, FirstEnergy was named "Generosity of Spirit Corporate Philanthropist" during National Philanthropy Week. Jim's stewardship includes tenure as governor of the former Alberta Stock Exchange and a trustee of the Fraser Institute.

Current directorships

- Business Council of Alberta
- Creative Destruction Lab (CDL West)
- Economic Futures Council of the Junior Achievement of Southern Alberta
- Fraser Institute
- Modern Miracle Network
- TOPAZ Energy
- Madison Avenue Group Inc.

Past directorships

- Alberta Stock Exchange
- Business Council of Canada
- Calgary Economic Development
- Calgary Humane Society
- Parks Foundation Calgary

Andrew Fraser

BA, MBA, ICD.D

Stony Plain
Age 50–59
Director since 2020
ATB committees Audit; HR
Employment Employed

Career and education summary

Andrew (Andy) Fraser is the current Executive Chair of NCSG Crane and Heavy Haul and the previous CEO of Camex Equipment Sales and Rentals. He has over 30 years of experience with Finning International, holding a variety of executive roles across the company's Canadian and international operations. Andy brings a wealth of executive management experience in sales, marketing, operations, and customer relations. Over the past 14 years, Andy has also served as a director on various boards both locally and internationally in energy, manufacturing, and distribution.

Andy completed the Directors Education Program at the Institute of Corporate Directors, University of Alberta/Rotman, where he received his Certified ICD.D Director status. He received his BA in economics at Wilfrid Laurier University in Waterloo, Ontario, majoring in international trade theory. He then attended Royal Roads University in Victoria, BC, where he received an MBA with a major in project research in culture change during mergers and acquisitions.

Current directorships

- Aquatera Utilities

Past directorships

- Cougar Drilling Ltd.
- Business Council of British Columbia
- Pipeline Machinery International
- Energyst
- OEM Remanufacturing
- Edmonton YMCA
- Careers: The Next Generation

Wendy Henkelman

BCom, CPA, CA

Edmonton
Age 50–59
Director since 2014
ATB committees HR (Chair); Audit
Employment Corporate Director

Career and education summary

Having worked as a financial executive for major oil-and-gas companies, Wendy Henkelman has comprehensive experience in all aspects of the finance industry. She worked as Vice President of Treasury and Compliance and as an executive in charge of information technology with Penn West Exploration, and as an executive in charge of tax and royalties at Shell Canada.

Wendy has her 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

J. Robert Logan

Jt. Hons. BSc., MBA, ICD.D

Calgary
Age 60–69
Director since 2020
ATB committees Audit; Risk
Employment Corporate Director

Career and education summary

Rob Logan is the retired CEO of Osprey Informatics, a Calgary-based artificial intelligence (AI) company. He brings a unique combination of experience, having served as an executive with both a Canadian and a U.S. multinational bank, CEO of two Alberta-based technology companies, advisor to a small and medium-sized enterprise acquisition fund, and member of several public and private boards.

Rob holds a Jt. Hons. BSc. from the University of Waterloo, an MBA from University of Western Ontario, and an ICD.D designation. During his career, Rob's leadership helped accomplish three successful corporate turnarounds, two world-class business builds, and the adoption of game-changing AI technologies at Osprey. Currently, Rob is active as a mentor and investor at Galatea Technologies and in the Alberta technology community.

Current directorships

- Galatea Technologies

Past directorships

- Osprey Informatics
- CanElson Drilling
- Orvana Minerals
- Carmanah Technologies
- AZ Technology Investors

Patrick Lor

BA, MBA

Calgary
Age 50–59
Director since 2018
ATB committees Audit; Governance and Conduct Review
Employment status 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 Co-founder of iStockphoto, 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, Patrick 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
- SHAD Canada
- Alberta Innovates

Manjit Minhas

BSc

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

Career and education summary

Manjit Minhas is an entrepreneur and venture capitalist in the liquor industry. She also appears as a television personality on the Canadian reality series *Dragons' Den*, where she has invested in dozens of Canadian businesses. 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 former Co-chair of the United Way campaign, and has great connection to Alberta through her numerous philanthropic endeavours.

Current directorships

- YYC Airport Authority
- Alberta Small Brewers Association (ESG Committee Chair)
- Inner Spirit Holdings (Spiritleaf Cannabis)

Past directorships

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

Mary Ellen Neilson

BCom, CPA, CMA, MBA, ICD.D

Calgary
Age 60–69
Director since 2017
ATB committees Risk (Chair); Audit
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 most recently was a member of the Board of Governors, where she vice-chaired the Investment Committee and chaired the Finance and Property Committee. Mary Ellen has had a successful 30-year career in banking, where she has held various senior executive positions with one of the Big Five banks. She has served on and chaired various boards, committees, and organizations.

Mary Ellen has her BCom from the University of Calgary, her MBA from York University, her Certified Management Accountant (CMA) and CPA designations from the Chartered Professional Accountants of Ontario and Alberta, and her ICD.D from the Institute of Corporate Directors.

Current directorships

- University of Calgary Senator (Governance Committee and Equality, Diversity, and Inclusion Committee)

Past directorships

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

Robert Pearce

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

Calgary
Age 60–69
Director since 2014
ATB committees Risk; Governance and Conduct Review
Employment status Corporate Director

Career and education summary

Robert Pearce has gained experience through various advisory and C-suite roles in the energy business. He worked as President, CEO, and Co-founder of North West Upgrading, as Treasurer of PanCanadian Energy, and as Chief Operating Officer 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
- Scenic Sands Comm Association

Past directorships

- North West Upgrading
- Aliron Exploration
- Jupiter Resources

Diane Pettie

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

Calgary
Age 60–69
Director since 2014
ATB committees Governance and Conduct Review (Chair); HR
Employment Corporate Director

Career and education summary
Diane Pettie is a retired lawyer (Q.C.) and certified Corporate Director (ICD.D). She brings 35 years of legal practice and executive and corporate governance experience to board discussions.

Diane served as General Counsel and Corporate Secretary of TSX-listed Canexus Corporation, a chemical manufacturing company; Assistant Vice President at Sempra Energy Trading; Associate General Counsel at Mirant Corporation; General Counsel and Corporate Secretary at Pan-Alberta Gas Ltd.; and Manager, Legal Services at TransCanada.

Diane has her Juris Doctorate from the University of Alberta and is a Fellow of the Chartered Governance Institute of Canada. She was honoured with a Queen's Counsel appointment and was awarded the designation of ICD.D by the Institute of Corporate Directors.

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

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

BEd, MEd

Edmonton
Age 50–59
Director since 2015
ATB committees Governance and Conduct Review; HR
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., a local Fort McMurray marketing company, and Athabasca Workforce Solutions Inc., a recruitment solution specialist headquartered in Wood Buffalo. Todd also holds various 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

The Directors' Skills Matrix supports ATB's Board Outcome, which is "Generating long-term shareholder value by effectively competing in the market with a level playing field."

The core competencies for a director are listed in the Board Member Position Description. The Board of Directors defines "director competency" as the skills, knowledge, experience, education, and training that can be assessed and that contribute to the effectiveness of the director and the Board as a whole. The Board acknowledges that experience is not necessarily synonymous with competency; competency is broader in its focus.

Annually, the Board 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 director self- and peer assessments and meetings with the Board Chair, director competency is validated. Gaps are identified and addressed through professional development opportunities for directors and the Board and through Board recruitment and reappointment.

The 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.

	Individual directors													
Area of competency (knowledge, skills, and experience)	Joan Hertz	Barry James	Diane Brickner	Jim Davidson	Andrew Fraser	Wendy Henkelman	Robert Logan	Patrick Lor	Manjit Minhas	Mary Ellen Neilson	Robert Pearce	Diane Pettie	Todd Pruden	**Board as a whole**
Strategic thinking/ planning at a board level (1)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial literacy (2)	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓
Governance (3)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Critical thinking / risk management (4)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HR (5)	✓	✓	✓	✓	✓	✓			✓		✓	✓	✓	✓
Leadership/ teamwork acumen Part A (6)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Leadership/ teamwork acumen Part B (7)	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓		✓
Financial industry (8)	✓	✓	✓	✓		✓	✓			✓	✓			✓
Entrepreneurialism (9)	✓	✓	✓	✓			✓	✓	✓		✓		✓	✓
IT/technology and digital transformation (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, HR, legal and regulatory, credit, market, liquidity, operational, business, and strategic risks). Generates novel or innovative solutions.
(5) Demonstrates proficiency in HR 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-size enterprise.
(10) Understands IT-related issues (project management, information or records 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, and employment.
(13) The Board considers itself to have the 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)*** [1]	**Audit** [4]	**Gov** [4]	**HR** [4] **(Special HR)*** [1]	**Risk** [5] **(Special Risk)*** [13]	**Attendance percentage** (2) **(Special Board)*** (3)
Joan Hertz (Chair)	4/4 1/1*	4/4	4/4	4/4 1/1*	5/5 13/13*	100% 100%*
Barry James (Vice Chair)	4/4 1/1*	4/4	n/a	n/a 1/1* (4)	5/5 11/13*	100% 85%*
Diane Brickner	4/4 1/1*	1/1	n/a	4/4 1/1*	4/4 10/10	100% 100%
James (Jim) Carter(5)	1/1 1/1*	n/a	n/a	1/1	1/1 2/2*	100% 100%*
Jim Davidson(6)	3/3	n/a	n/a	3/3 1/1*	4/4 9/10*	100% 91%*
Jim Drinkwater(7)	1/1 1/1*	1/1	n/a	n/a	1/1 2/2*	100% 100%*
Andy Fraser(8)	3/3	3/3	n/a	3/3 1/1*	n/a	100% 100%*
Wendy Henkelman	4/4 1/1*	4/4	n/a	4/4 1/1*	n/a	100% 100%*
Robert Logan(9)	3/3	3/3	n/a	n/a	4/4 10/10*	100% 100%
Patrick Lor	4/4 1/1*	3/3	4/4	n/a	1/1 3/3*	100% 100%*
Manjit Minhas	4/4 1/1*	n/a	4/4	1/1	4/4 9/10*	100% 91%*
Mary Ellen Neilson	4/4 1/1*	3/3	1/1	n/a	5/5 13/13*	100% 100%
Robert Pearce	4/4 1/1*	1/1	3/3	n/a	5/5 13/13*	100% 100%*
Diane Pettie	4/4 1/1*	n/a	4/4	4/4 1/1*	n/a	100% 100%*
Todd Pruden	3/4 1/1*	n/a	3/4	4/4 1/1*	n/a	83% 100%*

(1) Each Board meeting took place on two consecutive days but is counted as one meeting for the purpose of this report.
(2) The attendance percentage calculation is based upon the total of all regularly scheduled Board and committee meetings possible for each applicable director for the fiscal year. Attendance as guests on committees are not captured. The Chair of the Board may attend all committee meetings, but this percentage is calculated using Board meetings only.
(3) The attendance percentage calculation is based upon the total of all special meetings that were not scheduled in advance.
(4) Barry James was asked to participate as a guest in a special HR Committee meeting.
(5) Jim Carter retired from the ATB Board on June 15, 2020.
(6) Jim Davidson joined the ATB Board on June 15, 2020.
(7) Jim Drinkwater retired from the ATB Board on June 15, 2020.
(8) Andy Fraser joined the ATB Board on June 15, 2020.
(9) Robert Logan joined the ATB Board on June 15, 2020.

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 Director 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, 2021, 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 (Chair)	$ 15,000	$ 15,000	$ -	$ 31,400	$ 11,200	$ 72,600
Barry James (Vice Chair)	15,000	-	2,000	30,600	-	47,600
Diane Brickner	15,000	-	-	22,600	-	37,600
Jim Carter (1)	3,750	-	-	6,000	2,100	11,850
Jim Davidson (2)	11,250	-	-	23,000	-	34,250
Jim Drinkwater (3)	3,750	-	1,000	6,000	2,100	12,850
Andy Fraser (4)	11,250	-	-	18,500	-	29,750
Wendy Henkelman	15,000	-	2,000	27,100	-	44,100
Robert Logan (5)	11,250	-	-	23,000	-	34,250
Patrick Lor	15,000	-	-	18,100	-	33,100
Manjit Minhas	15,000	-	-	22,600	-	37,600
Mary Ellen Neilson	15,000	-	1,500	27,600	11,200	55,300
Robert Pearce	15,000	-	-	25,100	-	40,100
Diane Pettie	15,000	-	2,000	23,700	-	40,700
Todd Pruden	15,000	-	-	14,500	-	29,500
Total						**$ 561,150**

(1) Jim Carter retired from the ATB Board on June 15, 2020.
(2) Jim Davidson joined the ATB Board on June 15, 2020, but attended as a guest for meetings in May 2020.
(3) Jim Drinkwater retired from the ATB Board on June 15, 2020. He was also the Substitute Chair on the Investor Services Board for May 2020.
(4) Andy Fraser joined the ATB Board on June 15, 2020, but attended as a guest for meetings in May 2020.
(5) Rob Logan joined the ATB Board on June 15, 2020, but attended as a guest for meetings in May 2020.

2020–21 Business Highlights

We have always been obsessed with delivering remarkable experiences for our clients. This has never been more true or more critical than as we navigated through this extraordinarily difficult year. In the face of challenges and impacts of the global pandemic, we ensured that our clients remained at the centre of everything we did and every decision we made. Our team worked diligently to help guide clients and their businesses through this new reality, providing much-needed capital and tailored advice to help them adapt and achieve their financial goals. We invested in new technology, tools, and processes to improve the client experience—responding swiftly with solutions to solve immediate issues while preparing us to provide a more consistent and improved experience going forward.

We supported our clients by listening and adapting to their evolving needs and anticipating issues and challenges. We focused our efforts on helping Albertans by being there for clients as their financial situations adjusted, leveraging our strong marketplace knowledge and team member expertise to offer customized solutions. Through it all, we bore witness to the resilience and innovation of Albertans. Coupled with our advice and solutions, the result will be a stronger, brighter future that focuses on what is possible for Alberta.

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

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

ATB Everyday Financial Services

EFS is about putting the client at the centre of everything ATB does. In a year fraught with logistical, environmental, and COVID-19-exacerbated challenges, EFS focused on helping clients manage the financial impacts of the pandemic while continuing to demonstrate its role as a strong and stable contributor for ATB in FY2020–21.

Help Clients Manage through the Financial Impacts of the Pandemic

EFS quickly mobilized to help Albertans with financial support and guidance to manage the impacts of the COVID-19 pandemic. Utilizing a multi-contact client outreach strategy, EFS provided financial relief for nearly 30,000 personal-banking clients with its in-house deferral programs. EFS also guided and supported personal-banking and small-business clients with access to government funding programs, such as the Canada Emergency Response Benefit (CERB) and the Canada Emergency Business Account (CEBA).

Grow Deposits

Growing deposits creates opportunities for clients and ATB to build relationships and trust, and they are a critical part of ATB's operations. EFS continued to acquire deposits without sacrificing price, delivering strong deposit growth in FY2020–21. This success came from proactively connecting with clients and delivering exceptional experiences while maintaining competitive pricing.

Shift toward a Range of Full-Service and Digital Channels

ATB's response to the COVID-19 pandemic required EFS to adjust operations in a matter of days, moving from in-branch visits to an appointment or virtual-delivery model while still delivering a consistent, elevated client experience and limiting COVID-19 exposure to both clients and team members. EFS team members quickly implemented these changes by proactively connecting with clients virtually to guide, educate, and increase their confidence and use of ATB's digital properties.

In FY2021, EFS also officially launched Brightside by ATB. Brightside attracts a segment of the market that is looking for a fresh product, unique features, and a completely digital banking experience. With the Brightside banking app and Spend Card, EFS was able to help Albertans take control of their spending and save for the things that matter.

ATB Business

FY2020–21 was the first year for our newly integrated ATB Business, which has already proven to provide a better client experience and increased growth and profitability for ATB. Client Advocacy Index (CAI) scores and feedback from ATB Business's most challenged clients show us the value we create for clients, even in their most difficult season.

Provide Holistic Support for ATB Business Clients

Through ATB Business, we can now serve clients more holistically by providing full integrated advice. Part of this aligned approach meant setting up by industry and market specialization, including Capital Markets' heightened focus in the technology and innovation space. This work started in FY2020–21 and will continue over the next several years.

Despite the economic headwinds felt this year, ATB Business not only met the adjusted expectations, but exceeded them. The increased bottom-line contribution was driven by higher operating revenue and increased management of loan losses. Better deposit spread resulted from a significant multi-year repricing of ATB's special arrangements, large depositors, and favourable market conditions for notice demand accounts and savings deposit accounts.

Advance toward the Future

In partnership with ATB Wealth and the Experience Office, ATB Business has worked to develop a strategic roadmap that will guide the work ATB does and the investments we make, to truly differentiate the ATB client experience. This work has aligned around four client objectives for the future:

- Grow lasting client relationships through exceptional advisor and service experiences;
- Provide clients with the right options their unique needs demand;
- Create the value and results for which clients pay us; and
- Deliver consistently remarkable experiences at scale.

ATB Business's objective is to deliver a more customized and tailored offering for our clients by pairing expert advisors with technology to deliver at scale.

Support Business Clients

FY2020–21 saw ATB Business clients needing significant support for navigating through the pandemic. ATB Business quickly mobilized to support this need through multiple offerings, including in-house deferral programs and the utilization of other capital distribution through government funding.

As part of the focus on portfolio health, ATB Business began doing corporate health assessments for each client. The assessment provides a framework for what solutions, interim financing, relief opportunities, and potential growth opportunities may be available for each client within each industry. This diligent approach of proactive partnership and consultation with clients has provided alternative solutions to stave off the worst-case financial scenarios through this economic period.

ATB Wealth

ATB Wealth's commitment to offering advice and solutions to help Albertans succeed makes us the choice for nearly 90,000 Albertans and one of Canada's industry-leading wealth firms. Over the past 20 years, ATB Wealth has created undeniable value by helping clients plan for all of life's moments and providing the greatest chance of achieving the returns they need while managing the risk. ATB Wealth will continue to lead the wealth industry through a human-centric advisory approach, inclusive of sound philosophies, deep relationships, and earned trust.

Support Albertans through Expert Advice

During this year, the global pandemic and recovering economic landscape accelerated the trend of wealth management firms adopting financial planning services and tools as clients' requirement for holistic planning became more imperative. To ensure every client had a personalized experience and wealth plan, ATB Wealth continued to enhance its advisory expertise through financial planning designations, practice management, and client experience coaching. Specialized financial planning experts were also hired to support high-net-worth clients' wealth-transfer needs and experiences. To help clients more confidently manage the myriad emotions that inevitably arise during financial and life changes, ATB Wealth hired a behavioural scientist to enrich how it helps Albertans understand and improve their relationship with money to further empower their financial decision-making.

Reshape ATB's Investment Offerings

ATB Wealth began evaluating alternative investment offerings to complement its current investment funds under management, continue to meet clients' evolving needs and goals, and clearly demonstrate ATB's commitment to regulatory principles. An operational redesign facilitated these efforts and strengthened our approach to and governance over ATB Wealth's investment solutions. Additional talent was added to support analysis of the products we sell, to ensure strong portfolio management, and to fund administration areas in anticipation of future growth.

Empower Advice through Technology

ATB Wealth remains focused on optimizing its digital experiences to ensure it is positioned for future growth and adaptable to clients' evolving needs and demands. ATB Wealth completed implementation of Salesforce, an industry-leading client management system that will deepen ATB Wealth's holistic view and understanding of clients across ATB through AI, data, and practice management. ATB Wealth continues to explore enhancements to client reporting to provide a more sophisticated, consistent, and transparent experience.

Our Strategic Direction

ATB was created in 1938 with the purpose of providing hope to Albertans as our province emerged from the Great Depression. From our history to our future, our commitment to helping Albertans is the core and heart of ATB. In the midst of this tumultuous year, we chose to focus on the brighter future we know lies ahead, launching our new purpose—*We exist to make it possible*—to guide our way, embracing the art of the possible for Albertans and Alberta businesses, uplifting their legacies and livelihoods.

Our fiscal year began mere weeks after the World Health Organization declared a global pandemic and Alberta declared a public health state of emergency. Like our clients, we have lived this pandemic from the start. In response to the changing, uncertain dynamics around us, ATB's focus turned to three enterprise goals:

- Keep people safe—including team members, clients, contractors, vendors, visitors and others on location at an ATB work location;
- Support Alberta—living our purpose to bring relief programs to Albertans and Alberta businesses and leveraging our community influence to sustain economic and social interests in Alberta; and
- Protect profitability—mitigating risk to our business plan and effectively managing liquidity and credit exposure.

The triple-impact event of COVID-19, the oil price shock, and the resulting market volatility will go down in the history books as one of the biggest challenges in recent history. We entered FY2020–21 embarking on year 1 of our 10-year strategic plan and remain fervently committed to this path. We will fundamentally shift how we invest in team members and technology to better deliver advice, products, and services.

In the midst of our evolving pandemic response, we continued to execute against our main business priorities in support of our strategy, aligning around the era of the client. We connected with thousands of consumer and business clients to help them adjust, diversify, and adapt to ever-changing economic conditions while providing them with the personalized financial advice and solutions they needed.

We moved quickly to create a team of experts that focused on supporting businesses through this crisis. We became leaders in deploying CEBA, with more than $1 billion distributed to date to over 20,000 business clients with ATB's first end-to-end automated loan. While the pandemic accelerated our longer-term focus on bringing more digital experiences to clients, we still delivered on our planned digital tools like our Murex platform, which offers a best-in-class trading experience.

As we enter FY2021–22, our efforts will be directed toward business growth and advancing toward the future on our Path to 2030 while still addressing the changing needs and expectations of our clients and the ongoing pandemic response.

ATB is committed to being in business for the greater good of Albertans and beyond. As we lean into the new fiscal year, we will evolve our current corporate social responsibility commitments, strengthening our intended impact and increasing our transparency for Albertans.

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 clients and operations.

Bumpy Road Ahead: The Alberta Economy Coming Out of the Pandemic

Currently, mixed signals dominate the economic environment in Alberta.

On the positive end of the continuum, herd immunity and a full reopening of the economy later this year appear possible due to vaccines, oil prices have been relatively high, and the U.S. and Chinese economies are expected to post strong growth both this year and next. Average house prices have increased despite the pandemic, and media stories referencing the Roaring 20s suggest pent-up savings among high-income earners will boost economic growth.

On the negative end of the continuum, COVID-19 continues to spread, some previously lifted public health restrictions have been reinstated, unemployment remains high (9.1% as of March), and many households are facing mounting financial stress. The accumulated strain on small businesses is a potentially strong headwind, and there are many unanswered questions regarding the efficacy of vaccines against variants, when large events will be possible, when travel will return to pre-pandemic levels, and if inflation will spike.

The temptation is to focus on one end of the continuum at the expense of the other rather than anticipating an uneven economic recovery that remains on a highly uncertain path. It is also important to remember that a "return to pre-pandemic levels" in Alberta means a return to the flat economic growth of 2019 and a provincial unemployment rate that was above the national average. A more robust recovery will only be evident when growth fills the holes left by the pandemic *and* compensates for the near recession of 2019.

With this context in mind and assuming the vaccination effort successfully contains the virus later this year, Alberta's economy will make up a large portion of the ground it lost last year due to the pandemic and oil-price crash. ATB is forecasting real gross-domestic-product (GDP) growth of 4.1% in 2021 followed by 2.6% in 2022. At this pace, Alberta's annual economic output will surpass its pre-pandemic level in 2023.

The forecast also assumes that U.S. and global demand for oil will continue to recover and that Organization of the Petroleum Exporting Countries Plus (OPEC+) producers will maintain limits on the amount of supply they add to the market.

We are anticipating a K-shaped recovery. The upper branch of the K will be higher-wage workers who didn't lose their jobs during the pandemic and businesses that were largely unscathed by public health restrictions. The lower branch will be workers who either return to low-wage employment or remain out of work and the businesses that have hobbled or been forced to close during the pandemic. While the post-pandemic period may feel like the Roaring 20s to some, it will be challenging for many others.

After a rough 2020 that saw Alberta's oil production fall by 5.1%, the West Texas Intermediate (WTI) crude benchmark drop to its lowest annual average price in 17 years, and President Joe Biden cancel the Keystone XL pipeline, 2021 is expected to be much better for the province's oil patch. Production surpassed pre-pandemic levels in November, and prices have been relatively strong over the first three months of the year. According to Statistics Canada, capital spending in Alberta's oil-and-gas-extraction sector in 2021 is expected to be 3.0% ($0.5 billion) higher than in 2020 but will still be 31.5% ($7.8 billion) below where it was in 2019. Revenue from production growth and higher prices will likely be used to shore up balance sheets rather than to boost production above planned levels. We might, however, see additional capital spending and drilling activity if oil prices continue to beat expectations.

Increased demand from oilsands operations and Alberta power plants, infrastructure improvements, and stronger prices all bode well for Alberta's natural gas industry in 2021.

Alberta's growing tech sector is an economic bright spot and received a boost from news that Vancouver-based mCloud Technologies Corp. is moving its head office to Calgary and Infosys has chosen Calgary for the next phase of its expansion into Canada.

After a strong 2020, primary agriculture and agri-food are poised for continued growth in 2021. The pandemic-related setbacks that affected the cattle industry are in the rearview mirror, and the global recovery should support prices and exports.

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 potentially may affect our business decisions and practices include:

- Lost income due to unemployment and market losses;
- Business closures;
- Cash flow uncertainty;
- Increased debt;
- High levels of financial anxiety; and
- Consolidation in the energy sector.

An uneven reopening and recovery process will create challenges for some businesses and workers, especially those most affected by public health restrictions. This unevenness will also be apparent among our business clients, with some in good shape and looking to expand operations while others are trying to repair the damage to their business caused by the pandemic.

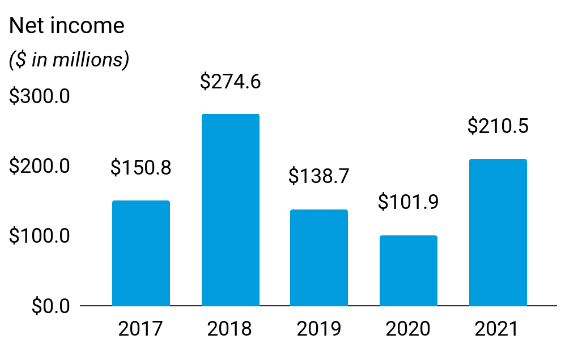
The Bank of Canada's trendsetting interest rate is expected to stay at or near its current level of 0.25% in 2021.

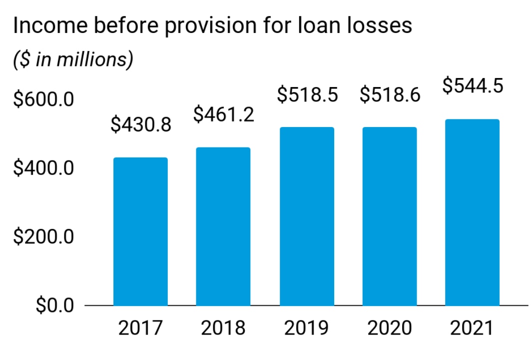
As Albertans weather lockdowns and the economy starts recovering, ATB will be here to help our clients through this challenging time.

Review of 2020–21 Consolidated Operating Results

See detailed analysis in the Consolidated Financial Statements.

2020–21 Performance





Net Income

Net income (NI) increased by $108.6 million (106.6%) from the prior fiscal year, driven by record operating revenue and lower provision for loan losses (LLP). As a result, ATB's net contribution—composed of NI, payment in lieu of tax (PILOT), and deposit guarantee fee—to the Government of Alberta (GoA) was $331.9 million, an increase of $144.1 million (76.8%) from last year's $187.8 million.

ATB's income before provisions, a non-IFRS measure, increased from the prior year as operating revenue growth outpaced expense growth and is defined as follows:

($ in thousands)	**2021**	2021 vs 2020 increase (decrease)		2020
Operating revenue	**$ 1,777,947**	$ 51,129	3.0%	$ 1,726,818
Less: non-interest expense	**(1,233,453)**	25,198	2.1%	(1,208,255)
Income before provision for loan losses	**$ 544,494**	$ 25,931	5.0%	$ 518,563

Return on Average Assets

The return on average assets, a non-IFRS measure, increased from last year, driven by an increase in NI and partially offset by an increase in our average assets.

($ in thousands)	**2021**	2021 vs 2020 increase (decrease)		2020
Net income	**$ 210,525**	$ 108,617	106.6%	$ 101,908
Average total assets	**$ 55,627,418**	$ 1,647,497	3.1%	$ 53,979,921
Return on average assets	**0.38%**	0.19%		0.19%

Operating Revenue

Total operating revenue consists of net interest income (NII) and other income (OI). The increase is mainly attributed to growing our non-interest income sources, e.g., OI, as we offered new services and products to clients and the growth in ATB Wealth's average assets under administration (AUA).

($ in thousands)	**2021**	2021 vs 2020 increase (decrease)		2020
Net interest income	**$ 1,178,567**	$ (15,622)	(1.3)%	$ 1,194,189
Other income	**599,380**	66,751	12.5%	532,629
Operating revenue	**$ 1,777,947**	$ 51,129	3.0%	$ 1,726,818

Net Interest Income

NII represents the difference between the interest earned on assets (such as loans and securities) and interest paid on liabilities (such as deposits and wholesale or collateralized borrowings). NII decreased by $15.6 million (1.3%) from last year, with $49.4 million of the decrease due to pricing changes, partially offset by a $33.8-million increase driven by changes in our funding mix.

Changes in Net Interest Income

	2021 vs 2020			2020 vs 2019		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
($ in thousands)	**Volume**	**Rate**	**Net change**	Volume	Rate	Net change
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 25,462**	**$ (101,063)**	**$ (75,601)**	$ (8,116)	$ (1,924)	$ (10,040)
Loans	**(53,984)**	**(159,987)**	**(213,971)**	24,304	47,918	72,222
Change in interest income	**(28,522)**	**(261,050)**	**(289,572)**	16,188	45,994	62,182
Liabilities						
Deposits	**(42,960)**	**(161,315)**	**(204,275)**	17,156	58,058	75,214
Wholesale borrowings	**(1,509)**	**(19,591)**	**(21,100)**	(22,956)	7,080	(15,876)
Collateralized borrowings	**(9,126)**	**(29,487)**	**(38,613)**	1,850	3,541	5,391
Securities sold under repurchase agreements	**(2,719)**	**(1,269)**	**(3,988)**	(2,367)	620	(1,747)
Subordinated debentures	**(5,975)**	**(0)**	**(5,975)**	(3,111)	(78)	(3,189)
Change in interest expense	**(62,289)**	**(211,662)**	**(273,951)**	(9,428)	69,221	59,793
Change in net interest income	**$ 33,767**	**$ (49,388)**	**$ (15,621)**	$ 25,616	$ (23,227)	$ 2,389

The net interest margin (NIM) is the ratio of NII to average total interest-earning assets for the year. It is an important measure for ATB; it demonstrates how profitable our banking business is. The ratio was 2.23%, lower than the 2.28% achieved last year, driven primarily by the Bank of Canada prime-rate reductions. Although prime-rate reductions negatively impacted what we earned on our assets, lower deposit and borrowing costs have helped to minimize the impact.

Net Interest Income and Margin

($ in thousands)	Average balances (1) 2021	Average balances (1) 2020	Interest income 2021	Interest income 2020	Average rate *(%)* 2021	Average rate *(%)* 2020
Assets						
Interest-bearing deposits with financial institutions, and securities	**$ 7,239,680**	$ 5,816,444	**$ 25,525**	$ 101,126	**0.4**	1.7
Loans	**45,443,003**	46,616,792	**1,767,527**	1,981,498	**3.9**	4.3
Total interest-earning assets	**52,682,683**	52,433,236	**1,793,052**	2,082,624	**3.4**	4.0
Non-interest-earning assets	**2,943,951**	2,038,345	**-**	-	**-**	-
Total assets	**$ 55,626,634**	$ 54,471,581	**$ 1,793,052**	$ 2,082,624	**3.2**	3.8
Liabilities and equity						
Deposits	**$ 36,972,977**	$ 35,904,947	**$ 397,202**	$ 601,478	**1.1**	1.7
Wholesale borrowings	**3,540,417**	3,602,932	**65,871**	86,971	**1.9**	2.4
Collateralized borrowings	**8,365,921**	8,771,361	**151,006**	189,619	**1.8**	2.2
Non-interest-bearing liabilities	**2,553,029**	1,909,204	**-**	-	**-**	-
Securities sold under repurchase agreements	**98,495**	258,621	**404**	4,390	**0.4**	1.7
Subordinated debentures	**86**	222,996	**2**	5,977	**2.3**	2.7
Equity	**4,095,709**	3,801,520	**-**	-	**-**	-
Total liabilities and equity	**$ 55,626,634**	$ 54,471,581	**$ 614,485**	$ 888,435	**1.1**	1.6
Net interest margin					**2.23**	2.28

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

Other Income

OI consists of all operating revenue not classified as NII.

($ in thousands)	2021	2021 vs 2020 increase (decrease)		2020
Wealth management	**$ 237,065**	$ 15,634	7.1%	$ 221,431
Service charges	**71,943**	(3,520)	(4.7)%	75,463
Card fees	**61,345**	(3,758)	(5.8)%	65,103
Net gains on derivative financial instruments	**56,811**	15,368	37.1%	41,443
Credit fees	**49,319**	4,454	9.9%	44,865
Capital markets revenue	**49,060**	28,785	142.0%	20,275
Foreign exchange	**32,248**	10,539	48.5%	21,709
Insurance	**23,848**	(1,139)	(4.6)%	24,987
Sundry	**11,266**	5,266	87.8%	6,000
Net gains on securities	**6,475**	(4,878)	(43.0)%	11,353
Total other income	**$ 599,380**	$ 66,751	12.5%	$ 532,629

OI increased primarily due to capital markets revenue, ATB Wealth, and net gains on our derivative financial instruments.

Derivative income earned this year was bolstered by commodity trades executed by our Financial Markets Group (FMG) and unrealized gains from our corporate interest-rate-risk-management portfolio.

Revenue generated from ATB Wealth increased this year due to higher average AUA, leading to greater revenues from investment management and client fees.

The ratio of OI to operating revenue was 33.7%, which increased by 2.9% from prior year.

Provision for Loan Losses

($ in thousands)	2021	2021 vs 2020 increase (decrease)		2020
Stage 3 recovery (1)	**$ (33,605)**	$ 59,453	(63.9)%	$ (93,058)
Stage 2 provision (1)	**66,661**	(23,252)	(25.9)%	89,913
Stage 1 provision (1)	**44,236**	6,452	17.1%	37,784
Net write-offs	**193,793**	(157,548)	(44.8)%	351,341
Total provision for loan losses	**$ 271,085**	$ (114,895)	(29.8)%	$ 385,980
Provision for loan losses to average gross loans	**0.59%**	0.22%		0.81%

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

ATB's LLP—comprising net write-offs, recoveries, and required changes to the allowance for Stage 1, 2, and 3 loans—decreased from last year. The decrease is mainly attributed to the reduction in net write-offs and the Stage 2 provision. This reduction reflects the loan portfolios performing better than expected as the economic outlook has improved from earlier in the pandemic and many clients have benefited from the loan-deferral and government relief programs. The Stage 3 recovery this year is a result of high-value ATB business loans returning to performing and loans written off that were previously provided for. However, we are continuing to see new impairments in our Stage 3 provision, especially for oil-and-gas and accommodation clients.

We continue to recognize the challenges that the pandemic is creating for our clients. We remain committed to providing our clients with access to credit as we help stabilize and support Alberta's economy, while taking appropriate measures to limit losses (see Risk Management). As at March 31, 2021, gross impaired loans of $1.0 billion comprised 2.1% (2020: 2.2%) of the total loan portfolio.

Non-interest Expense

Non-interest expense (NIE) consists of all expenses incurred by ATB except for interest expenses and LLP.

($ in thousands)	**2021**	2021 vs 2020 increase (decrease)		2020
Salaries and employee benefits	**$ 674,913**	$ 11,452	1.7%	$ 663,461
Data processing	**132,661**	11,183	9.2%	121,478
Premises and occupancy, including depreciation	**90,430**	7,791	9.4%	82,639
Professional and consulting costs	**63,402**	(3,739)	(5.6)%	67,141
Deposit guarantee fee	**52,442**	5,752	12.3%	46,690
Equipment and software and other intangibles, including depreciation and amortization	**102,522**	1,543	1.5%	100,979
General and administrative	**57,127**	(26,201)	(31.4)%	83,328
ATB agencies	**14,898**	1,086	7.9%	13,812
Other	**45,058**	16,331	56.8%	28,727
Total non-interest expense	**$ 1,233,453**	$ 25,198	2.1%	$ 1,208,255
Efficiency ratio	**69.4%**	0.6%		70.0%

Our NIE increased this year due to increased salaries and employee benefits and data processing, partially offset by lower general and administrative cost.

Salaries and employee benefits increased during the year mainly due to revenue-related compensation and resiliency pay for client-facing employees during the COVID-19 pandemic. Data processing increased because of an increase in data and other technology-related volumes. Other expenses were up this year due to an increase in the fair value of achievement notes linked to the rebound in market valuations from the start of the pandemic.

General and administrative costs decreased from last year, with discretionary spending such as travel, media costs, and sponsorships being lower as a result of the COVID-19 pandemic.

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. Our efficiency ratio of 69.4% improved from last year's 70.0% as our operating revenue outpaced expense growth.

Review of Operating Results by Area 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. (See Note 28 for more on ATB's organizational structure.)

The manner in which ATB determines the revenues, expenses, and LLP attributable to the various AoEs is outlined below.

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

Year-over-Year Segmented Results

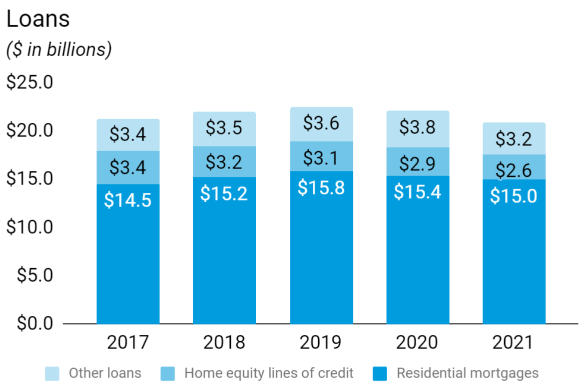
($ in thousands)	ATB Everyday Financial Services	ATB Business	ATB Wealth	Strategic service units	Total
For the year ended March 31, 2021					
Net interest income	**$ 491,522**	**$ 635,854**	**$ 19,847**	**$ 31,344**	**$ 1,178,567**
Other income	**107,860**	**228,366**	**242,886**	**20,268**	**599,380**
Total operating revenue	**599,382**	**864,220**	**262,733**	**51,612**	**1,777,947**
Provision for loan losses	**64,871**	**201,787**	**4,427**	**-**	**271,085**
Non-interest expense (1)	**535,472**	**402,977**	**232,072**	**62,932**	**1,233,453**
(Recovery of) payment in lieu of tax (2)	**(221)**	**59,675**	**6,034**	**(2,604)**	**62,884**
Net (loss) income	**$ (740)**	**$ 199,781**	**$ 20,200**	**$ (8,716)**	**$ 210,525**
Increase (decrease) from 2020					
Net interest income (loss)	**$ 1,722**	**$ 25,891**	**$ (1,539)**	**$ (41,696)**	**$ (15,622)**
Other (loss) income	**(5,706)**	**55,674**	**14,929**	**1,854**	**66,751**
Total operating (loss) revenue	**(3,984)**	**81,565**	**13,390**	**(39,842)**	**51,129**
(Recovery of) provision for loan losses	**(19,767)**	**(96,678)**	**1,550**	**-**	**(114,895)**
Non-interest expense	**(20,149)**	**15,700**	**2,450**	**27,197**	**25,198**
(Recovery of) payment in lieu of tax	**(221)**	**59,846**	**(7,910)**	**(19,506)**	**32,209**
Net income (loss)	**$ 36,153**	**$ 102,697**	**$ 17,300**	**$ (47,533)**	**$ 108,617**
For the year ended March 31, 2020					
Net interest income	$ 489,800	$ 609,963	$ 21,386	$ 73,040	$ 1,194,189
Other income	113,566	172,692	227,957	18,414	532,629
Total operating revenue	603,366	782,655	249,343	91,454	1,726,818
Provision for loan losses	84,638	298,465	2,877	-	385,980
Non-interest expense (1)	555,621	387,277	229,622	35,735	1,208,255
(Recovery of) payment in lieu of tax (2)	-	(171)	13,944	16,902	30,675
Net (loss) income	$ (36,893)	$ 97,084	$ 2,900	$ 38,817	$ 101,908

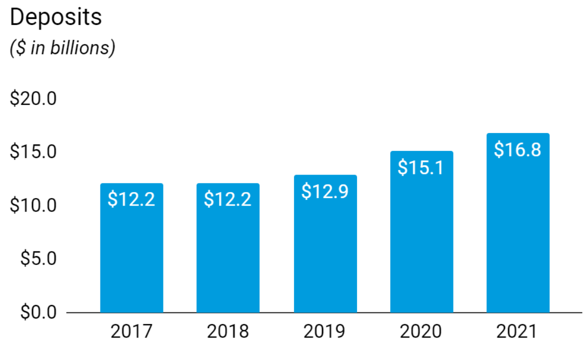
(1) Certain costs are allocated from the SSUs to the AoEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(2) Effective April 1, 2020, the NI that ATB Capital Markets Inc. earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership. Effective April 1, 2020, the methodology to calculate ATB's PILOT is now allocated to each AoE based on 23% of the area's NI before PILOT.

ATB Everyday Financial Services

Financial Performance

($ in thousands)	**2021**	2020
Net interest income	**$ 491,522**	$ 489,800
Other income	**107,860**	113,566
Operating revenue	**599,382**	603,366
Provision for loan losses	**64,871**	84,638
Non-interest expense	**535,472**	555,621
Net loss before payment in lieu of tax	**(961)**	(36,893)
Recovery of payment in lieu of tax	**(221)**	-
Net loss	**$ (740)**	$ (36,893)
Total assets	**$ 28,102,162**	$ 25,582,159
Total liabilities	**17,452,570**	15,730,549





NII increased due to EFS focusing on growing and repricing its deposit book, which offset lower loan volumes and the impact of prime-rate reductions. OI decreased due to lower service charges, as in-branch transactions were lower because of branch closures in the early stages of the COVID-19 pandemic.

The LLP for EFS decreased this year due to fewer write-offs and Stage 3 provision. This is driven by fewer delinquencies resulting from the government relief programs.

NIE decreased due to a reduction in the number of full-time equivalents (FTEs), savings in third-party consulting, and reduced discretionary spending on travel and entertainment costs during the ongoing pandemic.

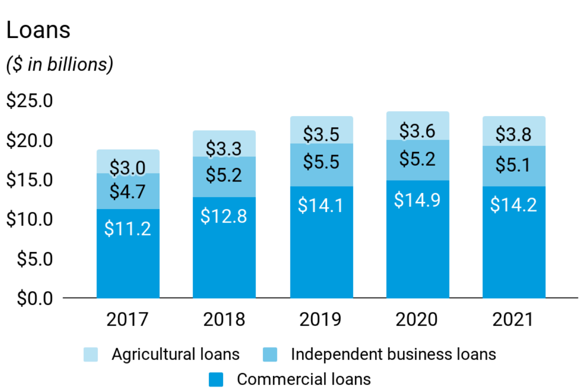
Loans contracted this year, driven by lower new-sales volumes in residential mortgage and personal loans and by clients paying down loans at a quicker pace than in previous years. Deposits in EFS increased mainly due to an increase in savings and transaction accounts as clients accessed government funding and held more liquid assets.

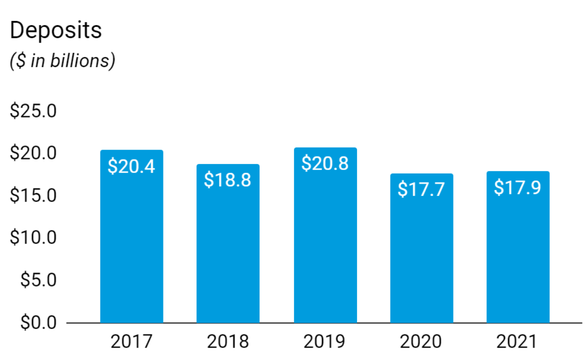
ATB Business

Financial Performance

($ in thousands)	**2021**	2020
Net interest income	**$ 635,854**	$ 609,963
Other income	**228,366**	172,692
Operating revenue	**864,220**	782,655
Provision for loan losses	**201,787**	298,465
Non-interest expense	**402,977**	387,277
Net income before payment in lieu of tax	**259,456**	96,913
Payment in lieu of (Recovery of) tax (1)	**59,675**	(171)
Net income	**$ 199,781**	$ 97,084
Total assets	**$ 23,042,814**	$ 22,738,457
Total liabilities	**18,793,198**	18,513,457

(1) Effective April 1, 2020, the NI that ATB Capital Markets Inc. (formerly AltaCorp Capital Inc.) earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership.





NI increased year over year due to higher operating revenue, specifically OI, and a decrease in the LLP, partially offset by a slight increase in NIE.

NII increased this year due to loans repricing, primarily in the energy sector. OI benefited from strong performances by our capital market and advisory services as we enhanced our product offerings and deepened client relationships. The focus on growing non-interest income sources is paying off, as OI increased to 26.4% of operating revenue this year compared to 22.1% last year.

LLP decreased year over year, driven by lower Stage 3 provision and write-offs. This is the result of fewer new impairments and loans being paid down and returning to performing, which reflects an improving economic environment and the upward trend of commodity prices during the fiscal year.

NIE increased from last year due to revenue-related compensation paid as a result of improved results.

Although overall commitments remained fairly consistent, funded loans contracted from last year due to the economic impact of the pandemic and the liquidity provided through the government relief programs. Deposits increased this year as clients benefited from the excess liquidity in the market.

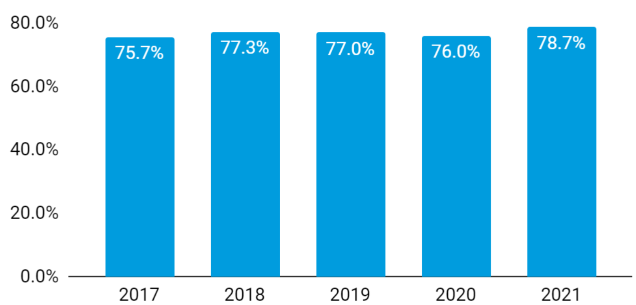
ATB Wealth

Financial Performance

($ in thousands)	**2021**	2020
Net interest income	**$ 19,847**	$ 21,386
Other income	**242,886**	227,957
Operating revenue	**262,733**	249,343
Provision for loan losses	**4,427**	2,877
Non-interest expense	**232,072**	229,622
Net income before payment in lieu of tax	**26,234**	16,844
Payment in lieu of tax (1)	**6,034**	13,944
Net income	**$ 20,200**	$ 2,900
Total assets	**$ 1,519,727**	$ 1,097,635
Total liabilities	**1,557,216**	1,128,263
Total assets under administration	**24,880,721**	19,855,943

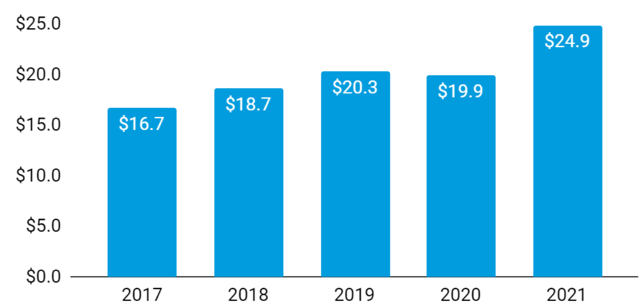
(1) Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT has changed to be based on 23% of their NI before PILOT.

Compass penetration as a percentage of total assets under administration



Assets under administration

($ in billions)



ATB Wealth's AUA increased $5.5 billion (25.3%) from last year-end. The substantial increase is driven by strong market performance that not only recovered the value lost at the onset of the COVID-19 pandemic, but also grew the portfolio.

Operating revenue increased compared to last year, primarily due to higher OI, and is attributable to a higher average AUA. NII decreased, driven by lower rates caused by the prime-rate reductions.

NIE increased primarily due to higher variable costs associated with AUA. These costs are largely offset by lower general and administrative costs due to lower travel and entertainment as a result of the pandemic.

Loans increased as clients took advantage of the low-interest-rate environment. Deposits increased this year as clients held more liquid assets.

Strategic Support Units

Financial Performance

($ in thousands)	**2021**	2020
Net interest income	**$ 31,344**	$ 73,040
Other income	**20,268**	18,414
Operating revenue	**51,612**	91,454
Non-interest expense	**62,932**	35,735
Net income before payment in lieu of tax	**(11,320)**	55,719
(Recovery of) Payment in lieu of tax	**(2,604)**	16,902
Net income	**$ (8,716)**	$ 38,817
Total assets	**$ 3,090,378**	$ 6,447,271
Total liabilities	**13,877,128**	16,412,144

NII decreased mainly due to the Bank of Canada prime-rate reductions and their impact on balance sheet activity.

NIE is higher than last year, mainly due to an increase in the fair value of achievement notes and costs related to the optimization of our branch network.

Quarterly Operating Results and Trend Analysis

Review of 2020–21 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 31/21**	**Dec 31/20**	**Sep 30/20**	**Jun 30/20**	Mar 31/20	Dec 31/19	Sep 30/19	Jun 30/19
Interest income	**$ 437,828**	**$ 450,949**	**$ 458,087**	**$ 446,188**	$ 504,948	$ 528,192	$ 523,443	$ 526,041
Interest expense	**134,213**	**146,313**	**163,210**	**170,749**	211,006	222,619	227,792	227,018
Net interest income	**303,615**	**304,636**	**294,877**	**275,439**	293,942	305,573	295,651	299,023
Other income	**159,388**	**157,345**	**133,482**	**149,165**	132,975	141,229	123,578	134,847
Operating revenue	**463,003**	**461,981**	**428,359**	**424,604**	426,917	446,802	419,229	433,870
Provision for loan losses	**(14,369)**	**(12,016)**	**52,154**	**245,316**	245,282	42,279	32,331	66,088
Non-interest expense	**357,078**	**297,058**	**285,815**	**293,502**	301,785	299,417	298,658	308,395
Net (loss) income before payment in lieu of tax	**120,294**	**176,939**	**90,390**	**(114,214)**	(120,150)	105,106	88,240	59,387
Payment in lieu of tax	**27,669**	**35,215**	**-**	**-**	(26,640)	23,430	20,277	13,608
Net (loss) income	**$ 92,625**	**$ 141,724**	**$ 90,390**	**$ (114,214)**	$ (93,510)	$ 81,676	$ 67,963	$ 45,779
Net (loss) income attributable to ATB	**$ 92,625**	**$ 141,724**	**$ 90,390**	**$ (114,214)**	$ (93,481)	$ 81,856	$ 68,414	$ 46,561
Net (loss) income attributable to non-controlling interests (1)	**-**	**-**	**-**	**-**	(29)	(180)	(451)	(782)

(1) Effective March 31, 2020, ATB purchased all of the employee-owned Class B shares in AltaCorp Capital Inc. As at March 31, 2021, ATB has no non-controlling interests.

Net Income

NI is less than last quarter but better than the same quarter last year. The year-over-year increase is due to higher operating revenue and a decrease in our LLP.

Operating Revenue

Operating revenue consists of NII and OI. This quarter's operating revenue has not only increased from last quarter and this time last year, but is the highest we have ever achieved.

When comparing quarter-over-quarter results, OI increased, driven by fee and capital markets revenue, offset by lower revenue generated from our interest-rate-risk-management portfolio. Both NII and OI increased when compared to the same quarter last year. Most of the increase is in OI due to our wealth management, capital markets, and credit fee revenue increasing. This highlights our continued efforts to grow our non-interest income sources to not only continue to diversify our market offerings, but also grow operating revenue.

Provision for Loan Losses

This quarter's provision saw a decrease of $2.4 million (19.6%) versus last quarter and a decrease of $259.7 million (105.9%) compared to the same quarter last year. The slight decrease from last quarter can be attributed to an improving economic outlook, partially offset by more business-client loans becoming impaired. The year-over-year decrease is the result of a significant Stage 1 and 2 provision that was recorded at the onset of the pandemic last year, with no significant change since then.

Non-interest Expense and Efficiency Ratio

NIE increased $60.0 million (20.2%) quarter over quarter and $55.3 million (18.3%) when compared to the same quarter last year. This is due to increased performance-based compensation driven by higher revenue, increased fair value of achievement notes, and costs incurred to optimize our branch network.

ATB's efficiency ratio, measured as total NIE divided by total operating revenue, increased from 64.3% in the third quarter of FY2020–21 and 70.7% in the fourth quarter of last year to 77.1% this quarter. Both changes are primarily due to the increased fair value of achievement notes, costs incurred to optimize our branch network, and technology-volume-related expenses.

Trend Analysis

NII has hovered around $300 million for the last eight quarters. The sharp decrease in the first quarter of FY2020–21 coincides with the Bank of Canada prime-rate reductions in March 2020 as loans repriced more quickly than deposits and other funding sources, resulting in lower interest earned on our loans. During this fiscal year, we took steps to optimize our balance sheet and reprice in certain sectors, with NII returning to pre-pandemic levels. At the same time, we have seen an increase of $2.4 billion (6.7%) year over year in well-priced deposits, allowing us to rely less on alternative and costly funding sources, thereby lowering our interest expenses.

OI performed exceptionally well throughout the year, ending on a high note with a new quarterly record. This quarter's OI contributed to 34.4% of our total operating revenue, up from 31.1% in the same quarter last year. Wealth management revenue has continued to improve due to strong market returns generated from AUA. Capital markets revenue has also been a significant driver for OI growth.

The fluctuation in our LLP over the past two years reflects the prolonged economic challenges and impact on many of our clients who had not yet recovered from the last economic recession when COVID-19 hit. Despite the fluctuations, loan losses have begun to improve from last year due to rising energy prices, deferral and government relief programs bolstering liquidity, and the distribution of multiple COVID-19 vaccines.

Outside of the fourth quarter of this year, our NIE had been decreasing due to reduced discretionary spend. While our expenses increased in the last quarter, we had some one-time costs and increases in revenue-based compensation.

Review of 2020–21 Consolidated Financial Position

Total Assets

Our total assets as at March 31, 2021, were $55.7 billion, consistent with last year; however, our asset mix has changed. We have higher liquid-asset balances and lower loan balances, and the fair value of our derivative asset portfolio is down.

Cash and Liquid Securities

Similar 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		2021 vs 2020		
($ in thousands)	**2021**	increase (decrease)		2020
Cash	**$ 4,643,603**	$ 3,331,059	253.8%	$ 1,312,544
Interest-bearing deposits with financial institutions	**389,471**	288,443	285.5%	101,028
Liquid securities	**3,557,519**	(1,027,815)	(22.4)%	4,585,334
Cash and liquid securities	**$ 8,590,593**	$ 2,591,687	43.2%	$ 5,998,906

Cash varies due to changes in client product preferences and the timing of certain interbank activities, such as foreign-currency clearing, cheque clearing, and other transit items. The changes in the mix of our liquid-asset portfolio is due to holding more cash in the Bank of Canada's large-value transfer system (LVTS) and holding fewer securities in our liquidity risk management portfolio.

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 6 and 22 to the financial statements for more details.)

Loans

As at March 31		2021 vs 2020		
($ in thousands)	**2021**	increase (decrease)		2020
Gross loans	**$ 45,323,089**	(2,358,334)	(4.9)%	$ 47,681,423
Less: Stage 3 allowance	**(302,756)**	81,046	21.1%	(383,802)
Loans, net of Stage 3 allowance	**45,020,333**	(2,277,288)	(4.8)%	47,297,621
Less: Stage 1 and 2 allowance	**(423,111)**	(171,724)	68.3%	(251,387)
Net loans	**$ 44,597,222**	(2,449,012)	(5.2)%	$ 47,046,234

Net loans in all categories have decreased from the same time last year, with the largest decrease occurring in our business loans space. Access to government relief programs and the excess liquidity in the market resulted in clients paying down loans and utilizing less of their loan facilities.

Our allowance for loan losses has increased since last year due to a higher Stage 1 and 2 allowance that reflects the impact the ongoing pandemic has had on the economic outlook. This is offset by a lower Stage 3 allowance due to fewer impaired loans as clients have relied on the various government relief programs. Our loan portfolio and the related allowance for loan losses are discussed in greater detail in the Risk Management section.

Other Assets

As at March 31 *($ in thousands)*	**2021**	2021 vs 2020 increase (decrease)		2020
Derivative financial instruments	**$ 1,181,796**	$ (357,838)	(23.2)%	$ 1,539,634
Accounts receivable – financial market products	**397,993**	122,326	44.4%	275,667
Prepaid expenses and other receivables	**291,166**	55,038	23.3%	236,128
Software and other intangibles	**282,708**	(26,111)	(8.5)%	308,819
Property and equipment	**238,269**	(40,731)	(14.6)%	279,000
Accrued interest receivable	**75,001**	(7,691)	(9.3)%	82,692
Other	**31,199**	(21,051)	(40.3)%	52,250
Total other assets	**$ 2,498,132**	$ (276,058)	(10.0)%	$ 2,774,190

ATB's other assets are composed primarily of derivative financial instruments, property and equipment, software and other intangibles, and other assets. (See Notes 10, 11, 12, and 13 to the statements.)

The decrease in our derivative assets mainly relates to a lower fair value of our interest-rate and cross-currency swaps designated for hedge accounting that are used to manage our interest-rate and foreign-exchange risk. The decrease is driven by an increase in long-term swap rates, mainly in the fourth quarter of the fiscal year. (See Risk Management.)

The increase in accounts receivable – financial market products is due to commodity and foreign-exchange trades that have been traded but not yet settled. The increase in other receivables is due to an increase in the amount pledged to Canada Mortgage Housing Corporation (CMHC) to comply with new requirements.

Total Liabilities

Total liabilities ended the year at $51.7 billion, the same as last year. The composition changed, however, due to a shift from higher-cost funding sources to lower-cost deposit funding.

Deposits

As at March 31, 2021 *($ in thousands)*	**Payable on demand**	**Payable on a fixed date**	**Total**	**Percentage of total**
Redeemable fixed-date deposits	**$ -**	**$ 1,828,748**	**$ 1,828,748**	**4.9%**
Non-redeemable fixed-date deposits	**-**	**6,014,076**	**6,014,076**	**15.9%**
Savings accounts	**12,241,167**	**-**	**12,241,167**	**32.4%**
Transaction accounts	**12,035,331**	**-**	**12,035,331**	**31.9%**
Notice accounts	**5,639,066**	**-**	**5,639,066**	**14.9%**
Total deposits	**$ 29,915,564**	**$ 7,842,824**	**$ 37,758,388**	**100.0%**

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%

ATB's principal sources of funding are client deposits, which consist of fixed-date deposits, savings, transaction, and notice accounts. Deposits continue to grow, with clients holding more liquid assets augmented by government relief programs.

Other Liabilities

As at March 31		2021 vs 2020		
($ in thousands)	**2021**	increase (decrease)		2020
Wholesale borrowings	**$ 3,508,819**	$ (893,348)	(20.3)%	$ 4,402,167
Collateralized borrowings	**7,931,082**	(614,010)	(7.2)%	8,545,092
Derivative financial instruments	**921,411**	(67,845)	(6.9)%	989,256
Accounts payable and accrued liabilities	**681,766**	(708,865)	(51.0)%	1,390,631
Accounts payable – financial market products	**392,353**	136,050	53.1%	256,303
Accrued interest payable	**158,402**	(50,593)	(24.2)%	208,995
Due to clients, brokers, and dealers	**99,529**	(9,135)	(8.4)%	108,664
Payment in lieu of tax and income taxes payable	**62,884**	32,038	103.9%	30,846
Achievement notes	**58,454**	3,282	5.9%	55,172
Deposit guarantee fee payable	**58,487**	3,497	6.4%	54,990
Accrued-pension-benefit liability	**33,807**	15,471	84.4%	18,336
Securities sold under repurchase agreements	**14,730**	(336,098)	(95.8)%	350,828
Total other liabilities	**$ 13,921,724**	$ (2,489,556)	(15.2)%	$ 16,411,280

ATB's other liabilities are composed primarily of collateralized and wholesale borrowings, derivative financial instruments, and accounts payable and accrued liabilities. (See Notes 10, 15, 16, and 19 to the financial statements.)

Collateralized and wholesale borrowings are used as a funding source to supplement client deposits. Collateralized borrowings represent ATB's participation in the Canada Mortgage Bonds (CMB) program, securitization of credit card receivables, and other mortgage loan securitization. Wholesale borrowings consist primarily of bearer-deposit and mid-term notes issued on ATB's behalf by the GoA, to a limit of $9.0 billion. This liability, along with securities sold under repurchase agreements and collateralized borrowings, decreased mainly because of our strong deposit growth.

Accounts payable and accrued liabilities decreased due to less collateral owed for derivative contracts. This fluctuates depending on the level of activity and the required margin to back securities held at other banks.

Accumulated Other Comprehensive Income

As at March 31		2021 vs 2020		
($ in thousands)	**2021**	increase (decrease)		2020
Securities measured at fair value through other comprehensive income	**$ (1,937)**	$ 471	19.6%	$ (2,408)
Derivative financial instruments designated as cash flow hedges	**131,745**	(200,897)	(60.4)%	332,642
Defined-benefit-plan liabilities	**(16,293)**	(14,517)	(817.4)%	(1,776)
Accumulated other comprehensive income (loss)	**$ 113,515**	$ (214,943)	(65.4)%	$ 328,458

Accumulated other comprehensive income (OCI) decreased by $214.9 million (65.4%) from last year. Due to the continued volatility in the market, with swap rates increasing in the last quarter, we recorded an unrealized loss on the interest-rate-management products we designated for hedge accounting. The decrease is further driven by changes in our pension obligation, partially offset by actual returns on plan assets being greater than expected.

Regulatory Capital

ATB measures and reports capital adequacy to ensure we meet the minimum levels set out by our regulator, ASFI, 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 Adequacy Requirements Guideline* (*CAR Guideline*). ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the GoA'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. (See Note 25 for more on ATB's regulatory capital.)

The following table summarizes ATB's regulatory capital results, which have exceeded the total capital and Tier 1 capital requirements of the *CAR Guideline*.

As at March 31 *($ in thousands)*	2021	2021 vs 2020 increase (decrease)		2020
Tier 1 capital				
Retained earnings	**$ 3,961,408**	$ 208,757	5.6%	$ 3,752,651
Tier 2 capital				
Eligible portions of:				
Wholesale borrowings	**1,876,866**	(141,614)	(7.0)%	2,018,480
Collective allowance for loan losses	**319,262**	3,809	1.2%	315,453
Notional capital	**22,086**	(52,190)	(70.3)%	74,276
Total Tier 2 capital	**2,218,214**	(189,995)	(7.9)%	2,408,209
Deductions from capital				
Software and other intangibles	**282,708**	(26,111)	(8.5)%	308,819
Total capital	**$ 5,896,914**	$ 44,875	0.77%	$ 5,852,041
Total risk-weighted assets	**$ 36,487,057**	$ (2,316,830)	(6.0)%	$ 38,803,887
Risk-weighted capital ratios				
Tier 1 capital ratio	**10.9%**	1.2%		9.7%
Total capital ratio	**16.2%**	1.1%		15.1%
Assets-to-capital multiple	**9.5**	-	-	9.5

Risk-Weighted Assets

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

			2021	2021 vs 2020			2020
As at March 31 *($ in thousands)*	Risk-weighted percentage	**On- or off-balance-sheet value**	**Risk-weighted value**	Risk-weighted value increase (decrease)		On- or off-balance-sheet value	Risk-weighted value
On-balance-sheet amounts							
Cash resources	0–20	**$ 5,033,074**	**$ 80,966**	$ 60,760	300.7%	$ 1,413,572	$ 20,206
Securities	0–100	**3,626,607**	**69,181**	22,988	49.8%	4,631,526	46,193
Residential mortgages	0–100	**15,833,810**	**3,946,540**	308,883	8.5%	16,212,297	3,637,657
Other loans	0–100	**28,763,412**	**27,097,391**	(1,975,198)	(6.8)%	30,769,871	29,072,589
Other assets	20–100	**2,498,132**	**1,280,225**	(1,168,626)	(47.7)%	2,774,190	2,448,851
Total on-balance-sheet amounts		**$ 55,755,035**	**$ 32,474,303**	$ (2,751,193)	(7.8)%	$ 55,801,456	$ 35,225,496
Off-balance-sheet amounts							
Guarantees and letters of credit (1)	0–100	**$ 19,588,699**	**$ 4,012,754**	$ 1,021,558	34.2%	$ 18,105,950	$ 2,991,196
Derivative financial instruments	0–50	**30,441,448**	**-**	(587,195)	(100.0)%	37,589,297	587,195
Total off-balance-sheet amounts		**$ 50,030,147**	**$ 4,012,754**	$ 434,363	12.14%	$ 55,695,247	$ 3,578,391
Total risk-weighted assets		**$ 105,785,182**	**$ 36,487,057**	$ (2,316,830)	(6.0)%	$ 111,496,703	$ 38,803,887

(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 0.58% return on risk-weighted assets, a 0.30% increase from last year, as we earned income while our risk-weighted assets decreased mainly due to fewer loans and derivative exposures.

Off-Balance-Sheet Arrangements

As a financial institution, ATB participates in a variety of financial transactions that, under IFRS, 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 types of transactions are listed below.

Assets Under Administration

AUAs consist of client investments managed and administered by ATB's subsidiary entities operating under the umbrella of ATB Wealth. AUAs increased from $19.9 billion to $24.9 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, futures, 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 for calculating payments only and do not truly reflect the value associated with the financial instrument. (See Note 10 to the financial statements.)

Credit Instruments

In the normal course of lending activities, ATB enters into various commitments to provide clients 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 client's authorized limit on a facility exceeds the outstanding balance drawn as at March 31, 2021, or 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 clients; 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 22 to the 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 22 to the statements.) We are also obligated to make future interest payments on our collateralized and wholesale borrowings. (See Notes 15 and 21 to the statements.)

Guarantees

In the normal course of operations, ATB enters into guarantee arrangements that satisfy the definition of guarantees established by IFRS 9 *Financial Instruments.* The principal types of guarantees are standby letters of credit and performance guarantees. (See Note 22 to the statements.)

Securitization

ATB participates in the CMB program. Under this program, ATB pledges qualifying mortgages to Canada Housing Trust (CHT), a special-purpose entity set up by the CMHC, 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 include 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. Allowance for undrawn amounts is disclosed in Note 8. Losses are based on the 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 OCI as an accumulated impairment amount with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is transferred 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 expected 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 asset is no longer credit impaired.
- 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 is 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 ECLs are measured at the 12-month ECL as the loan is moved back to Stage 1 from Stage 2. (See Risk Management in this MD&A and Note 9 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. (See Notes 11 and 12 to the statements.)

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 its value in use. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. (See Note 2 to the statements.)

Assumptions underlying the Accounting for Employee Future Benefits

ATB engages actuarial consultants in valuing pension-benefit obligations for our defined-benefit (DB) 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. (See Note 19 to the financial statements.)

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received in the sale of 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 10 to the financial statements.)

Income Taxes and Deferred Taxes

Income earned by ATB Capital Markets Inc. 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 as part of ATB's PILOT. Prior to this, the income tax expense and deferred tax assets and liabilities for future tax benefits were management's best estimate of income taxes to be paid.

Future Changes in Accounting Policies

A number of standards and amendments have been issued by the International Accounting Standards Board that 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

Discussion of risk management policies and procedures relating to credit, market, and liquidity risks is 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, 2021.

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 growing, protecting, and managing Shareholder 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. Our risk appetite statement addresses our major risk categories, which include credit, market, liquidity, operational, cybersecurity, regulatory compliance, strategy, reputational, and ethics risk.

As we support our AoEs 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 challenges 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 (ERM) 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 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 prevent us from achieving our strategic objectives. An emerging risk is one 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.

Economic Uncertainty

Because our mandate is to operate predominantly in Alberta, ATB relies heavily on the health of the Alberta economy and related strength of energy prices. During FY2020–21, the Alberta economy continued to experience pressures associated with the ongoing COVID-19 global pandemic and oil price volatility. Although the province continues to make vaccination progress and oil prices are stabilizing, the road to recovery depends on several unknown factors, including whether the vaccine rollout will happen quickly enough to support economic reopening by the summer, the potential for new variants of COVID-19 to disrupt the economic recovery, whether OPEC+ will continue production curtailments, how much investment capital will return to Alberta, and the uneven nature of recovery given differing impacts to different segments of the economy. These factors could prolong a weakened economy with risk to credit growth and performance, other income opportunities, and deposit volatility and runoff.

In addition to supply and demand volatility, the energy sector continues to face headwinds related to acceleration of ESG trends and expectations, and acceleration of Canadian and U.S. climate change targets.

Where possible, ATB manages its exposure to prolonged low energy prices and economic recovery uncertainty through a series of credit risk management activities (outlined under Credit Risk 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 the current OSFI *CAR Guideline* and, pursuant to this compliance, ATB holds adequate regulatory capital to protect ATB from severe stress events.

In response to the ongoing pandemic, management has implemented a series of actions to ensure the ongoing safety of our team members, to support Albertans and Alberta businesses, and to continue to support the health of ATB's financial performance. To support our clients, we continue to participate in programs sponsored by the federal government and to maintain loan deferral programs for clients requiring additional financial support. ATB will continue its active role in evaluating, monitoring, and managing risks associated with economic uncertainty.

Cybersecurity Risk

As we increasingly rely on digital and Internet-based technologies, cybersecurity risk remains a top risk to financial institutions. Attempts to access systems to steal data and funds, retrieve sensitive information, or cause operational disruption have become an operational norm. The increasing sophistication and continual evolution of the technologies and methods of attack exacerbate this risk, with increasing exposures as we increase our use of third-party services. COVID-19 has also changed the external landscape, with an increasing amount of phishing campaigns against team members working from home. The consequences of cybersecurity events to ATB could be material in terms of loss of client information, remediation costs, legal and reputational damage, and loss of revenue and client 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 and how they will strategically advance the maturity of our defences. 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 that are subjected to multi-step screening and oversight that spans procurement, onboarding, monitoring, and off-boarding activities. We also mitigate certain aspects of cybersecurity risk via our corporate insurance program.

Digital Transformation Risk

A critical component of ATB's ability to meet growth targets and diversify income is contingent on delivering an enhanced digital offering for our clients that connects them to the services and products that make a difference in their lives. Offering a relevant digital experience is highly dependent on a number of factors, including enhancing our digital technologies and platforms, the ability to identify and quickly bring to market relevant offerings, having the right talent deployed to the right initiatives, and investing in the right innovative bets. An inability to digitally transform the organization may result in lower-than-expected growth or missed financial targets.

To manage this risk, ATB has strengthened our delivery prioritization model to ensure our resources and initiatives are focused on building strong foundations and enabling future success. Our prioritization model provides enhanced governance, agile project management, and strategic allocation of resources. Longer-term innovation risks are addressed through ATB Ventures, which imagines and invests through the lens of data, machine learning, human–machine interactions, and trust.

Climate Risk

ATB has been managing climate risk exposure for many years—for example, by considering the impacts of environmental liabilities in our lending processes and managing through physical events such as forest fires and severe flooding. Given the evolving definition of this risk, ATB is also reviewing its climate risk management practices. ATB considers climate risk to include physical risk, transition risk, and liability risk, all of which have a potential impact on ATB's reputation, portfolio health, and lending and investment practices. Evolution of climate risk capabilities will be a multi-year journey for the financial sector, and ATB will advance its capabilities in alignment with the expectations of our regulators and ESG principles and in a manner that creates long-term value.

Approach to Risk Management

ATB seeks to create and protect enterprise value by enabling risk-informed decision-making and balancing risk and return in our business processes. We do this 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 ERM 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 our:

- Codes of conduct and ethics;
- Enterprise risk appetite statement;
- Policies and procedures; and
- Performance management and compensation practices.

ATB develops and fosters a risk-aware culture by:

- Establishing clear ownership of 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 AoE-specific metrics.

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

Risk Governance

Ultimate responsibility for managing risk 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 the duties of those who take on risk, those who control risk, and those who provide assurance along the three lines of defence.

Risk governance and strategic direction	**Board of Directors**	
	Risk Committee	Audit Committee

Risk oversight	**Chief Executive Officer and executive leadership team**					
	Asset/Liability Committee	Executive Risk Management Committee	Operational Risk Committee	Credit Committee	Ethics Committee	Cyber Risk Oversight Committee

Risk management and reporting	**Three lines of defence**		
	First line: **Business Operations** • Areas of expertise • Strategic support units (Finance; People and Culture; Technology, Innovation, and Engineering [TIE]) • Treasury	**Second line:** **Risk Management** • Credit risk • Market risk • Enterprise risk management • Stress-testing • Operational risk and business continuity • Legal • Compliance • Internal controls over financial reporting	**Third line: Assurance** • Internal assurance • External auditors

Risk Governance and Strategic Direction

Authority for risk management flows from the Board to the CEO and from the CEO to the heads of the AoEs and SSUs. 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 risk governance responsibilities described in the following table:

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 the overall direction, makes key decisions relating to enterprise risk management activities across ATB, and guides the design, execution, and assessment of results from ATB's enterprise risk management program.	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 codes 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 enterprise-wide operational risks.	Vice President, Enterprise Risk Management and Chief Compliance Officer
Cyber Risk	Oversees and gives direction on enterprise-wide cybersecurity risks.	Chief Risk Officer; Chief Technology Officer

Risk Oversight and Control

Chaired by the CEO, the Strategic Leadership Team (SLT) comprises senior executives spanning all AoEs and 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. The 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 AoEs and all SSUs that face risks directly. These groups are accountable for taking and managing risks 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 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 enterprise-wide 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 risks, recognizing that a client is at the centre 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, 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 across 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 ERM framework.

Enterprise Risk Management 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 across 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 AoEs—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 provides policies, frameworks, and operating procedures to independently evaluate and support recommended credit decisions provided by the AoEs and to continually monitor the overall credit risk level inherent in ATB's credit portfolio. Monitoring 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 credit granting and monitoring.

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 4.)

As at March 31 *($ in thousands)*	**2021**	2020
Financial assets (1)	**$ 54,484,142**	$ 54,841,371
Other commitments and off-balance-sheet items	**18,396,216**	18,105,950
Total credit risk	**$ 72,880,358**	$ 72,947,321

(1) Financial assets include derivatives stated net of collateral held and master netting agreements.

Credit Risk Appetite

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

- Only enter into lending activities in markets where we have the knowledge and processes in place to adequately manage risk;
- Manage individual client credit exposures so anticipated losses from a given borrower are below risk appetite maximums unless in 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, 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.

2021 Industry Concentration Risk

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

	2021		2020 (1)	
As at March 31 *($ in thousands)*		**Percentage of total gross loans**		Percentage of total gross loans
Commercial real estate	**$6,166,027**	**13.6%**	$6,061,842	12.7%
Agriculture, forestry, fishing, and hunting	**4,095,938**	**9.0%**	4,208,402	8.8%
Mining and oil-and-gas extraction	**3,971,632**	**8.8%**	4,606,938	9.7%
Largest borrower	**$200,000**	**0.44%**	$200,000	0.42%

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

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)*			2021		2020 [1]
Residential mortgages	Insured [2]	**$ 9,492,165**	**59.9%**	$ 10,416,761	64.3%
	Uninsured	**6,341,645**	**40.1%**	5,795,536	35.7%
Total residential mortgages		**$ 15,833,810**	**100.0%**	$ 16,212,297	100.0%
Home equity lines of credit	Uninsured	**$ 2,793,598**	**100.0%**	$ 3,096,011	100.0%
Total home equity lines of credit		**$ 2,793,598**	**100.0%**	$ 3,096,011	100.0%
	Insured	**$ 9,492,165**	**51.0%**	$ 10,416,761	53.9%
Total	**Uninsured**	**9,135,243**	**49.0%**	8,891,546	46.1%

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

The following table shows the percentages of our residential-mortgage-loan (RML) portfolio that fall within various amortization periods:

As at March 31	2021	2020
Less than 25 years	**91.5%**	87.0%
25 to 30 years	**8.4%**	12.9%
30 to 35 years	**0.1%**	0.1%
Total	**100.0%**	100.0%

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

As at March 31	2021	2020
Residential mortgages	**0.68**	0.68
Home equity lines of credit	**0.58**	0.57

ATB performs stress-testing on its RML 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 RML 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 an ever-changing 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 the following key operational actions supporting our strategy:

- Using validated credit score models for adjudication and behavioural monitoring;
- Having accurate estimation processes and models for establishing the allowance for loan losses;
- Back-testing and validating actual values to established forecasts to improve the accuracy of future results;
- Implementing early-warning systems to give management advance notice 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., AoE operations, credit risk management, and internal assurance).

Counterparty Credit Risk

Client counterparties are scrutinized through our regular credit-risk-management processes, and financial institution counterparties are limited by policy to those with 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 potential future exposure (PFE) for commodities and foreign-exchange derivatives and PFE for interest rate derivatives. Both measures are calculated and monitored daily. We are generally not exposed to credit risk for the full face value (notional amount) of derivative contracts, only to the current replacement cost if the counterparty defaults.

Market Risk

ATB may incur losses due to adverse changes in interest rates, foreign-exchange rates, and equity and commodity market prices. Financial institutions like 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 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 clients versus expectations. ATB uses derivative financial instruments such as interest rate swaps and other capital-market alternatives to manage our interest rate risk.

Asset and liability management encompasses the following tasks:

- 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 three primary metrics:

- Interest rate gap measurement, which compares the notional difference or gap in interest rate repricings between assets and liabilities, grouped according to their repricing date;
- Sensitivity of NII to sudden increases or decreases in market interest rates, measured over 12 months; and
- Sensitivity to the change in economic value due to changes in interest rates.

(See Note 23 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 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, 2021, and 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 Use of Derivatives, below, and Note 10 to the statements.)

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 clients. 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 clients, 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 clients. 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, for foreign-currency contracts only, incorporate them into our own foreign-exchange position.

The Market Risk group 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 ERM framework gives the Board's Risk Committee a view of the market risk profile compared to the approved market risk appetite.

COVID-19

Beginning in mid-March 2020, the World Health Organization declared the outbreak of COVID-19 “a global pandemic.” Governments in affected areas imposed measures to contain the outbreak, including business closures, travel restrictions, quarantines, and cancellations of gatherings and events. The spread of COVID-19 has disrupted the global economy, causing financial market volatility, hampering certain sectors (e.g., hospitality) and helping others to flourish (e.g., e-commerce). These effects have been particularly hard on Alberta, given that growth forecasts were sluggish before COVID-19 became a global pandemic. Our team members and clients face an extremely challenging operating environment. ATB has demonstrated financial strength and resilience and will continue to do so while protecting the health and safety of team members and supporting our clients.

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

As at	**March 31 2021**		December 31 2020		September 30 2020		June 30 2020	
($ in thousands, except for "number of loan" amounts)	**Number of loans**	**Gross carrying amount of loans outstanding**	Number of loans	Gross carrying amount of loans outstanding	Number of loans	Gross carrying amount of loans outstanding	Number of loans	Gross carrying amount of loans outstanding
Retail	**283**	**$ 57,863**	1,543	$ 292,138	25,996	$ 4,228,584	35,341	$ 5,299,870
Business	**-**	**-**	-	-	10,539	5,547,331	10,575	5,646,658
Total	**283**	**$ 57,863**	1,543	$ 292,138	36,535	$ 9,775,915	45,916	$ 10,946,528

Retail Client Relief Program

This program provided immediate and temporary assistance to clients facing financial hardship due to job or income losses during the pandemic. Our relief measures included payment deferrals on various loan products and reduced interest rates on credit card balances. Because temporary assistance through this program ended September 30, 2020, we created the Relief Solutions Team to support clients who required further assistance.

Business Client Relief Program

Eligible business owners were given different and important options for temporary assistance, all designed to help them weather the impacts of COVID-19 and/or oil-price shocks. It included principal- and interest-payment deferrals and working-capital loans to allow business clients to sustain their operations during the downturn, and it waived merchant fees for clients who shut down their businesses due to COVID-19. Temporary assistance through this program ended September 30, 2020, with deferred loans either returning to regular payments or being converted to working-capital loans.

Government Relief Programs

ATB supported the following government relief programs:

Canada Emergency Response Benefit

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

Canada Emergency Business Account

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

Business Credit Availability Program

The Business Credit Availability Program (BCAP) is also referred to as the loan guarantee for eligible businesses. One version of the program is administered through Export Development Canada (EDC) and the other through the Business Development Bank of Canada (BDC).

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

Highly Affected Sectors Credit Availability Program

The Highly Affected Sectors Credit Availability Program (HASCAP) provides additional liquidity and cash flow to businesses highly affected either directly or indirectly by the COVID-19 pandemic. This program began on February 16, 2021, and is available until June 30, 2021, to help eligible clients access additional liquidity and cover operating costs. Features include:

- New 100% guaranteed term loans ranging from $25,000 to $1 million to qualifying clients;
- 4% fixed-interest-rate loans with repayment terms of up to 10 years; and
- Up to a 12-month postponement on principal repayments at the start of the loan.

Liquidity Risk

Liquidity risk is the risk that ATB may not meet all of its financial commitments in a timely manner at reasonable prices. ATB manages 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 are 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 OSFI liquidity adequacy requirements.

On March 31, 2021, the LCR was 137.3% (2020: 134.6%), 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 provide a stable source of funding over the long term;
- Participating in Canadian financial markets through the GoA'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 RML and credit card receivables as collateral.

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

		2021		2020
As at March 31 *($ in thousands)*	**Long-term funding**	**Percentage of total**	Long-term funding	Percentage of total
Wholesale borrowings	**$ 3,508,819**	**30.7%**	$ 4,402,167	34.0%
Collateralized borrowings	**7,931,082**	**69.3%**	8,545,092	66.0%
Total long-term funding	**$ 11,439,901**	**100.0%**	$ 12,947,259	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, 2021							
Deposits	**$ 35,840,072**	**$ 1,144,558**	**$ 582,285**	**$ 106,182**	**$ 84,364**	**$ 927**	**$ 37,758,388**
Wholesale borrowings	**1,399,394**	**-**	**270,670**	**-**	**348,513**	**1,490,242**	**3,508,819**
Collateralized borrowings	**1,249,424**	**1,163,158**	**1,724,418**	**1,647,461**	**1,056,329**	**1,090,292**	**7,931,082**
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

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, 2021							
Guarantees and letters of credit (1)	**$ 1,154,472**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,154,472**
Commitments to extend credit (2)	**18,395,011**	**-**	**-**	**-**	**-**	**-**	**18,395,011**
Purchase obligations	**123,398**	**65,856**	**33,915**	**12,259**	**10,541**	**39,494**	**285,463**
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

(1) ATB is only called upon to satisfy a guarantee when the guaranteed party fails to meet its obligations. ATB has recourse against the client 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. The pandemic has resulted in increased risk exposures for workplace safety, model risk, and business disruption. COVID-19 has also required ATB to revisit our practices on how we keep team members safe and still offer the banking services Albertans require with minimal disruptions.

Operational risk is inherent in all of our business activities, including the processes and controls used to manage credit risk, market risk, and other risks we face. It can cause monetary losses and reputational harm or result in legal action or regulatory sanctions. While operational risk can never be fully eliminated, we can manage it to reduce exposure to financial loss, reputational harm, or regulatory sanctions. We do so through a variety of techniques, including risk and control assessments, new-initiative assessments, loss data collection and analysis, business continuity management, insurance, and ongoing monitoring and reporting.

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

Third-Party Risk

The decision to engage in a relationship with a third party introduces risk to ATB and its subsidiaries, operations, and reputation that management must identify, assess, mitigate, monitor, and report. While ATB may use third parties to support business activities, functions, or processes, doing so does not reduce ATB's risk management obligations.

Third-party-risk management consists of activities that ensure appropriate controls and processes exist to manage the risks associated with third-party relationships.

Not all third-party relationships present the same level of risk. Rather, they introduce various risks that ATB must identify, assess, mitigate, and monitor. For this reason, ATB must understand that the use of third parties does not in any way diminish ATB's management responsibilities to ensure that the outsourced functions or activities are conducted safely and soundly and in compliance with applicable laws, regulations, and guidelines.

ATB's third-party-risk-management practices must be commensurate with the level of risk and complexity posed by each third-party relationship. The COVID-19 pandemic has impacted not only ATB, but also the third-party companies we deal with. Depending on how resilient our partners are with regard to business disruptions due to the pandemic and associated lockdowns, there remains an increased risk of business interruption to ATB's operations.

ATB manages third-party risk throughout the lifecycle of a third-party relationship. A third-party-risk-management framework outlines requirements for ATB to follow when the need to engage with a third party is identified and in establishing the contract. After the contract is signed, the classification and related governance and risk management requirements for third-party relationships are outlined. The requirements to end the relationship with the third party when the contract is completed or terminated (e.g., for unacceptable performance) are also prescribed.

Model Risk

Model risk is "the risk of adverse financial (e.g., capital, losses, revenue) and reputational consequences arising from the design, development, implementation and/or use of a model" (OSFI). A model is defined as a quantitative method, system, and/or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. Model risk can originate from, among other things, inappropriate specification; incorrect parameter estimates; flawed hypotheses and/or assumptions; mathematical computation errors; inaccurate, inappropriate, or incomplete data; inappropriate, improper, or unintended usages; and inadequate monitoring and/or controls.

Model risk is generally categorized as a form of operational risk. As ATB relies on models for a variety of reasons, including measuring and monitoring risks and pricing financial transactions, it is exposed to model risk.

Consistent with the operational-risk-management policy and operational-risk-management framework, the three-lines-of-defence operating model establishes the appropriate accountability for managing model risk.

Throughout the pandemic, we have seen model risk increase as a result of unprecedented government relief and stimulus programs and data points that no longer conform with historical data sets. Models with macroeconomic or interest-rate sensitivity are acutely affected and require management mitigation plans to ensure their continued reliability. Management has introduced mitigants to address model risk through identification of impacted models, model enhancements, judgment overrides, and management overlays.

ATB's Model Risk Management group seeks to ensure models are robust, appropriate for their purpose, and independently validated. ATB manages its risk of exposure to error from models through appropriate governance and controls and by ensuring it falls within acceptable tolerances set out in ATB's Board-approved risk appetite statement.

Fraud Risk

Fraud risk is an operational risk that arises from intentional deception, resulting in not only the potential for significant financial loss to ATB and its clients, but also significant exposure to reputational risk and regulatory action. It may be any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

ATB's fraud risk management activities align with relevant principles set out by ASFI's Supervisory Framework and OSFI's regulatory and supervisory practices, and it incorporates ATB's commitment to OSFI's three-lines-of-defence model, which includes the design, development, and maintenance of internal process and system controls.

Uncertain economic conditions increase the incentives for fraudsters, and the pandemic has presented them with new avenues. ATB's participation in government-led assistance programs may expose ATB to greater risk of fraudulent applications to these programs, which incur costs to identify and remediate. ATB's approach to fraud risk management is to ensure that effective processes, controls, and metrics are deployed to manage fraud events and potential losses to levels within our Board-approved risk appetite. ATB deploys the three-lines-of-defence model in implementing risk management processes to identify, assess, manage, and monitor fraud risks.

Cybersecurity Risk

Cybersecurity risk can be defined as the potential for loss, 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 clients' data and funds.

ATB heavily invests in defences to protect the assets of the organization and those of its clients 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 team members.

Regulatory Compliance Risk

Regulatory compliance risk exists if ATB does not comply with applicable regulatory requirements, including those in the *ATB Act*, *ATB Regulation*, associated guidelines, and 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.

During the COVID-19 pandemic, a number of material regulatory changes were slowed, delayed, or paused. Over the next two to three calendar years, these initiatives will resume and a number of new or updated regulatory changes will be deployed. Mounting regulatory changes are significant and include, but are not limited to, those addressing payments modernization, consumer-directed finance (open banking), ESG and climate change, interest rate risk, operational risk, and LIBOR transition. These changes—along with the delivery of other government interventions in the financial sector (e.g., lending to individuals and businesses) and ongoing and increasing expectations of regulators and partners to assess and more tightly manage the risk profile—carry the risk of materially impacting ATB's capacity to deliver on our business plan and strategic priorities.

The AoEs and SSUs 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	**Compliance and Legal Services**	
	Compliance Identifies, assesses, and manages legal and regulatory requirements, using a risk-based approach	**Areas of expertise and strategic support units**
Chair of the Board Monitors compliance with the code of conduct and ethics by members of the Board	**Legal Services** Provides legal strategies and advice on the performance of legal obligations and manages litigation that involves or impacts ATB or its subsidiaries	Manage legal and regulatory compliance risks within risk appetite

ATB's codes of conduct and ethics outline the principles and standards that guide the conduct of every ATB director and team member. The Board's code 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.

Money-Laundering and Terrorist-Financing Risk

Money-laundering and terrorist-financing risk is defined as the risk that a client will use ATB to disguise money or assets derived from criminal activity or to fund terrorist activities. As a financial services provider, ATB risks being used as a conduit for money laundering and terrorist financing.

The protocols outlined within anti-money-laundering (AML) and anti-terrorist-financing (ATF) laws, regulations, and guidelines form the basis of ATB's strategy to effectively mitigate and manage ATB's money-laundering and terrorist-financing risks and fulfill our part in the global fight against money laundering and terrorist financing. As such, part of any effective AML/ATF program is to manage the AML/ATF compliance risk in addition to risks related to money laundering and terrorist financing.

Large monetary penalties and legal repercussions could result if legislated guidelines are not met; therefore, it is critical from a financial, legal, and reputational risk perspective that ATB create and implement an effective compliance program to manage our regulatory and compliance risks.

The anti-money-laundering policy approved by the Board requires ATB to implement the policy through a suitably designed AML/ATF framework. The framework is designed to appropriately manage ATB's AML/ATF compliance risk and promote the proactive risk-based management of money-laundering and terrorist-financing risks in an effort to deter and detect money-laundering and terrorist-financing activities and in a way that does not expose the institution to a level of risk that would exceed the risk appetite approved by the Board.

Privacy Risk

Privacy risk is defined as the risk of ATB not complying with privacy legislation (i.e., all applicable privacy laws and regulations) that are relevant to the products or financial services offered by ATB.

Privacy legislation applicable to ATB and its subsidiaries includes the Alberta *Personal Information Protection Act* (PIPA), the Alberta *Freedom of Information and Protection of Privacy Act* (FOIP), the *Personal Information Protection and Electronic Documents Act* (PIPEDA), Canada's Anti-Spam Legislation (CASL), the National Do Not Call List (DNCL) rules, and other applicable legislation.

In addition to privacy laws, the Privacy Guidelines (Guidelines) are regulatory guidance published by ATB's privacy regulator, the Office of the Information and Privacy Commissioner of Alberta; and Canada's Anti-Spam Legislation regulator, the Canadian Radio-television and Telecommunications Commission (CRTC). Guidelines include but are not limited to:

- Cloud computing guidelines;
- Guidelines for online consent;
- Guidelines for social media background checks;
- CASL guidelines; and
- Other applicable privacy guidelines.

ATB must comply with its privacy obligations under applicable privacy legislation. This includes implementing prudent privacy policies, procedures, standards, and industry best practices to properly manage privacy risk and protect personal information. The level of safeguards implemented must be commensurate with the nature and sensitivity of personal information involved. Collection, use, disclosure, and disposal of personal information must be reasonable and defensible under the applicable privacy legislation.

Strategy Risk

Strategy 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 strategy risk by deploying 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 to the execution of the plan.

Innovation Risk

Innovation risk, a subset of strategy risk, reflects the risk of ineffective business strategies/models associated with failing to adapt to changing client 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 elevating our investment in processes, tools, and channels to address disruptive risks.

Business Execution Risk

Business execution risk is an extension of strategy risk and arises from an inability to successfully execute on strategic plans and goals. Business execution risk can negatively impact ATB's capital, earnings, operations, or reputation. Strategy risk addresses whether ATB is "doing the right things," whereas business execution risk 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.

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 it through our team member code of conduct, the availability of a whistleblower hotline, an ethics framework touching on specific aspects of ATB's operations, and maintaining a strong tone at the top to reinforce ATB's shared principles. Mitigation efforts address many aspects of ATB's operations and include the highlighting of ethics issues in communications to team members, the implementation of proactive testing regarding the ethical use of AI and data, and the tracking of key indicators for significant third parties.

Reputational Risk

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

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 clients, maintaining high standards of governance, reinforcing ATB's codes of conduct and ethics, providing clear direction through board and management policies, and consistently monitoring social and traditional media to identify and respond to potential threats to ATB's reputation.

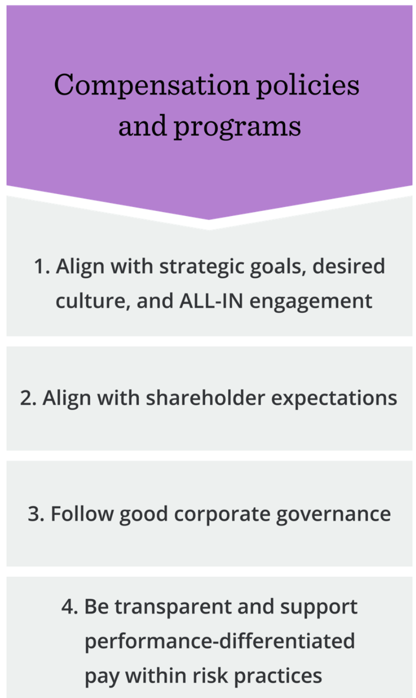
Executive Compensation Discussion and Analysis

Compensation Philosophy and Principles

Our executive compensation philosophy is based on ATB's beliefs that a high-performing executive team who can advance the corporate strategy is a cornerstone of our organization, our executives must have the opportunity to earn competitive compensation for talent relative to our market, 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 the talent needed in a highly competitive marketplace. Our compensation policies and programs are based on the following philosophy:

- 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.
- Compensation plans align with shareholder expectations by creating ongoing financial value and business sustainability, and client obsession.
- Compensation practices and performance setting will follow good corporate governance.
- Compensation plans are transparent and support performance-differentiated pay within acceptable risk practices and tolerances.



In keeping with our compensation philosophy and to ensure successful execution of the 10-year strategy, our compensation policies and programs align with the following key principles:

- Focus leaders and team members on the success of the 10-year strategy—Long-term sustainability and #OneATB.
- Performance-differentiated pay—pay reflects performance.
- Alignment to the competitive talent market—target mid-market on total direct compensation (base plus short-term and long-term incentives). The combination of culture, opportunities for personal and professional growth, health-and-wellness benefits, pension, and support of life beyond work differentiates ATB from the market.
- Simple, fair, and transparent compensation programs.

We continually review the breadth and depth of information we provide about compensation. Our disclosure is aligned to our 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 CEO, Chief Financial Officer (CFO), and the next three most highly compensated senior executive officers at ATB.

Compensation Governance and Alignment to Corporate Strategy

Board of Directors

Approves the compensation and benefits for the CEO. Approves annually the CEO's performance objectives. Board of Directors Chair, in partnership with the HR Committee Chair, evaluates the CEO's performance against pre-established 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.) Board of Directors reviews the evaluation of the CEO's performance and the CEO's variable pay elements. Reviews 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 Committee

Recommends to the Board of Directors to approve compensation and benefits for the CEO. Recommends annually to the Board of Directors to approve the CEO's performance objectives. HR Committee Chair, in partnership with the Board of Directors Chair, evaluates the CEO's performance against pre-established objectives and approves all variable pay elements of the CEO's compensation. The HR Committee reviews the evaluation of the CEO's performance and CEO's variable pay elements. Also reviews the compensation, benefits, and performance assessment of executives who report directly to the President and CEO, are named executive officers, or 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, CFO, Chief Risk Officer, and Chief People Officer. The Chair of the HR Committee of ATB's Board of Directors may observe with the intent to serve as a mentor for the committee.

ATB's compensation philosophy and established principles guide the design of our compensation 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 CFO and Chief Risk Officer (CRO) ensure the level of performance expectations aligns with our articulated risk profile and appetite. When setting goals, performance targets, and compensation trajectories, 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 to teams, AoEs, and organizational goals, as applicable, 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

Annually, the CRO conducts a compensation risk assessment, providing highlights to the Risk Committee and HR 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 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 FY2020–21 assessment did not identify any material issues affecting the overall integrity of ATB's compensation system.

Variable Compensation Forfeiture and Clawback

ATB's Executive Variable Compensation Forfeiture and Clawback Policy allows the Board of Directors 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 acts. 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 occurred or may occur, the Board will claw back or cancel some or all of the variable compensation awarded to that particular NEO.

ATB's LTI and STI plans that apply to executives in addition to 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 GoA's core compensation principles. These core principles require that compensation reflect 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 GoA.

Independent Compensation Advice

ATB's 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. Specific to FY2021, Hugessen Consulting and Korn Ferry advised on the COVID-19 pandemic market impacts to executive-pay programs and provided services to ATB for non-executive compensation matters. Korn Ferry also provided services relative to its other AoEs.

Fiscal year billed	Independent advisor	Executive compensation-related fees	Other fees	Total	Grand total
2021	**Hugessen Consulting**	**$44,131**	**$4,050**	**$48,181**	
	Korn Ferry	**24,825**	**296,727**	**321,552**	**$369,733**
2020	Hugessen Consulting	$44,282	$ -	$44,282	
	Korn Ferry	28,737	125,900	154,637	$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
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 the complexity and value of job responsibilities and the executive's relevant experience and job performance	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 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 HR Committee of the Board.

Short-Term Incentive

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 support unit, and business unit.

The instability of the economic environment in FY2021, including the anticipation of unprecedented LLP, prompted ATB to significantly shift and simplify our STI approach organization-wide—including for executives. We focused team members on what mattered—our clients—and on performance to create the foundation for sustained future income generation.

The FY2021 STI plan leveraged a single enterprise-wide scorecard, measuring ATB's adjusted NIEs, operating revenue, and client advocacy performance. As the predominant drivers of financial performance, operating revenue and adjusted NIEs were weighted 40% and 35%, respectively. Client advocacy also had a significant weight at 25%, as a measure of success in delivering a remarkable client experience.

For any STI payout, threshold performance levels in each of the three metrics must be achieved. The opportunity to provide payouts was critical for the retention of our talent and to recognize the important role ATB team members would play in helping Albertans through the oil price crisis and pandemic. The scorecard result was overlaid by ATB performance with respect to effective management of LLP to drive a preliminary funding rate for the plan. The STI plan included a ceiling on STI plan funding to recognize that in the current economic climate and with a budgeted financial loss, payouts needed to be constrained.

The Board, in its discretion, may apply a qualitative adjustment to the plan's preliminary funding rate, resulting in the final plan funding. This qualitative assessment may be based on extraordinary and unforeseen circumstances. To prepare to consider this flexibility to address unpredicted and changing circumstances, the HR Committee reviewed STI plan results quarterly in FY2021.

The target award for each executive reflects a percentage of salary, and the actual value received represented relative performance achievement. The final plan funding provided all participants with a proportionate payout relative to their STI target, as a percentage of base salary, and provided high performers with a greater payout. The maximum payout for a high performer was 150% of STI target.

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. No adjustments were required in FY2021.

In 2020–21, ATB conducted a review and redesign of our enterprise STI program and performance enablement system. As a result, ATB will be adopting a new STI approach that improves team member experience, elevates performance and performance-differentiated pay, and enables performance objectives to be more tightly aligned to business strategy for 2021–22. The executive STI plan will experience changes in 2021–22 that mirror the broader enterprise changes.

Range of STI payout is 0% to 150% of STI target

Base salary ($) X STI target (% of salary) X [STI achievement of key performance metrics +/- Adjustment based on Board discretion + Adjustment to recognize high performance] = STI payout

Long-Term Incentive

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 upward or downward 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.

Determinations to adjust a grant above or below target are made by the HR Committee for the CEO and reviewed with the HR Committee 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. However, senior executives 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 risk-adjusted return on capital (RAROC) performance measured against a RAROC target and an appropriate hurdle rate, which the Board of Directors sets in advance of each grant. When the fiscal-year-end RAROC meets or exceeds the target, previously awarded grants will appreciate by an amount equal to the actual 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 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.

Range of LTI grant is 0% to 180% of LTI target

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

Key Performance Indicators Driving Incentive Results

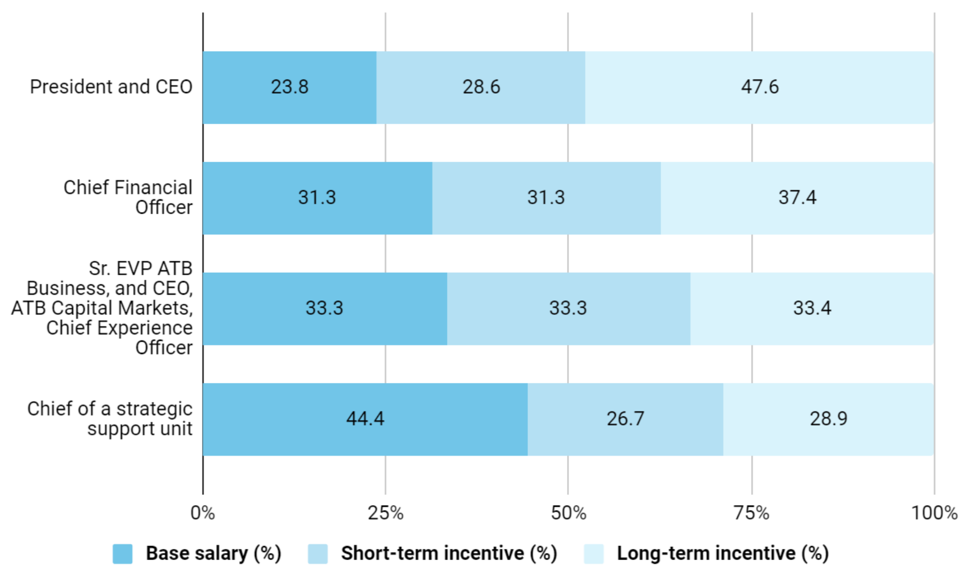
ATB's executive STI and LTI plans include annual objectives for the following performance metrics.

Operating revenue	• Measures enterprise revenue • Aligns with ATB's strategic growth strategy
Adjusted non-interest expense (NIE)	• Measures enterprise expenses excluding STIs, STIs over goal, severance and extraordinary items—COVID- and branch-optimization-related costs • Aligns with ATB's strategic growth strategy
Client Advocacy Index (CAI) score	• Measures client loyalty • Aligns with ATB's client experience, expert advisory services, and digital-platform strategies
Management of loan loss provisions (LLP)	• ATB's change in the ratio of LLP divided by average net loans • Measures how effectively ATB has managed LLP
Risk-adjusted return on capital (RAROC)	• Measures NI divided by risk-adjusted capital, where NI 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 • 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 target total direct compensation mix of each of 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, a pension, and a 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 the plan participant's 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 benefits program as all other team members, which provides security and contributes to their quality of life. The program provides all team members with core benefits and 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.

As another step to mitigate risk and invest in the holistic health of our senior executives, we encourage these critical leaders to participate in an annual comprehensive health assessment and in the LifePlus and Best Doctors Programs, which feature 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 Total Health strategy puts people first by recognizing holistic health as the support system for exceptional performance, which enables our team members to deliver on our promise of client obsession. We create consistent and simple-to-understand language, concepts, and actions that build on the pillars of physical, mental, 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 Mental Health Awareness Week and National Depression Screening Day, supported by organizations with mental health expertise like the Canadian Mental Health Association and the Mental Health Commission of Canada. To support foundational resilience, ATB has engaged with *headversity*—an app-based, self-directed coaching program—and a digital employee and family assistance program, Inkblot, that provides anytime/anywhere mental health therapy along with coaching supports.

ATB has fostered a strong partnership with the Mental Health Commission of Canada to deliver consistent training to ATB leaders and team members on managing mental health issues, reducing stigma, and building confidence in having conversations around mental health using the mental health continuum as a guide.

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 Leaders ALL-IN framework, which outlines the why, what, and how of leadership at ATB. The leadership framework comprises a set of principles that clearly outlines the expected leader capabilities and behaviours required to successfully deliver on our 10-year strategy and purpose. 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 advance their own leadership capabilities. 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 our team members reach their financial goals. As proud consumers of ATB's banking products, team members refer friends, family, and other potential clients; we know firsthand that ATB provides great experiences and is reimagining banking. Advocacy is a key component to driving business success.

Fiscal 2020–21 Performance and Executive Compensation

Key Performance Indicators Driving Incentive Results

Metric	Threshold	Target	Maximum	Performance	Attainment above target of metric
Operating revenue *($ in millions)*	$ 1,609	$ 1,693	$ 1,778	$ 1,778	Above target
Adjusted non-interest expenses[(1)] *($ in millions)*	$ 1,179	$ 1,145	$ 1,111	$ 1,129	Above target
CAI score	44	59 to 61	73	59	At target
RAROC	6.45%	12.9%	28%	15%	Above target

(1) The "adjusted non-interest expenses" metric excludes (a) STIs, (b) severance, and (c) extraordinary items—COVID-19 and branch-optimization-related costs.

The first three financial and operational performance metrics above have a material weighting in determining STI awards for the CEO and other executive officers. ATB's 2021 results include:

- Record-setting operating revenue—above the previous record set in FY2019–20—attributed to growing our non-interest income sources by offering new services and products to clients.
- Closely managed expenses across the organization, resulting in strong NIE performance for the year. The most significant reductions in expense were realized through effective workforce-cost management. Some discretionary expenses, such as travel and entertainment, were naturally reduced as a result of pandemic-related restrictions.
- Continued client loyalty in the face of challenges of the global pandemic. We guided clients and their businesses through this new reality, providing much-needed capital and tailored advice to help them adapt and achieve their financial goals. We invested in new technology, tools, and processes to improve the client experience, responding swiftly with solutions to solve immediate issues while preparing us to provide a more consistent and improved experience going forward.

The management of LLP was also a performance measure impacting the STI awards for NEOs. In compliance with IFRS 9 standards, we deployed a portfolio of strategies to effectively manage LLP. Strategies leveraged sound advice; early intervention techniques; deployment of third-party capital; and sound, agile portfolio-risk-management practices, all designed to support Albertans and Alberta businesses and to mitigate LLP. As a result of these activities, LLP levels at year-end were materially better than target.

This year's 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 RAROC. This appreciation signals both ATB's alignment to our risk appetite and appropriate levels of return relevant to risks taken.

Profiles, Performance, and Compensation Awarded to Named Executive Officers

Curtis Stange

President and CEO

Curtis believes in the art of the possible and works alongside more than 5,000 team members as the President and CEO of ATB, where each day he provides them with a chance to uplift the legacies and livelihoods of nearly 800,000 Albertans and Alberta business customers. With more than 30 years of experience in financial services touching every major Canadian province, Curtis feels strongly that Alberta is an economic powerhouse with incredible investment opportunities and firmly believes that we are in a strong position as a province. That is why Curtis and the team at ATB are making the conscious choice to focus on what is possible in Alberta—with its broad diversity in people, landscapes, and industries—to achieve positive outcomes for all.

As ATB's customers find their new paths in this volatile, uncertain, complex, and ambiguous new reality—Alberta's new frontier—they will expect companies to be dependable providers and reliable sources of information, as well as positive forces in shaping society. Under Curtis's leadership, ATB is courageously advancing into the future and pledging to make a real difference in Alberta by leveraging the organization's greatest strengths and working with fellow Albertans, entrepreneurs, and industry leaders to propel our province forward.

With courage, disciplined thought, and precise action, Curtis is leading his team through one of the most challenging economic cycles in recent history—Alberta's triple-impact event of a global pandemic, a collapse in oil prices, and the resulting market volatility. His inquisitive nature and desire to get to know the people and places around him have inspired him to look beyond his organization's day-to-day operations to external forces shaping ATB's reality over the long term to competitively react and respond—and strongly position ATB within Alberta's banking future.

Curtis is a Stanford alumnus and a 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 Alberta Government's Mental Health Advisory Council. Curtis also serves as a member of the Alberta Business Council, Edmonton International Airport and Visa Canada advisory boards, and the STARS Air Ambulance board. Born, raised, and educated on the Prairies, Curtis loves his family, the beauty of Alberta and our Rockies, and staying active through sports and the great outdoors.

Fiscal-year performance highlights

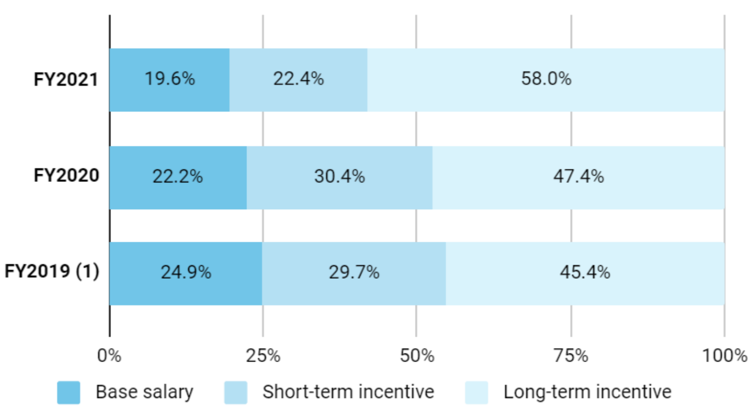
- Displayed transparent, accessible, and inspiring leadership through one of ATB's most challenging fiscal years, which included a public health crisis, oil price and market volatility, and meaningful social movements.
- Built and successfully executed a crisis response focused on keeping people safe, supporting Albertans and Alberta businesses, and ensuring ATB's long-term sustainability.
- Grew the economic value of ATB within Alberta while actively positioning the financial institution for a competitive future.
- Created a more psychologically safe and inclusive workplace, recognized yet again as one of the top workplaces in Canada.

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2021	**$ 500**	**$ 570**	**$ 1,481**	**$ 2,551**
FY2020	500	684	1,066	2,250
FY2019 (1)	463	551	841	1,855

(1) Curtis Stange was appointed President and CEO on July 1, 2018. The amounts shown for FY2019 include compensation for his previous position as Chief Customer Officer.

Actual compensation mix



(1) Curtis Stange was appointed President and CEO on July 1, 2018. The amounts attributable to the percentages shown for FY2019 include compensation for his previous position as Chief Customer Officer.

Dan Hugo

Chief Financial Officer

Dan is a highly accomplished financial-service executive and corporate officer who has spent significant time in senior leadership with companies such as Bank of America, Capital One, and Ernst & Young. He is actively involved with the fintech community and was 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. In his 30 years of experience, he has gained an expert knowledge base in financial/commercial business operations, financial planning/reporting, forecasting, expense management, corporate development, and strategy. Dan has a proven track record of growing businesses and finding innovative solutions to modern-day business challenges. His day-to-day mantra is to make today better than yesterday and tomorrow better than today and to impact people's lives positively and authentically.

Originally from South Africa, Dan is a Chartered Accountant (CA, South Africa) and a Certified Public Accountant (CPA, USA). Dan cares deeply about animal welfare and is an award-winning photographer, a passionate golfer, and an avid fly fisherman.

Fiscal-year performance highlights

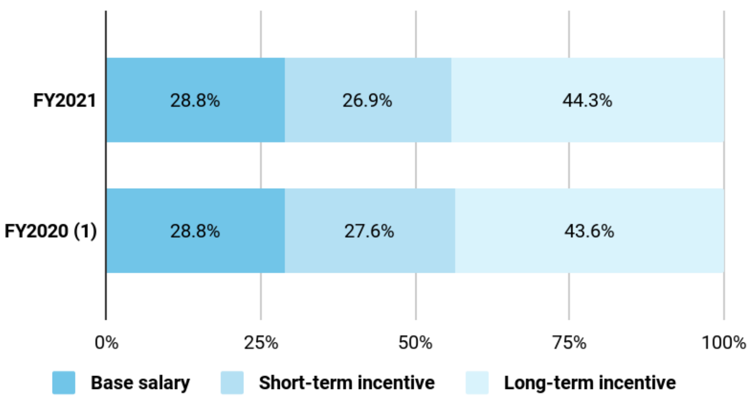
- Managed liquidity and capital during the extremely challenging times resulting from the pandemic and oil-price crash. Across all metrics, ATB is in a stronger position now than before the pandemic.
- Guided ATB to record revenues and record NI before provision. The growth in revenue was achieved with prudent expense management, and the efficiency ratio improved to 69.4%.
- Fully transitioned into the CFO role while managing COVID challenges such as working remotely.

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2021	**$ 375**	**$ 352**	**$ 579**	**$ 1,306**
FY2020 (1)	87	83	131	301

(1) Dan Hugo joined ATB as CFO on January 6, 2020. The amounts shown for FY2020 represent only a partial fiscal year.

Actual compensation mix



(1) Dan Hugo joined ATB as CFO on January 6, 2020. The amounts attributable to the percentages shown for FY2020 represent only a partial fiscal year.

Jon Horsman

Senior Executive Vice President, ATB Business, and CEO, ATB Capital Markets

As Senior Executive Vice President of ATB Business and CEO of ATB Capital Markets, Jon is responsible for the vision, strategy, and leadership of ATB's presence in business markets. Jon started his banking career with ATB over 17 years ago in Corporate Financial Services (CFS). He was instrumental in creating and leading various successful teams and building new capabilities for ATB. He eventually became Co-head of CFS and, in 2018, CEO of AltaCorp Capital Inc.

In the last year, Jon led the acquisition of AltaCorp Capital Inc. and integrated it with various groups in ATB. He set up ATB Capital Markets Inc., which is a fully integrated capital-markets platform servicing ATB's core corporate clients, bringing access to capital to growth industries and driving thought leadership through volatile markets. Jon also led the evolution of ATB's small, medium, and large commercial banking teams together into ATB Business, with an aligned value-proposition in the key sectors of the Alberta economy. By bringing ATB's business teams together successfully, Jon has helped ATB's clients benefit from deeper structuring capabilities, advice to navigate the global pandemic, and increased sector and product expertise.

Jon has an undergraduate degree in philosophy from Gonzaga University and an MBA from the University of Alberta.

Fiscal-year performance highlights

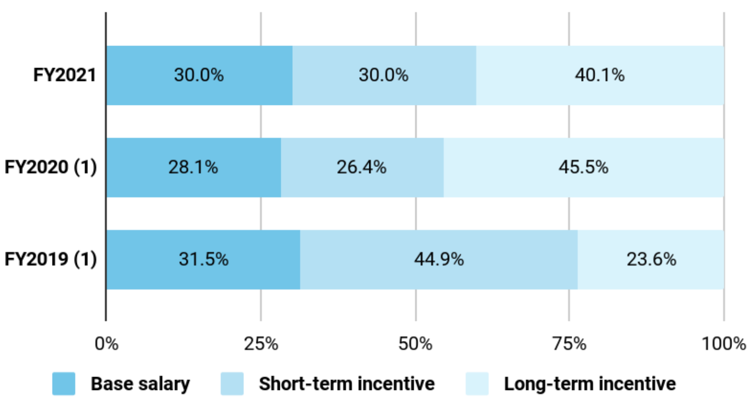
- Set a compelling, competitive future for ATB's value proposition in the business community by establishing programs to support growth in key sectors in Alberta such as agriculture and to provide economic relief for other highly affected sectors, such as energy and hospitality, through the COVID-19 pandemic and the 2020 global oil-price collapse.
- Delivered a single platform of service for ATB's small, medium, and large business and corporate clients through an enhanced value-proposition and a heightened expert-advisory experience.
- Served as executive sponsor of the Ellevate team-member network and actively supported building foundational capabilities to serve Indigenous communities.

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2021	**$ 350**	**$ 350**	**$ 468**	**$ 1,168**
FY2020 (1)	274	258	444	976
FY2019 (1)	250	357	188	795

(1) Jon Horsman was appointed Senior EVP of ATB Business and CEO of AltaCorp on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for his previous position as Chair and CEO of AltaCorp.

Actual compensation mix



(1) Jon Horsman was appointed Senior EVP of ATB Business and CEO of AltaCorp on January 1, 2020. The amounts attributable to the percentages shown for FY2020 and FY2019 include compensation for his previous position as Chair and CEO of AltaCorp.

Chris Turchansky
Chief Experience Officer

Since becoming ATB's first Chief Experience Officer in January 2020, Chris Turchansky has focused on putting clients at the centre of everything at ATB and taking ownership of delivering truly remarkable experiences that set ATB apart in their hearts and minds. He has a passion for ensuring Albertans receive expert advice and remarkable solutions that make it possible for them to realize their hopes and dreams.

Chris's career began over 23 years ago, 15 of which have been with ATB. Delivering an outstanding client experience has been a critical focus 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 instrumental in 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, providing honest, transparent advice and keeping their best interests at heart.

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. He shows his commitment to his community through his involvement with the Hockey Alberta Foundation and the Portfolio Management Association of Canada.

Fiscal-year performance highlights

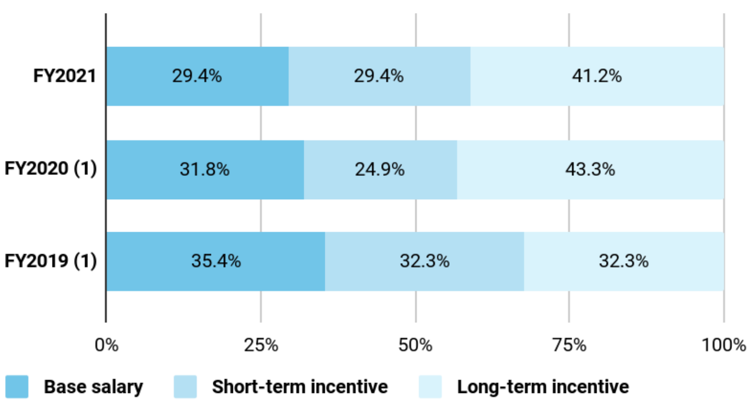
- Defined the strategy and set the foundation for the client experience objectives in ATB's 10-year strategy, including the design and implementation of our Everyday and Advisory journey roadmaps and our Differentiated Experience Model.
- Reshaped and evolved the ATB brand to highlight our commitment to providing timely pandemic relief for all clients, wrapped in the Built to Help Albertans campaign.
- Implemented an enterprise prioritization model and mindset shift across ATB to the "era of the client," ensuring the people we serve are front and centre in everything we do.
- Oversaw the launches of Visa Debit, our new ATB Business and ATB Personal digital experiences, and over 20 direct-to-consumer self-service offerings for clients.

Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2021	**$ 325**	**$ 325**	**$ 456**	**$ 1,106**
FY2020 (1)	298	233	405	936
FY2019 (1)	289	263	264	816

(1) Chris Turchansky was appointed Chief Experience Officer on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for his previous position as EVP and President, ATB Wealth.

Actual compensation mix



(1) Chris Turchansky was appointed Chief Experience Officer on January 1, 2020. The amounts attributable to the percentages shown for FY2020 and FY2019 include compensation for his previous position as EVP and President, ATB Wealth.

Denise Man

Chief Technology Officer

Denise Man is passionate about creating a brighter future for ATB and Alberta. She leads the Technology, Innovation, and Engineering team and is accountable for the digitization and modernization of ATB's core technologies, as well as cutting-edge innovation for ATB Ventures. She believes in investing in people and is focused on client centricity, engineering excellence, and building trusted interactions that unleash limitless possibilities for Albertans.

Since taking on the role of ATB's Chief Technology Officer in January 2020, Denise has quickly established a true engineering mindset, where team members are united and driven by a set of shared values and behaviours: taking pride in delivering high-quality, client-centric products and encouraging a one-team, silo-free mentality. She has a declarative vision to "build the technology skills Alberta wants and needs" alongside a leading-edge strategy that balances hardening a legacy foundation with paced growth while making big-bet innovations and ensuring data is a central asset.

Denise holds seven patents and several publications with the U.S. Patent and Trademark Office, after holding positions at Hewlett-Packard and serving as chief technology officer at Enbridge. She has a bachelor of science degree in electrical engineering with a minor in computer engineering from the University of Calgary.

Fiscal-year performance highlights

- Defined and advanced the technology and innovation imperatives within ATB's strategic plan.
- Hardened the technology foundation of ATB's core banking systems and reduced client-impacting outages by 10% through continued IT-service-management maturity.
- Delivered the automation of $9.6 billion in loan book deferrals and over $3.5 million in AI-led top-line revenue, and helped automate over $1 billion in new loans from government relief programs.
- Developed five innovation-based products built around ethical AI, digital identity, open banking, and data transparency, including four patents pending—a first for ATB.

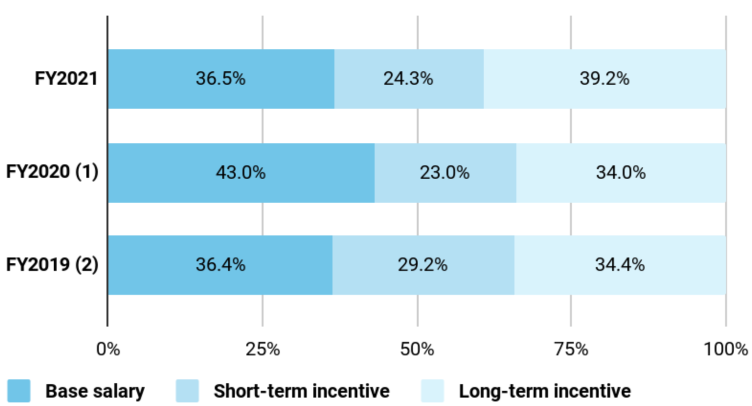
Actual total direct compensation

($ in thousands)	Base salary	Short-term incentive	Long-term incentive	Total direct compensation
FY2021	**$ 300**	**$ 200**	**$ 322**	**$ 822**
FY2020 (1)	273	146	216	635
FY2019 (2)	168	135	159	462

(1) Denise Man was appointed Chief Technology Officer on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for her previous position as Head of Digital.

(2) Denise Man joined ATB as Head of Digital, on August 13, 2018. The amount shown for FY2019 base salary represents only a partial fiscal year. The amounts shown for FY2019 for STI and LTI are based on annual base salary as per Denise's offer of employment.

Actual compensation mix



(1) Denise Man was appointed Chief Technology Officer on January 1, 2020. The amounts attributable to the percentages shown for FY2020 and FY2019 include compensation for her previous position as Head of Digital.

(2) Denise Man joined ATB as Head of Digital on August 13, 2018. The amount attributable to the percentage shown for FY2019 base salary represents only a partial fiscal year. The amounts attributable to the percentages shown for FY2019 for STI and LTI are based on annual base salary as per Denise's offer of employment.

Compensation Summary

(audited)

Name and position	Fiscal year	Base salary (1)	Non-equity incentive plan compensation: Annual incentive plan (2)	Non-equity incentive plan compensation: LTI plan (3)	Pension value (4)	All other compensation (5) (6)	Total compensation
Curtis Stange (7) CEO	**2021**	**$ 500,000**	**$ 570,000**	**$ 1,480,625**	**$ -**	**$ 243,475**	**$ 2,794,100**
	2020	500,000	683,745	1,066,256	-	222,792	2,472,793
	2019	462,500	550,893	841,131	7,000	200,879	2,062,403
Dan Hugo (8) CFO	**2021**	**$ 375,000**	**$ 352,000**	**$ 579,375**	**$ 10,000**	**$ 110,975**	**$ 1,427,350**
	2020	86,538	83,170	131,365	9,000	4,741	314,814
Jon Horsman (9) Senior EVP, ATB Business, and CEO, ATB Capital Markets	**2021**	**$ 350,000**	**$ 350,000**	**$ 468,125**	**$ 6,000**	**$ 58,500**	**$ 1,232,625**
	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 (10) Chief Experience Officer	**2021**	**$ 325,000**	**$ 325,000**	**$ 455,813**	**$ 6,000**	**$ 78,475**	**$ 1,190,288**
	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
Denise Man (11) Chief Technology Officer	**2021**	**$ 300,000**	**$ 200,000**	**$ 321,937**	**$ 10,000**	**$ 245,975**	**$ 1,077,912**
	2020	273,481	145,962	216,019	11,000	215,873	862,335
	2019	168,173	134,971	159,000	13,000	248,308	723,452

(1) Actual base salary paid during April 1 to March 31 of each year.
(2) STI award earned for the year and paid as cash within the first 100 days of the end of the fiscal year.
(3) LTI grant earned for the year. Payment of the grant is deferred for up to three years, includes appreciation or depreciation annually based on ATB's RAROC performance over the term of the grant, and is contingent upon the NEO's continued employment with ATB. The following Outstanding Long-Term Incentives Awards table includes appreciation or depreciation changes in outstanding and unvested grants.
(4) Pension value includes the annual compensatory value from the FPP. Additional detail on the FPP is provided in the Retirement Benefits section.
(5) Benefits included in all other compensation are the benefits NEOs receive in excess of the benefits all other ATB team members receive. All other compensation for Curtis Stange includes perquisites; health-care spending account (HCSA) credits; employer contributions to a registered retirement savings plan (RRSP) and the DC supplemental executive retirement plan (SERP) within the CEO Pension Plan (details below); employer contributions to the NSP during his tenure as Chief Customer Officer up to June 30, 2018; an executive health benefit for FY2021 and FY2020; and a relocation benefit for FY2020 and FY2019. All other compensation for Dan Hugo includes perquisites, HCSA credits, relocation benefits, and, for FY2021, personal tax advice, an executive health benefit, and employer contributions to the NSP. All other compensation for Jon Horsman includes perquisites, HCSA credits, employer contributions to the NSP, and, for FY2020, an executive health benefit. All other compensation for Chris Turchansky and Denise Man includes perquisites, HCSA credits, employer contributions to the NSP, and, for FY2021 and FY2020, an executive health benefit. Denise Man received retention bonuses in FY2021 and FY2020 and a hiring bonus in FY2019.
(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. The amounts shown for FY2019 include compensation for his previous position as Chief Customer Officer.
(8) Dan Hugo joined ATB as CFO on January 6, 2020. The amounts shown for FY2020 represent only a partial fiscal year.
(9) Jon Horsman was appointed Senior Executive Vice President of ATB Business and CEO of AltaCorp on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for his previous position as Chair and CEO of AltaCorp.
(10) Chris Turchansky was appointed Chief Experience Officer on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for his previous position as EVP and President, ATB Wealth.
(11) Denise Man was appointed Chief Technology Officer on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for her previous position as Head of Digital, which she began on August 13, 2018. The amounts shown for FY2019 for base salary, pension, and all other compensation represent only a partial fiscal year. The amounts shown for FY2019 for annual incentive plan and LTI plan are based on annual base salary as per Denise's offer of employment.

Outstanding Long-Term Incentive Awards

LTI awards are granted after the close of a fiscal year and they 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, 2021. The current value of outstanding grants reflects the annual appreciation or depreciation based on actual 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 2022	2023	2024
Curtis Stange (4)	**2021**	**$ 1,480,625**		**$ 1,480,625**	**$ 1,480,625**			**X**
	2020	1,066,256	466,256	600,000	642,000		X	
	2019	841,131	340,458	500,673	565,988	X		
Dan Hugo (5)	**2021**	**$ 579,375**		**$ 579,375**	**$ 579,375**			**X**
	2020	131,365	27,519	103,846	111,115		X	
Jon Horsman (6)	**2021**	**$ 468,125**		**$ 468,125**	**$ 468,125**			**X**
	2020	444,288	197,461	246,827	264,105		X	
	2019	187,500		187,500	211,960	X		
Chris Turchansky (7)	**2021**	**$ 455,813**		**$ 455,813**	**$ 455,813**			**X**
	2020	405,484	139,156	266,328	284,971		X	
	2019	263,750	46,672	217,078	245,397	X		
Denise Man (8)	**2021**	**$ 321,937**		**$ 321,937**	**$ 321,937**			**X**
	2020	216,019		216,019	231,140		X	
	2019	159,000	26,500	132,500	149,785	X		

(1) Executives awarded an LTI 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 in which it is granted. An exception is that 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) This value is subject to three-year vesting and appreciation or depreciation based on RAROC results.
(3) The current value includes appreciation or depreciation based on RAROC results for the years in which the grants were maturing.
(4) Curtis Stange was appointed President and CEO on July 1, 2018. The amounts shown for FY2019 include compensation for his previous position as Chief Customer Officer.
(5) Dan Hugo joined ATB on January 6, 2020. The amounts shown for FY2020 represent only a partial fiscal year.
(6) Jon Horsman was appointed Senior EVP of ATB Business and CEO of AltaCorp on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for his previous position as Chair and CEO of AltaCorp.
(7) Chris Turchansky was appointed Chief Experience Officer on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for his previous position as EVP and President, ATB Wealth.
(8) Denise Man was appointed Chief Technology Officer on January 1, 2020. The amounts shown for FY2020 and FY2019 include compensation for her previous position as Head of Digital.

Incentive Plan Awards – Value Vested or Earned during the Year

The table below shows the total value of all LTI plan awards previously granted to NEOs that vested (i.e., matured) at the end of FY2020–21. It also shows the total amount earned from STI plan compensation in FY2020–21.

Name	**LTI plan awards – value vested during the year (1)**	**STI plan compensation – value earned during the year (2)**
Curtis Stange	$425,334	$570,000
Dan Hugo (3)	n/a	352,000
Jon Horsman	201,559	350,000
Chris Turchansky	263,801	325,000
Denise Man (4)	n/a	200,000

(1) This is the payout value of the FY2018 LTI plan awards.
(2) This is the STI plan cash award for FY2021. 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, he did not receive an FY2018 grant.
(4) Denise Man joined ATB on August 13, 2018. As a result, she did not receive an FY2018 grant.

Retirement Benefits

The following table outlines the NEO retirement benefits for FY2020–21. Detailed descriptions of the benefits follow the table.

Name	Flexible pension plan contribution (1)	Notional supplemental plan contribution (2)	Notional supplemental plan return (3)	Registered retirement savings plan contribution (4)	DC SERP contribution (5)	DC SERP return	Total
Curtis Stange	$ -	$ -	$58,000	$27,000	$186,000	$38,000	$309,000
Dan Hugo	10,000	45,000	1,000	n/a	n/a	n/a	56,000
Jon Horsman	6,000	45,000	17,000	n/a	n/a	n/a	68,000
Chris Turchansky	6,000	61,000	63,000	n/a	n/a	n/a	130,000
Denise Man	10,000	26,000	5,000	n/a	n/a	n/a	41,000

(1) Employer contribution to the FPP (DC plan) on behalf of the NEO. This amount is shown under the FY2021 “pension value” in the Compensation Summary.
(2) Employer contribution to the NSP on behalf of the NEO. This amount is included under the FY2021 “all other compensation” in the Compensation Summary.
(3) 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) Employer contribution to the RRSP on behalf of the CEO. This amount is included under the FY2021 “all other compensation” in the Compensation Summary.
(5) Employer contribution to the DC SERP on behalf of the CEO. This amount is included under the FY2021 “all other compensation” in the Compensation Summary.
(6) 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.

Flexible Pension Plan

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 RRSP. ATB automatically contributes 4% of the team member’s pensionable earnings (which include annual base salary and STI 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

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 Canadian *Income Tax Act* 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

Two of ATB’s NEOs have personal employment agreements: Curtis Stange and Dan Hugo. The incremental payments and benefits that each NEO would be contractually entitled to in the event of termination vary 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 shows the estimated incremental payments that would be provided if employment had been terminated as at March 31, 2021. The actual amount that Curtis Stange could receive in the future due to termination of employment could differ materially from the amounts below. In receiving these payments and benefits, Curtis Stange would be obliged to abide by three conditions: (1) For 12 months following the earlier of early termination or July 2, 2023, he shall not accept, without prior written consent from ATB, employment with any ATB competitor in which his role would involve responsibilities for operations in the Province of Alberta. (2) For 12 months from his termination, he shall not directly or indirectly recruit, hire, or solicit, for the purpose of providing services to an ATB competitor, any person employed by ATB during his term. (3) For 12 months from his termination, he shall not directly or indirectly contact or solicit business from ATB or provide financial services to any ATB client who was an ATB client during his term.

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	$6,130,313 (7) (8)	$0 (8)	$2,688,613 (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 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 at age 55 with at least 10 years of service, or at any age plus service years that together total at least 80 years, as per ATB's Corporate Management Team Compensation Plan.

(5) "Benefits" include perquisites, health benefits, vacation, preferred banking rates, and long-term disability.

(6) Eligibility criteria includes a satisfactory performance assessment and being active a minimum of three consecutive months for the fiscal year, as per ATB's Corporate Management Team Compensation Plan.

(7) Curtis Stange's FY2021 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, 2021, termination date.

(8) Curtis Stange's vested FY2018 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, 2021, termination date.

Dan Hugo

The following table provides an overview of the contractually agreed payments and benefits that would be provided to Dan Hugo in each of the termination scenarios. The last row in the table shows the estimated incremental payments that would be provided if employment had been terminated as at March 31, 2021. The actual amount that Dan Hugo could receive in the future due to termination of employment could differ materially from the amounts below. In receiving these payments and benefits, Dan Hugo 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 clients, during his term, for six months from termination.

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
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.[(2)] 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
Short-term incentive	None	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on fiscal-year-end results.[(3)]	None	Prorated for fiscal year until termination date – pursuant to the eligibility criteria and based on fiscal-year-end results.[(3)]	CEO determines award for fiscal year until date of death or disability.
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.[(3)] All grants vest and are paid at current value.
Estimated total value	$0 [(8)]	$1,890,491 [(5) (6) (7)]	$0 [(7)]	$690,491 [(5) (6)]	$690,491 [(5) (6)]

(1) The same as any salaried employee, in all termination scenarios, the NEO also receives payment of accrued vacation; FPP account balance transfer to a locked-in vehicle; payment of NSP account balance; and, in accordance with the terms of the Achievement Notes Plan, payment of the current value of any achievement notes previously purchased.
(2) "Benefits" include perquisites, health benefits, vacation, preferred banking rates, and long-term disability.
(3) The CEO's determination is subject to HR Committee review.
(4) "Eligibility criteria" means a satisfactory performance assessment and active a minimum of three consecutive months for the fiscal year.
(5) Dan Hugo's FY2021 STI 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, 2021, termination date.
(6) 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 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; FPP account balance transfer to a locked-in vehicle; payment of NSP account balance; and payment of the current value of any previously purchased achievement notes, according to the terms of the Achievement Notes Plan.

Supplementary Financial Information

Five-Year Financial Review

Summarized Consolidated Statement of Financial Position

($ in thousands)	**2021**	2020	2019	2018	2017
Cash resources and securities	**$ 8,659,681**	$ 6,045,098	$ 5,677,962	$ 6,206,601	$ 6,397,188
Net loans	**44,597,222**	47,046,234	47,057,573	44,111,040	40,811,222
Other assets	**2,498,132**	2,774,190	1,660,465	1,575,450	1,338,876
Total assets	**$ 55,755,035**	$ 55,865,522	$ 54,396,000	$ 51,893,091	$ 48,547,286
Deposits	**$ 37,758,388**	$ 35,373,367	$ 35,921,949	$ 32,683,773	$ 33,927,760
Other liabilities	**13,921,724**	16,411,046	14,490,794	15,598,963	11,127,799
Subordinated debentures	**-**	-	339,140	331,199	344,441
Equity	**4,074,923**	4,081,109	3,644,117	3,279,156	3,147,286
Total liabilities and equity	**$ 55,755,035**	$ 55,865,522	$ 54,396,000	$ 51,893,091	$ 48,547,286

Summarized Consolidated Statement of Income

($ in thousands)	**2021**	2020	2019	2018	2017
Interest income	**$ 1,793,052**	$ 2,082,624	$ 2,020,443	$ 1,718,857	$ 1,612,772
Interest expense	**614,485**	888,435	828,643	596,477	528,457
Net interest income	**1,178,567**	1,194,189	1,191,800	1,122,380	1,084,315
Other income	**599,380**	532,629	490,839	460,535	390,896
Operating revenue	**1,777,947**	1,726,818	1,682,639	1,582,915	1,475,211
Provision for loan losses	**271,085**	385,980	338,145	105,006	234,989
Non-interest expense	**1,233,453**	1,208,255	1,164,170	1,121,699	1,044,404
Net income before payment in lieu of tax	**273,409**	132,583	180,324	356,210	195,818
Payment in lieu of tax	**62,884**	30,675	41,629	81,651	45,038
Net income	**$ 210,525**	$ 101,908	$ 138,695	$ 274,559	$ 150,780
Net income attributable to ATB	**$ 210,525**	$ 103,350	$ 138,942	$ 273,187	$ 150,780
Net income attributable to non-controlling interests	**-**	(1,442)	(247)	1,372	-

Summarized Key Performance Indicators

(%)	**2021**	2020	2019	2018	2017
Return on average assets	**0.38**	0.19	0.26	0.55	0.32
Return on average risk-weighted assets	**0.58**	0.28	0.38	0.81	0.45
Operating revenue growth	**3.0**	2.6	6.3	7.3	(3.4)
Efficiency ratio	**69.4**	70.0	69.2	70.9	70.8
Performing loan change	**(3.1)**	0.14	6.1	8.2	1.2
Deposit growth	**6.7**	(1.5)	4.7	(3.7)	9.90
Growth in assets under administration	**25.3**	(2.2)	8.8	11.6	14.2

Quarterly Financial Review

Summarized Consolidated Statement of Financial Position

For the three months ended	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
($ in thousands)	**Mar 31/21**	**Dec 31/20**	**Sep 30/20**	**Jun 30/20**	Mar 31/20	Dec 31/19	Sep 30/19	Jun 30/19
Cash resources and securities	**$ 8,659,681**	**$ 8,211,215**	**$ 7,148,637**	**$ 6,832,127**	$ 6,045,098	$ 6,217,155	$ 5,855,897	$ 5,923,141
Business loans	**23,197,080**	**23,190,242**	**23,120,976**	**23,636,212**	24,369,982	23,790,866	23,383,492	23,469,882
Residential mortgages	**15,833,810**	**15,981,111**	**16,126,325**	**16,213,331**	16,212,297	16,236,636	16,262,712	16,376,125
Personal loans	**5,631,547**	**5,805,663**	**6,018,366**	**6,153,671**	6,369,432	6,460,882	6,560,226	6,604,019
Credit card	**660,652**	**694,710**	**696,351**	**688,101**	729,712	775,819	772,763	757,858
Allowance for loan losses	**(725,867)**	**(785,617)**	**(825,051)**	**(838,097)**	(635,189)	(591,320)	(629,596)	(631,894)
Net loans	**44,597,222**	**44,886,109**	**45,136,967**	**45,853,218**	47,046,234	46,672,883	46,349,597	46,575,990
Other assets	**2,498,132**	**2,534,040**	**2,692,532**	**2,537,417**	2,774,190	1,446,021	1,782,646	1,745,329
Total assets	**$ 55,755,035**	**$ 55,631,364**	**$ 54,978,136**	**$ 55,222,762**	$ 55,865,522	$ 54,336,059	$ 53,988,140	$ 54,244,460
Redeemable fixed-date deposits	**$ 1,828,748**	**$ 2,002,387**	**$ 2,034,449**	**$ 2,159,394**	$ 1,462,566	1,549,740	$ 1,730,724	$ 2,334,566
Non-redeemable fixed-date deposits	**6,014,076**	**6,858,916**	**7,511,310**	**8,126,204**	8,527,652	8,388,101	9,017,774	9,011,799
Savings accounts	**12,241,167**	**11,903,712**	**11,294,667**	**10,561,963**	9,485,318	9,790,280	9,538,501	9,346,901
Transaction accounts	**12,035,331**	**10,849,932**	**10,355,565**	**10,151,695**	8,653,216	8,434,622	8,490,339	7,976,607
Notice accounts	**5,639,066**	**5,571,972**	**5,461,062**	**4,981,132**	7,244,615	6,939,341	7,435,852	7,427,938
Deposits	**37,758,388**	**37,186,919**	**36,657,053**	**35,980,388**	35,373,367	35,102,084	36,213,190	36,097,811
Other liabilities	**13,921,724**	**14,338,781**	**14,320,948**	**15,321,379**	16,411,046	15,447,367	13,674,807	14,124,690
Subordinated debentures	**-**	**-**	**-**	**-**	-	-	298,188	298,188
Equity	**4,074,923**	**4,105,664**	**4,000,135**	**3,920,995**	4,081,109	3,786,608	3,801,955	3,723,771
Total liabilities and equity	**$ 55,755,035**	**$ 55,631,364**	**$ 54,978,136**	**$ 55,222,762**	$ 55,865,522	$ 54,336,059	$ 53,988,140	$ 54,244,460

Consolidated Statement of Changes in Equity

For the three months ended	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
($ in thousands)	**Mar 31/21**	**Dec 31/20**	**Sep 30/20**	**Jun 30/20**	Mar 31/20	Dec 31/19	Sep 30/19	Jun 30/19
Retained earnings								
Balance at beginning of the period	**$ 3,868,470**	**$ 3,727,732**	**$ 3,638,294**	**$ 3,752,651**	$ 3,850,870	$ 3,768,203	$ 3,699,525	$ 3,652,955
Net income attributable to ATB	**92,625**	**141,724**	**90,390**	**(114,214)**	(93,481)	81,856	68,414	46,561
Other	**313**	**(986)**	**(952)**	**(143)**	(4,738)	811	264	9
Balance at end of the period	**3,961,408**	**3,868,470**	**3,727,732**	**3,638,294**	3,752,651	3,850,870	3,768,203	3,699,525
Non-controlling interest								
Balance at beginning of the period	**-**	**-**	**-**	**-**	2,737	3,081	3,532	4,314
Net income attributable to non-controlling interests in subsidiaries	**-**	**-**	**-**	**-**	(29)	(180)	(451)	(782)
Other	**-**	**-**	**-**	**-**	(2,708)	(164)	-	-
Balance at end of the period	**-**	**-**	**-**	**-**	-	2,737	3,081	3,532
Accumulated other comprehensive income (loss)								
Securities measured at fair value through other comprehensive income								
Balance at beginning of the period	**601**	**(1,951)**	**(4,532)**	**(2,408)**	(7,531)	(7,582)	(6,631)	(1,817)
Other comprehensive income (loss)	**(2,538)**	**2,552**	**2,581**	**(2,124)**	5,123	51	(951)	(4,814)
Balance at end of the period	**(1,937)**	**601**	**(1,951)**	**(4,532)**	(2,408)	(7,531)	(7,582)	(6,631)
Derivative financial instruments designated as cash flow hedges								
Balance at beginning of the period	**300,485**	**340,285**	**356,804**	**332,642**	6,123	117,550	116,273	53,582
Other comprehensive income (loss)	**(168,740)**	**(39,800)**	**(16,519)**	**24,162**	326,519	(111,427)	1,277	62,691
Balance at end of the period	**131,745**	**300,485**	**340,285**	**356,804**	332,642	6,123	117,550	116,273
Defined-benefit-plan liabilities								
Balance at beginning of the period	**(63,892)**	**(65,931)**	**(69,571)**	**(1,776)**	(65,591)	(79,297)	(88,928)	(64,917)
Other comprehensive (loss) income	**47,599**	**2,039**	**3,640**	**(67,795)**	63,815	13,706	9,631	(24,011)
Balance at end of the period	**(16,293)**	**(63,892)**	**(65,931)**	**(69,571)**	(1,776)	(65,591)	(79,297)	(88,928)
Accumulated other comprehensive income (loss)	**113,515**	**237,194**	**272,403**	**282,701**	328,458	(66,999)	30,671	20,714
Equity as at end of the period	**$ 4,074,923**	**$ 4,105,664**	**$ 4,000,135**	**$ 3,920,995**	$ 4,081,109	$ 3,786,608	$ 3,801,955	$ 3,723,771

Consolidated Statement of Cash Flows

For the three months ended *($ in thousands)*	Q4 Mar 31/21	Q3 Dec 31/20	Q2 Sep 30/20	Q1 Jun 30/20
Cash flows from operating activities				
Net income (loss)	**$ 92,625**	**$ 141,724**	**$ 90,390**	**$ (114,214)**
Adjustments for non-cash items and others				
Provision for loan losses	**(14,369)**	**(12,016)**	**52,154**	**245,316**
Depreciation and amortization	**29,647**	**34,522**	**33,960**	**32,655**
Net gains on securities	**(402)**	**835**	**(3,230)**	**(3,678)**
Adjustments for net change in operating assets and liabilities				
Loans	**304,981**	**268,393**	**669,265**	**952,784**
Deposits	**571,814**	**529,868**	**676,667**	**607,597**
Derivative financial instruments	**8,349**	**22,538**	**7,868**	**49,735**
Prepayments and other receivables	**(135,019)**	**29,637**	**58,786**	**(8,443)**
Accounts receivable – financial market products	**(18,038)**	**59,933**	**(254,256)**	**90,035**
Due to clients, brokers, and dealers	**(3,126)**	**19,736**	**3,079**	**(28,824)**
Deposit guarantee fee payable	**16,288**	**14,483**	**13,796**	**(41,070)**
Accounts payable and accrued liabilities	**(70,759)**	**(78,562)**	**(146,678)**	**(371,664)**
Accounts payable – financial market products	**14,829**	**(35,679)**	**215,810**	**(58,910)**
Liability for payment in lieu of tax and income taxes	**27,669**	**35,215**	**-**	**(30,846)**
Net interest receivable and payable	**(9,607)**	**4,578**	**12,370**	**(50,243)**
Change in accrued-pension-benefit liability	**(50)**	**1,056**	**(1,504)**	**1,452**
Other	**1,454**	**(16,557)**	**1,575**	**15,652**
Net cash provided by (used in) operating activities	**816,286**	**1,019,704**	**1,430,052**	**1,287,334**
Cash flows from investing activities				
Change in securities	**(108,368)**	**(872,176)**	**882,287**	**1,100,817**
Change in securities purchased under reverse repurchase agreements	**-**	**-**	**-**	**-**
Change in interest-bearing deposits with financial institutions	**(234,984)**	**(33,402)**	**(10,658)**	**(9,399)**
Purchases and disposals of property and equipment, and software and other intangibles	**(19,304)**	**(20,507)**	**(13,482)**	**(10,647)**
Net cash provided by (used in) investing activities	**(362,656)**	**(926,085)**	**858,147**	**1,080,771**
Cash flows from financing activities				
Issuance of wholesale borrowings	**2,122,042**	**2,564,025**	**1,548,021**	**2,693,899**
Repayment of wholesale borrowings	**(2,375,000)**	**(1,924,830)**	**(2,704,254)**	**(2,808,206)**
Issuance of collateralized borrowings	**135,708**	**208,901**	**227,113**	**402,791**
Repayment of collateralized borrowings	**(196,221)**	**(780,650)**	**(193,112)**	**(418,540)**
Change in securities sold under repurchase agreements	**(25,934)**	**6,192**	**34,472**	**(350,828)**
Repayment of lease liabilities	**(11,587)**	**(7,345)**	**(9,576)**	**(9,575)**
Issuance of subordinated debentures	**-**	**-**	**-**	**30,845**
Repayment of subordinated debentures	**-**	**-**	**-**	**(30,845)**
Net cash (used in) provided by financing activities	**(350,992)**	**66,293**	**(1,097,336)**	**(490,459)**
Net increase (decrease) in cash	**102,638**	**159,912**	**1,190,863**	**1,877,646**
Cash at beginning of the period	**4,540,965**	**4,381,053**	**3,190,190**	**1,312,544**
Cash at end of the period	**$ 4,643,603**	**$ 4,540,965**	**$ 4,381,053**	**$ 3,190,190**
Net cash (used in) provided by operating activities includes:				
Interest paid	**$ (153,767)**	**$ (181,463)**	**$ (134,375)**	**$ (198,293)**
Interest received	**447,775**	**502,620**	**439,223**	**410,854**

For the three months ended	Q4	Q3	Q2	Q1
($ in thousands)	Mar 31/20	Dec 31/19	Sep 30/19	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	(624,689)	(365,400)	196,043	412,452
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	1,077,803	(373,694)	(77,443)	313,257
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	1,185	1,386	826	14,001
Other	3,987	(2,973)	(2,613)	(5,495)
Net cash provided by (used in) operating activities	395,897	(1,359,112)	350,657	789,628
Cash flows from investing activities				
Change in securities	460,671	(534,474)	(750,008)	167,433
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	1,300,348	(419,280)	135,413	(400,310)
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
Repayment of lease liabilities	(8,410)	(10,917)	(9,533)	(9,148)
Issuance of subordinated debentures	-	-	-	41,612
Repayment of subordinated debentures	-	(298,188)	-	(82,564)
Net cash (used in) provided by financing activities	(525,367)	1,759,120	(395,816)	(518,636)
Net increase (decrease) in cash	1,170,878	(19,272)	90,254	(129,318)
Cash at beginning of the period	141,666	160,938	70,684	200,002
Cash at end of the 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

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 (1)	Net income (loss) before payment in lieu of tax	Payment in lieu of tax (2)	Net income (loss)	Total assets	Total liabilities
March 31, 2021										
ATB Everyday Financial Services	$ 128,205	$ 29,305	$ 157,510	$ 10,368	$ 144,982	$ 2,160	$ (221)	$ 2,381	$ 28,102,116	$ 17,452,570
ATB Business (3)	161,836	$ 76,901	238,737	(24,929)	118,499	145,167	33,389	111,778	$ 23,042,814	$ 18,793,198
ATB Wealth	5,789	64,603	70,392	192	64,717	5,483	1,261	4,222	$ 1,519,727	$ 1,557,216
Strategic support units	7,785	(11,421)	(3,636)	-	28,880	(32,516)	(6,760)	(25,756)	$ 3,090,378	$ 13,877,128
Total	**$ 303,615**	**$ 159,388**	**$ 463,003**	**$ (14,369)**	**$ 357,078**	**$ 120,294**	**$ 27,669**	**$ 92,625**	**$ 55,755,035**	**$ 51,680,112**
December 31, 2020										
ATB Everyday Financial Services	$ 127,876	$ 26,405	$ 154,281	$ 4,524	$ 128,666	$ 21,091	$ -	$ 21,091	$ 27,637,976	$ 17,151,724
ATB Business	163,955	57,440	221,395	(15,124)	98,351	138,168	26,286	111,882	22,358,671	18,330,880
ATB Wealth	5,267	62,498	67,765	(1,416)	58,483	10,698	2,461	8,237	1,677,505	1,711,398
Strategic support units	7,538	11,002	18,540	-	11,558	6,982	6,468	514	3,957,212	14,331,698
Total	**$ 304,636**	**$ 157,345**	**$ 461,981**	**$ (12,016)**	**$ 297,058**	**$ 176,939**	**$ 35,215**	**$ 141,724**	**$ 55,631,364**	**$ 51,525,700**
September 30, 2020										
ATB Everyday Financial Services	$ 119,300	$ 27,173	$ 146,473	$ (4,308)	$ 128,207	$ 22,574	$ -	$ 22,574	$ 27,086,800	$ 16,800,543
ATB Business	161,198	46,542	207,740	56,111	90,424	61,205	-	61,205	21,867,503	18,136,269
ATB Wealth	4,133	60,143	64,276	351	54,112	9,813	2,257	7,556	1,657,953	1,685,608
Strategic support units	10,246	(376)	9,870	-	13,072	(3,202)	(2,257)	(945)	4,365,880	14,355,581
Total	**$ 294,877**	**$ 133,482**	**$ 428,359**	**$ 52,154**	**$ 285,815**	**$ 90,390**	**$ -**	**$ 90,390**	**$ 54,978,136**	**$ 50,978,001**
June 30, 2020										
ATB Everyday Financial Services	$ 116,141	$ 24,977	$ 141,118	$ 54,287	$ 133,617	$ (46,786)	$ -	$ (46,786)	$ 26,647,443	$ 16,556,042
ATB Business	148,865	47,483	196,348	185,729	95,703	(85,084)	-	(85,084)	21,011,251	17,430,968
ATB Wealth	4,658	55,642	60,300	5,300	54,760	240	55	185	1,717,145	1,745,955
Strategic support units	5,775	21,063	26,838	-	9,422	17,416	(55)	17,471	5,846,923	15,568,802
Total	**$ 275,439**	**$ 149,165**	**$ 424,604**	**$ 245,316**	**$ 293,502**	**$ (114,214)**	**$ -**	**$ (114,214)**	**$ 55,222,762**	**$ 51,301,767**
Year ended March 31, 2021	**$ 1,178,567**	**$ 599,380**	**$ 1,777,947**	**$ 271,085**	**$ 1,233,453**	**$ 273,409**	**$ 62,884**	**$ 210,525**	**$ 55,755,035**	**$ 51,680,112**

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 (1)	Net (loss) income before payment in lieu of tax	Payment in lieu of tax (2)	Net (loss) income	Total assets	Total liabilities
March 31, 2020										
ATB Everyday Financial Services	$ 117,683	$ 30,213	$ 147,896	$ 46,452	$ 139,138	$ (37,694)	$ -	$ (37,694)	$ 25,582,159	$ 15,730,549
ATB Business	153,397	44,045	197,442	196,333	96,552	(95,443)	967	(96,410)	22,738,457	18,513,457
ATB Wealth	5,677	57,890	63,567	2,497	61,819	(749)	3,173	(3,922)	1,097,635	1,128,263
Strategic support 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)	$ 55,865,522	$ 51,784,413
December 31, 2019										
ATB Everyday Financial Services	$ 125,253	$ 28,506	$ 153,759	$ 10,441	$ 138,515	$ 4,803	$ -	$ 4,803	$ 24,723,552	$ 14,942,670
ATB Business	154,780	43,782	198,562	31,698	91,764	75,100	(189)	75,289	21,686,204	16,590,597
ATB Wealth	5,580	57,966	63,546	140	57,933	5,473	3,555	1,918	1,077,147	1,090,027
Strategic support 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	$ 54,336,059	$ 50,549,451
September 30, 2019										
ATB Everyday Financial Services	$ 123,899	$ 27,469	$ 151,368	$ 13,028	$ 138,335	$ 5	$ -	$ 5	$ 24,239,779	$ 14,656,883
ATB Business	149,289	41,859	191,148	19,696	96,821	74,631	(315)	74,946	21,779,166	18,230,850
ATB Wealth	5,392	56,434	61,826	(393)	55,721	6,498	3,600	2,898	1,060,193	1,071,205
Strategic support 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	$ 53,988,140	$ 50,186,185
June 30, 2019										
ATB Everyday Financial Services	$ 122,965	$ 27,378	$ 150,343	$ 14,717	$ 139,633	$ (4,007)	$ -	$ (4,007)	$ 23,962,335	$ 14,548,772
ATB Business	152,497	43,006	195,503	50,738	102,140	42,625	(634)	43,259	21,663,098	18,260,719
ATB Wealth	4,737	55,667	60,404	633	54,149	5,622	3,616	2,006	1,091,400	1,101,567
Strategic support 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	$ 54,244,460	$ 50,520,687
Year ended March 31, 2020	$ 1,194,189	$ 532,629	$ 1,726,818	$ 385,980	$ 1,208,255	$ 132,583	$ 30,675	$ 101,908	$ 55,865,522	$ 51,784,413

(1) Certain costs are allocated from the SSUs to the AoEs. The allocation method, revised annually, creates fluctuations in ATB's segmented results.
(2) Effective April 1, 2020, the NI that ATB Capital Markets earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership. Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT is now allocated to each AoE based on 23% of the AoE's NI before PILOT.
(3) Effective April 1, 2020, ATB Business includes B&Ag, CFS, and ATB Capital Markets Inc.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2021

Statement of Responsibility for Financial Reporting

ATB's consolidated financial statements 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 IFRS. (See Glossary and Acronyms for our defined terms.)

Other financial information presented in this annual report is consistent with that in the consolidated financial statements. The consolidated financial statements, 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, transactions are properly authorized and recorded, liabilities are recognized, and 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 assurance partners 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 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. The Audit Committee's review of the consolidated financial statements includes an assessment of key management estimates and judgments material to the financial results. The committee also assesses the effectiveness of internal controls over the accounting and financial reporting systems.

The Auditor General of Alberta has performed 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 20, 2021

Curtis Stange
President and CEO
Edmonton, Alberta
May 20, 2021

Dan Hugo
Chief Financial Officer
Edmonton, Alberta
May 20, 2021

Auditor General
OF ALBERTA

Independent Auditor’s Report

To the President of Treasury Board and 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, 2021, 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, 2021, 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 *2021 Annual Report*, 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 on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

Auditor General

May 20, 2021

Edmonton, Alberta

Consolidated Statement of Financial Position

As at *($ in thousands)*	Note	**March 31 2021**	March 31 2020
Cash	6	**$ 4,643,603**	$ 1,312,544
Interest-bearing deposits with financial institutions		**389,471**	101,028
Total cash resources		**5,033,074**	1,413,572
Securities measured at fair value through profit or loss		**92,093**	45,302
Securities measured at fair value through other comprehensive income		**3,534,514**	4,586,224
Total securities	7	**3,626,607**	4,631,526
Business		**23,197,080**	24,369,982
Residential mortgages		**15,833,810**	16,212,297
Personal		**5,631,547**	6,369,432
Credit card		**660,652**	729,712
Total gross loans		**45,323,089**	47,681,423
Allowance for loan losses	9	**(725,867)**	(635,189)
Total net loans	8	**44,597,222**	47,046,234
Derivative financial instruments	10	**1,181,796**	1,539,634
Property and equipment	11	**238,269**	279,000
Software and other intangibles	12	**282,708**	308,819
Other assets	13	**795,359**	646,737
Total other assets		**2,498,132**	2,774,190
Total assets		**$ 55,755,035**	$ 55,865,522
Redeemable fixed-date deposits		**$ 1,828,748**	$ 1,462,566
Non-redeemable fixed-date deposits		**6,014,076**	8,527,652
Savings accounts		**12,241,167**	9,485,318
Transaction accounts		**12,035,331**	8,653,216
Notice accounts		**5,639,066**	7,244,615
Total deposits	14	**37,758,388**	35,373,367
Securities sold under repurchase agreements		**14,730**	350,828
Wholesale borrowings	21	**3,508,819**	4,402,167
Collateralized borrowings	15	**7,931,082**	8,545,092
Derivative financial instruments	10	**921,411**	989,256
Other liabilities	16	**1,545,682**	2,123,703
Total other liabilities		**13,921,724**	16,411,046
Total liabilities		**51,680,112**	51,784,413
Retained earnings		**3,961,408**	3,752,651
Accumulated other comprehensive income		**113,515**	328,458
Total equity		**4,074,923**	4,081,109
Total liabilities and equity		**$ 55,755,035**	$ 55,865,522

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	2021	2020
Loans		**$ 1,767,527**	$ 1,981,498
Securities		**16,364**	86,088
Interest-bearing deposits with financial institutions		**9,161**	15,038
Interest income		**1,793,052**	2,082,624
Deposits		**397,606**	605,868
Wholesale borrowings		**65,871**	86,971
Collateralized borrowings		**151,006**	189,619
Subordinated debentures	17	**2**	5,977
Interest expense		**614,485**	888,435
Net interest income		**1,178,567**	1,194,189
Wealth management		**237,065**	221,431
Service charges		**71,943**	75,463
Card fees		**61,345**	65,103
Credit fees		**49,319**	44,865
Insurance		**23,848**	24,987
Capital markets revenue		**49,060**	20,275
Foreign exchange		**32,248**	21,709
Net gains on derivative financial instruments		**56,811**	41,443
Net gains on securities		**6,475**	11,353
Sundry		**11,266**	6,000
Other income		**599,380**	532,629
Operating revenue		**1,777,947**	1,726,818
Provision for loan losses	9	**271,085**	385,980
Salaries and employee benefits	18,19	**674,913**	663,461
Data processing		**132,661**	121,478
Premises and occupancy, including depreciation		**90,430**	82,639
Professional and consulting costs		**63,402**	67,141
Deposit guarantee fee	14	**52,442**	46,690
Equipment, including depreciation		**20,782**	23,824
Software and other intangibles amortization	12	**81,740**	77,155
General and administrative		**57,127**	83,328
ATB agencies		**14,898**	13,812
Other		**45,058**	28,727
Non-interest expense		**1,233,453**	1,208,255
Net income before payment in lieu of tax		**273,409**	132,583
Payment in lieu of tax	20	**62,884**	30,675
Net income		**$ 210,525**	$ 101,908
Net income attributable to ATB		**$ 210,525**	$ 103,350
Net loss attributable to non-controlling interests	26	**-**	(1,442)

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)*	**2021**	2020
Net income	**$ 210,525**	$ 101,908
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Unrealized net gains (losses) on securities measured at fair value through other comprehensive income (loss)		
Unrealized net gains (losses) arising during the period	**7,379**	8,742
Net (gains) losses reclassified to net income	**(6,908)**	(9,333)
Unrealized net gains (losses) on derivative financial instruments designated as cash flow hedges		
Unrealized net gains (losses) arising during the period	**(168,173)**	359,809
Net (gains) losses reclassified to net income	**(32,724)**	(80,749)
Items that will not be reclassified to profit or loss		
Remeasurement of defined-benefit-plan liabilities	**(14,517)**	63,141
Other comprehensive income (loss)	**(214,943)**	341,610
Comprehensive income (loss)	**$ (4,418)**	$ 443,518
Attributable to:		
ATB	**$ (4,418)**	$ 444,960
Non-controlling interests	**-**	(1,442)

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)*	**2021**	2020
Retained earnings		
Balance at beginning of the year	**$ 3,752,651**	$ 3,652,955
Net income attributable to ATB	**210,525**	103,350
Other	**(1,768)**	(3,654)
Balance at end of the year	**3,961,408**	3,752,651
Non-controlling interest		
Balance at beginning of the year	**-**	4,314
Net loss attributable to non-controlling interests in subsidiaries	**-**	(1,442)
Other (1)	**-**	(2,872)
Balance at end of the year	**-**	-
Accumulated other comprehensive income (loss)		
Securities measured at fair value through other comprehensive income		
Balance at beginning of the year	**(2,408)**	(1,817)
Other comprehensive income (loss)	**471**	(591)
Balance at end of the year	**(1,937)**	(2,408)
Derivative financial instruments designated as cash flow hedges		
Balance at beginning of the year	**332,642**	53,582
Other comprehensive income (loss)	**(200,897)**	279,060
Balance at end of the year	**131,745**	332,642
Defined-benefit-plan liabilities		
Balance at beginning of the year	**(1,776)**	(64,917)
Other comprehensive income (loss)	**(14,517)**	63,141
Balance at end of the year	**(16,293)**	(1,776)
Accumulated other comprehensive income (loss)	**113,515**	328,458
Equity	**$ 4,074,923**	$ 4,081,109

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

(1) This amount relates to the change in Class B shares during the period.

Consolidated Statement of Cash Flows

For the year ended March 31 *($ in thousands)*	**2021**	2020
Cash flows from operating activities		
Net income	**$ 210,525**	$ 101,908
Adjustments for non-cash items and other items		
Provision for loan losses	**271,085**	385,980
Depreciation and amortization	**130,784**	124,764
Net loss (gains) on securities	**(6,475)**	(11,353)
Adjustments for net changes in operating assets and liabilities		
Loans	**2,195,423**	(381,594)
Deposits	**2,385,946**	(548,234)
Derivative financial instruments	**88,490**	(132,220)
Prepayments and other receivables	**(55,039)**	(29,649)
Accounts receivable – financial market products	**(122,326)**	(146,748)
Due to clients, brokers, and dealers	**(9,135)**	42,938
Deposit guarantee fee payable	**3,497**	1,314
Accounts payable and accrued liabilities	**(667,663)**	939,923
Accounts payable – financial market products	**136,050**	(131,187)
Liability for payment in lieu of tax and income taxes	**32,038**	(10,771)
Net interest receivable and payable	**(42,902)**	(38,305)
Change in accrued-pension-benefit liability	**954**	17,398
Other	**2,124**	(7,093)
Net cash provided by (used in) operating activities	**4,553,376**	177,071
Cash flows from investing activities		
Change in securities	**1,002,560**	(656,378)
Change in securities purchased under reverse repurchase agreements	**-**	400,355
Change in interest-bearing deposits with financial institutions	**(288,443)**	996,279
Purchases and disposals of property and equipment, software, and other intangibles	**(63,940)**	(124,085)
Net cash provided by (used in) investing activities	**650,177**	616,171
Cash flows from financing activities		
Issuance of wholesale borrowings	**8,927,987**	9,361,649
Repayment of wholesale borrowings	**(9,812,290)**	(8,595,291)
Issuance of collateralized borrowings	**974,513**	691,383
Repayment of collateralized borrowings	**(1,588,523)**	(1,112,119)
Change in securities sold under repurchase agreements	**(336,098)**	350,827
Repayment of lease liabilities	**(38,083)**	(38,008)
Issuance of subordinated debentures	**30,845**	41,612
Repayment of subordinated debentures	**(30,845)**	(380,752)
Net cash provided by (used in) financing activities	**(1,872,494)**	319,301
Net increase (decrease) in cash	**3,331,059**	1,112,543
Cash at beginning of the year	**1,312,544**	200,002
Cash at end of the year	**$ 4,643,603**	$ 1,312,545
Net cash (used in) provided by operating activities includes:		
Interest paid	**$ (667,898)**	$ (908,864)
Interest received	**1,800,472**	2,064,749

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

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

1 Nature of Operations

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

ATB is exempt from Canadian federal and Alberta provincial income taxes but pays an amount to the GoA designed to be in lieu of such charges. (See Notes 2[l] and 20.)

2 Significant Accounting Policies

a. General Information

Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and the accounting requirements of the ASFI. These consolidated financial statements were approved by the Board of Directors on May 20, 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for securities measured at fair value through profit or loss (FVTPL) or other comprehensive income (FVOCI), derivative financial instruments, financial assets and liabilities designated at FVTPL, equity instruments designated at FVOCI, 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 to 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 starts until the date it ends. 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 OC 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):

- ATB Capital Markets Inc. (previously known as 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.

A series of consolidated structured entities were incorporated on November 19, 2020, under the *Business Corporations Act* (Alberta). There was no activity in these entities as of March 31, 2021, resulting in no impact on the consolidated statements of financial position, income, or cash flow.

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, the 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, 2021, provide additional information in the following notes:

2(b): Impairment of financial assets – for establishing the allowance for loan losses;
2(b): Financial instruments – for establishing the fair value;
7: Securities – for establishing the fair value of investments made by ATB and subsidiaries in a broad range of mainly private Alberta companies;
11: Property and equipment – for establishing the depreciation expense for premises and equipment;
12: Software and other intangibles – for establishing the amortization expense for software and the carrying value of goodwill; and
19: Employee benefits – for establishing the assumptions used.

COVID-19

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

Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Operating revenues and expenses related to foreign-currency transactions are translated using the exchange rate in effect 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 the classification and measurement category of financial assets, 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 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
- 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: Neither HTC nor HTC&S, other fair-value business models 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	Hold to collect
Interest-bearing deposits with financial institutions	Other fair-value business models
Securities measured at fair value through profit or loss	Other fair-value business models
Securities measured at fair value through other comprehensive income	Hold to collect and sell
Securities purchased under reverse repurchase agreements	Hold to collect
Loans	Hold to collect
Derivatives	Other fair-value business models
Other assets	Hold to collect

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 solely payments of principal and interest (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 up-front 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 NII. For loans, ECLs are reported in the consolidated statement of financial position as an allowance for loan losses that reduces the loan's carrying value and are recognized in the consolidated statement of income as a provision for loan losses (LLP).

The Solely Payments of Principal and Interest 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 comprise SPPI. Principal is defined as the fair value of the asset at initial recognition, and it may change over the asset's life due to repayments or amortization of premiums and discounts. Interest payments primarily include compensation for credit risk and the time value of money, as well as liquidity risks and servicing or administrative costs.

The contractual terms of a financial asset may also include contractual cash flows that are not related to a basic lending agreement. Where contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending agreement, the related financial asset is classified and measured at FVTPL.

Fair Value through Other Comprehensive Income

Financial assets with an HTC&S business model where contractual cash flows meet the SPPI test are measured at FVOCI. Financial assets at FVOCI are subsequently measured at fair value, with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign-exchange gains and losses are included in the consolidated statement of income in NII and foreign-exchange revenue in OI, respectively.

Fair Value through Profit or Loss

Financial assets in this category are not held for trading and are either irrevocably 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 on an instrument-by-instrument basis when the designation eliminates or significantly reduces the inconsistent treatment that would result from measuring the assets or recognizing gains or losses differently.

Financial assets at FVTPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded to OI as foreign exchange, net gains on derivative financial instruments, or net gains on securities in the consolidated statement of income. 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 to OI in the consolidated statement of income as sundry income when the right to the payment has been established.

Equity Instruments

Upon initial recognition, ATB occasionally elects to irrevocably classify on an instrument-by-instrument basis some of its equity investments at FVOCI when they are not held for trading.

Gains and losses on these equity instruments are never transferred to the consolidated statement of income. Dividends are recognized as sundry income when the right of the payment has been established, except when the proceeds are a partial recovery of the instrument's cost. If so, the proceeds are instead recorded in OCI. Equity instruments at FVOCI are not assessed for impairment.

If the instrument is measured at FVTPL, fair-value changes are recorded as part of net gains on securities in OI 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, instrument by instrument, when one of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would result from measuring the liabilities or recognizing gains or losses differently; 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 at fair value in the consolidated statement of financial position. Changes in fair value are recorded in the consolidated statement of income in OI as foreign exchange, net gains on derivative financial instruments, or net gains on securities except for movements in fair value of liabilities designated at FVTPL if there were changes in ATB's own credit risk. Such changes in fair value are recorded in the credit reserve through OCI and do not get transferred to 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. ATB classifies 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, collateralized borrowings, and other liabilities. Interest expense is recognized using the EIR method and included in the consolidated statement of income as part of NIE.

Reclassification of Financial Assets and Liabilities

ATB has not reclassified any of its financial assets and would only do so if a significant change were to occur subsequent to initial recognition. Financial liabilities are never reclassified.

Impairment of Financial Assets

IFRS 9 incorporates a forward-looking 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 transferred to OI as net gains on securities 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 an LLP on the consolidated statement of income. Allowances associated with undrawn amounts are presented under other liabilities on the consolidated statement of position and disclosed in Note 8. Losses are based on the 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, described 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 expected within 12 months of the reporting date. An asset will remain in Stage 1 until it has experienced 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 experienced 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 asset is no longer credit impaired.
- 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 is calculated based on the net loan balance.

Assessing for significant increases in credit risk is done at least quarterly based on the following three factors. Should any of these 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, except, all else being equal, for payment deferrals granted under ATB's relief programs.
- All non-retail loans with a borrower risk rating (BRR) between 10 and 13 are generally considered high risk, as described in Note 8.

Both the lifetime and 12-month ECLs are calculated either individually or collectively. If the credit quality improves in subsequent periods to the point where a significant increase in credit risk no longer exists, the ECLs are measured at the 12-month ECL as the loan is moved back to Stage 1 from Stage 2.

Measurement of Expected Credit Losses

ECL calculations use a complex model that is reviewed and updated when necessary. The calculation methods for each stage are summarized as follows:

- Stage 1: ATB 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 reporting date and discounts the ECLs by the asset's EIR.
- Stage 2: ATB estimates an asset's projected PD, EAD, and LGD over the remaining lifetime of the original asset and discounts the ECLs 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, customer insights, foreign-exchange, and energy areas.

In the model, ATB relies on a broad range of forward-looking economic information. The inputs vary based on the asset and include:

- Unemployment rate;
- Housing starts;
- Interest rate;
- Oil prices; and
- Foreign-exchange rate.

As the inputs may not capture all factors at the date of the financial statements, qualitative adjustments may be applied when these differences are considered material.

Expected Life

For loans in Stages 2 and 3, allowances are based on the ECLs 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 loan agreement includes 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.

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 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 moves back to Stage 1.

Financial assets with low credit risk are considered to have a low risk of default, as the borrower can still fulfill its contractual obligations even in stress scenarios. For these assets, ATB has assumed that the credit risk has not increased significantly since initial recognition. Securities measured at FVOCI, 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, unless there is a reasonable expectation of timely collection of principal and interest. 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 entirely 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 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 re-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.

Estimated Fair Value

The fair value of a financial instrument is the price that would be received in the sale of 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. For investments made by ATB and its subsidiaries in private Alberta companies where there is no observable market price, fair value is estimated using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies. (See Note 7.)

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 credit valuation adjustments, 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 is based on quoted market prices in an active market.

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 are 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.

Loans and Deposits

For floating-rate financial instruments, fair value is equal to carrying value as the interest rates reprice 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 and Collateralized Borrowings

The fair values of wholesale borrowings and collateralized borrowings 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. The difference between the carrying amount of a financial liability extinguished or transferred to another party and consideration paid is recognized as sundry income in the consolidated statement of income.

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 in the consolidated statement of 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 in the consolidated statement of income.

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 contracts. ATB uses such instruments for two purposes: for its risk management program and to meet the needs of ATB clients.

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 clients. 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.

Some 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 to OI as foreign exchange and net gains on derivatives in the consolidated statement of income unless the derivative is designated 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, both at the inception of the hedging relationship and on an ongoing basis, an assessment of the effectiveness of the derivative instrument in offsetting changes in cash flows or fair value of the hedged item. When ATB designates a derivative as a hedge, it is classified as either a cash-flow or fair-value hedge. ATB has elected to continue applying the hedge accounting principles under International Accounting Standard (IAS) 39 instead of those under IFRS 9.

ATB discontinues hedge accounting when one of the following conditions 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; or
- 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 OI as net gains on derivatives in 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 OI as net gains on derivatives in the consolidated statement of income. Amounts are reclassified from OCI into NII in the consolidated statement of income in the same period that the underlying hedged item affects NII.

Fair-Value Hedge

Changes in fair value of derivatives that qualify and are designated as fair-value hedges are recorded to OI as foreign exchange 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 wholesale borrowings 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 EIR 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 EIR method. When calculating the EIR, ATB estimates cash flows by considering all contractual terms of the financial instrument (e.g., prepayment options). The calculation includes all fees integral to the EIR that are paid or received between parties to the contract, 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 and 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. No depreciation is recorded 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 case by case;
- Computer equipment – up to 4 years;
- Furniture and fixtures – up to 10 years;
- Other equipment – up to 5 years; and
- Leasehold improvements – lease term, plus one renewal period if reasonably assured, 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 reviewed to account for any change in circumstances. Gains and losses on the disposal of property and equipment are recorded to other expenses 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 recorded 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, Software, Goodwill, and Other Intangibles

The carrying amount of non-financial assets—which include property and equipment, software, goodwill, and other intangibles—are reviewed for impairment whenever events, changes in circumstances, or technical or commercial obsolescence indicates that the carrying amount may not be recoverable. Goodwill and software under development are tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest level where there are separately identifiable cash inflows, or CGUs.

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 recorded to other expenses 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 recorded to other expenses 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 CGU with its carrying amount. The recoverable amount of a CGU is the higher of (1) its fair value, less costs of disposal and (2) its value in use and 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 PILOT. Both estimates involve significant judgment when determining the inputs. If the carrying amount of a CGU exceeds its recoverable amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to other identifiable assets proportionately based on the carrying amount of each asset. Subsequent reversals of goodwill impairment are prohibited. No goodwill impairment was recorded for the year ended March 31, 2021, and at March 31, 2020.

f. Leases

IFRS 16 provides a single lessee accounting model, requiring all leases to be included in the consolidated statement of financial position.

The interest rate for lease liabilities has 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 2.0%. ATB did not hold any short-term or low-value asset leases as at March 31, 2021, or at March 31, 2020.

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 are 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 EIR method and remeasured when:
- Future lease payments change due to an index or rate change;
- The amount ATB expects 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 that carrying amount is zero.

Lease payments are discounted over the non-cancellable term using the interest rate implicit in the lease. However, if the interest rate cannot be 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 to NIE as equipment, including depreciation in the consolidated statement of income on a straight-line basis over the term of the contract.

Lessor Accounting

Classification

A lease is classified as a "finance lease" if it transfers substantially all risks and rewards related to the underlying asset. A lease is classified as "operating" if it does not transfer substantially all risks and rewards related to the underlying asset.

The classification is done at inception and is only reassessed if a lease modification occurs. Changes in estimates (e.g., of the economic life or residual value of the underlying asset) or changes in circumstances (e.g., by default by the lessee) do not change a lease's classification.

Measurement

A lessor recognizes 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 includes:

- Fixed payments (including in-substance fixed payments) less any lease incentives payable;
- 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 receive for residual-value guarantees;
- The amount received for a purchase option if the lessee is reasonably certain to exercise it; and
- Penalties for terminating the lease if the term includes the option to terminate and the lessee is expected to exercise the option.

Subleases

A sublease is a transaction where a lessee ("intermediate lessor") leases an underlying asset 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 recognition exemption is applied to the head lease, then the sublease shall be classified as an operating lease.

g. Salaries and Employee Benefits

ATB provides benefits to current and past employees through a combination of DB and defined-contribution (DC) plans.

Non-management employees currently 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 an NSP in which 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 the salaries and benefits of ATB's key management personnel included in Note 18 are presented in the audited Compensation Summary table of this report relating to key management personnel compensation.

Accounting for Defined-Benefit Plans – Registered, Supplemental, and Other

The PSPP and the DB portion of the ATB Plan, SRP, and OPEB obligations provides employee benefits based on members' years of service and highest average salary. The net liability recognized in other liabilities 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 salaries and employee benefits 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

On March 31 each year, ATB measures its accrued-benefit obligations and the fair values of plan assets for accounting purposes 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, 2019. 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 19.)

h. Provisions

Provisions are recognized when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation that 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
- Present obligations that have arisen from past events but are not recognized because settlements will 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 (in Note 22) 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 RMLs through CMHC's CMB 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 AoE is a distinguishable component of ATB that provides products or services and is subject to risks and returns that are different from those of other AoEs. The SLT regularly reviews operating activity by AoE. All transactions between AoEs are conducted at arm's length, with intra-segment revenue and expenses being eliminated in SSUs. Income and expenses associated with each AoE are included in determining that AoE'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 up front when the services are completed, 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 in other liabilities in the consolidated statement of financial position. The liability is then recognized as revenue in future years as performance obligations are fulfilled by managing policyholder relationships.

Service Charges

Service charges generate revenue from offering services to clients. Transaction-based fees are recognized up front when the transaction occurs or the service is completed.

Card Fees

Revenue is generated from issuing Mastercards and Visa Debit cards, from merchant credit card terminals and associated services, and from interchange fees. All three types of fees are recognized up front when the transaction has taken place, except for certain recurring merchant fees that are recognized over time. Credit card 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 up front when the transaction takes place.

Capital Markets Revenue

These fees are earned and recognized up front when an agent/underwriter distributing the securities of issuers completes the underwriting service.

Sundry

These fees include revenue generated from mergers and acquisitions (M&As) 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 up front when the transactions and services provided are completed or certain milestones have been achieved. All other sundry revenue is recorded as earned.

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 client when that right is conditional on something other than the passage of time (e.g., 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 client, for which the entity has received consideration (or the amount is due) from the client. This is similar to the concept of unearned revenue. (See Note 27.)

ATB had no material contract assets or liabilities as at March 31, 2021, and 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 client, as stated in the contract.

ATB had no material remaining performance obligations longer than one year as at March 31, 2021, and at March 31, 2020.

l. Income Taxes

Prior to April 1, 2020, income earned by ATB Capital Markets Inc. was subject to income tax expense consisting of current and deferred taxes. Income earned in Canada beginning April 1, 2020, is recognized in other liabilities in the consolidated statement of income and is considered when determining ATB's PILOT. (See Notes 20 and 26.)

Current income tax was 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 could have resulted from the carryforward of unused tax losses and credits, was 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. It was measured using rates expected to be applied when they reversed.

m. 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 other expenses in 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 to other expenses in the consolidated statement of income. Subsequent fair-value changes for contingent liabilities are recorded to other expenses on the consolidated statement of income.

The non-controlling interest (NCI) 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, 2021, and at March 31, 2020, ATB had no NCIs. (See Notes 26.)

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Interest Rate Benchmark Reform Phase 1

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 reforms made to all interbank offered rates (IBORs) and allow these relationships to continue instead of being terminated before transitioning to an alternative interest rate. In addition, specific disclosures relating to the reform and its impact on ATB's hedging relationships will be required.

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

Hedging Relationships Impacted by the Interest Rate Benchmark Reform

As at March 31, 2021, ATB has six hedging relationships that have been impacted by the interest rate benchmark reform.

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

As at March 31, 2021 *($ in thousands)*	Notional amount
Interest rate swaps	
USD London interbank offered rate (LIBOR)	$ 308,244

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.

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

In May 2020, the IASB issued *COVID-19-Related Rent Concessions (Amendments to IFRS 16)*, exempting lessees from determining whether a COVID-19-related rent concession granted until June 2021 is a lease modification. Lessees that apply the exemption must disclose that they've done so in their financial statements. The amendment was effective for periods beginning on or after June 30, 2020.

In February 2021, the IASB published an exposure draft entitled *COVID-19-Related Rent Concessions beyond 30 June 2021 (Proposed Amendment to IFRS 16)* to extend the amendment by a year to June 30, 2022. The amendments must be treated retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, but prior-period figures do not need to be restated. ATB does not have COVID-19-related concessions; therefore, there is no impact to our financial statements.

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

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

ATB 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 were adopted April 1, 2020, the start of ATB's 2021 fiscal year.

Interest Rate Benchmark IBOR Reform Phase 2

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

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

Annual Improvements to IFRS Standards 2018–2020

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

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

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

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

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

IFRS 17 *Insurance Contracts*

In May 2017, the IASB published a new standard, IFRS 17 *Insurance Contracts*, establishing the principles for the recognition, measurement, presentation, and disclosure of insurance contracts within the scope of the standard.

ATB assessed the impact of the new standard and determined there is no impact on our financial presentation. IFRS 17 will replace IFRS 4 *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2021, and, for ATB, effective starting April 1, 2022, the beginning of ATB's 2023 fiscal year. Earlier application is permitted if IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have also been applied. ATB has chosen to not adopt the standard early.

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

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

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

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)*, which 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, 2023, and determined that there is no impact on our financial presentation. Earlier application is permitted. We will adopt the amendments to IAS 1 on April 1, 2023, the start of ATB's FY2024.

Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements*)

In February 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1)*, which is intended to disclose material accounting policies and distinguish these from significant accounting policies. The amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance on how to apply a four-step materiality process to accounting policy disclosures.

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied prospectively, with earlier application permitted. The amendments to IAS 1 take effect April 1, 2023, the start of ATB's FY2024.

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

In February 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* that updates the definition of accounting estimates and provides guidance to help entities distinguish changes in accounting estimates from changes in accounting policies.

ATB is currently assessing the impact of the amendment, which is effective for annual reporting periods beginning on or after January 1, 2023, and is applied prospectively, with earlier application permitted. The amendments to IAS 1 take effect April 1, 2023, the start of ATB's FY2024.

4 Financial Instruments

Classification and Carrying Value

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

As at March 31, 2021 *($ 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)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,643,603**	**$ 4,643,603**
Interest-bearing deposits with financial institutions (1)	**-**	**389,471**	**-**	**-**	**-**	**389,471**
Total cash resources	**-**	**389,471**	**-**	**-**	**4,643,603**	**5,033,074**
Total securities (1)	**56,070**	**36,023**	**3,519,592**	**14,922**	**-**	**3,626,607**
Business loans	**-**	**-**	**-**	**-**	**23,197,080**	**23,197,080**
Residential mortgages	**-**	**-**	**-**	**-**	**15,833,810**	**15,833,810**
Personal loans	**-**	**-**	**-**	**-**	**5,631,547**	**5,631,547**
Credit card	**-**	**-**	**-**	**-**	**660,652**	**660,652**
Allowance for loan losses	**-**	**-**	**-**	**-**	**(725,867)**	**(725,867)**
Total loans (2)	**-**	**-**	**-**	**-**	**44,597,222**	**44,597,222**
Derivative financial instruments	**1,181,796**	**-**	**-**	**-**	**-**	**1,181,796**
Other assets	**-**	**-**	**-**	**-**	**504,193**	**504,193**
Total other assets (1)	**1,181,796**	**-**	**-**	**-**	**504,193**	**1,685,989**
Total financial assets	**$ 1,237,866**	**$ 425,494**	**$ 3,519,592**	**$ 14,922**	**$ 49,745,018**	**$ 54,942,892**
Financial liabilities						
Redeemable fixed-date deposits	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,828,748**	**$ 1,828,748**
Non-redeemable fixed-date deposits	**-**	**-**	**-**	**-**	**6,014,076**	**6,014,076**
Savings accounts	**-**	**-**	**-**	**-**	**12,241,167**	**12,241,167**
Transaction accounts	**-**	**-**	**-**	**-**	**12,035,331**	**12,035,331**
Notice accounts	**-**	**-**	**-**	**-**	**5,639,066**	**5,639,066**
Total deposits (3)	**-**	**-**	**-**	**-**	**37,758,388**	**37,758,388**
Securities sold under repurchase agreements (1)	**-**	-	**-**	**-**	**14,730**	**14,730**
Wholesale borrowings (4)	**-**	**290,189**	**-**	**-**	**3,218,630**	**3,508,819**
Collateralized borrowings (5)	**-**	**-**	**-**	**-**	**7,931,082**	**7,931,082**
Derivative financial instruments (1)	**921,411**	**-**	**-**	-	**-**	**921,411**
Other liabilities (1)	**-**	-	**-**	-	**1,328,173**	**1,328,173**
Total other liabilities	**921,411**	**290,189**	**-**	-	**12,492,615**	**13,704,215**
Total financial liabilities	**$ 921,411**	**$ 290,189**	**$ -**	**$ -**	**$ 50,251,003**	**$ 51,462,603**

(1) The fair value is estimated to equal carrying value.
(2) The fair value of loans is estimated at $46,187,190.
(3) The fair value of deposits is estimated at $37,644,667.
(4) The fair value of wholesale borrowings is estimated at $3,592,122.
(5) The fair value of collateralized borrowings is estimated at $8,170,998.

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)	$ -	$ -	$ -	$ -	$ 1,312,544	$ 1,312,544
Interest-bearing deposits with financial institutions (1)	-	101,028	-	-	-	101,028
Total cash resources	-	101,028	-	-	1,312,544	1,413,572
Total securities (1)	45,302	-	4,576,143	10,081	-	4,631,526
Business loans	-	-	-	-	24,369,982	24,369,982
Residential mortgages	-	-	-	-	16,212,297	16,212,297
Personal loans	-	-	-	-	6,369,432	6,369,432
Credit card	-	-	-	-	729,712	729,712
Allowance for loan losses	-	-	-	-	(635,189)	(635,189)
Total loans (2)	-	-	-	-	47,046,234	47,046,234
Derivative financial instruments	1,539,634	-	-	-	-	1,539,634
Other assets	-	-	-	-	410,609	410,609
Total other assets (1)	1,539,634	-	-	-	410,609	1,950,243
Total financial assets	$ 1,584,936	$ 101,028	$ 4,576,143	$ 10,081	$ 48,769,387	$ 55,041,575
Financial liabilities						
Redeemable fixed-date deposits	$ -	$ -	$ -	$ -	$ 1,462,566	$ 1,462,566
Non-redeemable fixed-date deposits	-	-	-	-	8,527,652	8,527,652
Savings accounts	-	-	-	-	9,485,318	9,485,318
Transaction accounts	-	-	-	-	8,653,216	8,653,216
Notice accounts	-	-	-	-	7,244,615	7,244,615
Total deposits (3)	-	-	-	-	35,373,367	35,373,367
Securities sold under repurchase agreements (1)	-	-	-	-	350,828	350,828
Wholesale borrowings (4)	-	318,665	-	-	4,083,502	4,402,167
Collateralized borrowings (5)	-	-	-	-	8,545,092	8,545,092
Derivative financial instruments (1)	989,256	-	-	-	-	989,256
Other liabilities (1)	-	-	-	-	2,094,596	2,094,596
Total other liabilities	989,256	318,665	-	-	15,074,018	16,381,939
Total financial liabilities	$ 989,256	$ 318,665	$ -	$ -	$ 50,447,385	$ 51,755,306

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

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, 2021, and March 31, 2020, 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 and its subsidiaries in a broad range of private Alberta companies and funds. Valuation techniques are disclosed in Note 7.

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, 2021 *($ in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Interest-bearing deposits with financial institutions	**$ -**	**$ 389,471**	**$ -**	**$ 389,471**
Securities				
Securities measured at FVTPL	**37,927**	**-**	**54,166**	**92,093**
Securities measured at FVOCI	**3,519,592**	**-**	**14,922**	**3,534,514**
Other assets				
Derivative financial instruments	**13,055**	**1,168,741**	**-**	**1,181,796**
Total financial assets	**$ 3,570,574**	**$ 1,558,212**	**$ 69,088**	**$ 5,197,874**
Financial liabilities				
Wholesale borrowings	**$ -**	**$ 290,189**	**$ -**	**$ 290,189**
Other liabilities				
Derivative financial instruments	**11,176**	**910,235**	**-**	**921,411**
Total financial liabilities	**$ 11,176**	**$ 1,200,424**	**$ -**	**$ 1,211,600**

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

ATB performs a sensitivity analysis for fair-value measurements classified as Level 3, substituting one or more reasonably possible alternative assumptions for the unobservable inputs. These sensitivity analyses are detailed in Note 8 for the other securities designated at FVTPL.

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, 2020	**$ 10,081**	**$ 36,112**
Total realized and unrealized losses included in net income	**-**	**(1,514)**
Total realized and unrealized gains included in other comprehensive income	**(611)**	**-**
Purchases and issuances	**5,452**	**19,568**
Sales and settlements	**-**	**-**
Fair value as at March 31, 2021	**$ 14,922**	**$ 54,166**
Change in unrealized loss included in income with respect to financial instruments held as at March 31, 2021	**$ -**	**$ (1,514)**

($ 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)

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 or securities purchased under reverse repurchase agreements or derivative assets and liabilities 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 both in the normal course of business and in the event of default, insolvency, or bankruptcy.

A financial asset or liability is not offset in the consolidated statement of financial position if it is subject to master netting arrangements (which include those by the International Swaps and Derivatives Association [ISDA]) or similar arrangements that only permit offsetting outstanding transactions with the same counterparty in the event of default, insolvency, or bankruptcy.

ATB receives and pledges collateral in the form of cash and marketable securities relating to its derivative assets and liabilities to manage credit risk in accordance with the terms and conditions of the ISDA credit support annex.

The following tables present information about financial assets and liabilities that are set off and not set off in the consolidated statement of financial position and are subject to a master netting agreement or similar arrangement:

				Related amounts not offset in the consolidated statement of financial position		
As at March 31, 2021 *($ 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						
Derivative financial instruments	**$ 1,181,796**	**$ -**	**$ 1,181,796**	**$ 557,471**	**$ 97,515**	**$ 526,810**
Amounts receivable from clients and financial institutions	**393,295**	**-**	**393,295**	**270,045**	**-**	**123,250**
Total financial assets	**$ 1,575,091**	**$ -**	**$ 1,575,091**	**$ 827,516**	**$ 97,515**	**$ 650,060**
Financial liabilities						
Securities sold under reverse repurchase agreements	**$ 14,730**	**$ -**	**$ 14,730**	**$ -**	**$ -**	**$ 14,730**
Derivative financial instruments	**921,411**	**-**	**921,411**	**557,471**	**123,198**	**240,742**
Amounts payable to clients and financial institutions	**392,341**	**-**	**392,341**	**270,045**	**-**	**122,296**
Total financial liabilities	**$ 1,328,482**	**$ -**	**$ 1,328,482**	**$ 827,516**	**$ 123,198**	**$ 377,768**

(1) This is the 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.

				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						
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) This is the 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.

5 Financial Instruments – Risk Management

ATB has included in the Risk Management section of the MD&A certain disclosures required by IFRS 7 relating to credit, market, foreign-exchange, and liquidity risks. These risks are an integral part of the 2021 consolidated financial statements.

6 Cash Resources

Cash consists of cash on hand, bank notes and coins, non-interest-bearing deposits, and cash held at the Bank of Canada through the LVTS. Interest-bearing deposits with financial institutions have been designated at FVTPL 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 4.

As at March 31, 2021, the carrying value of interest-bearing deposits with financial institutions consists of $389.5 million (2020: $101.0 million) designated at FVTPL.

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 *National Housing Act* Mortgage-Backed Security (MBS) Program. The deposits are awaiting payment to their respective investors and held in interest reinvestment accounts in connection with ATB's participation in the CMB program. As at March 31, 2021, the amount of restricted cash is $300.4 million (2020: $226.0 million).

7 Securities

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

As at March 31, 2021 *($ 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	**$ 36,023**	**$ -**	**$ -**	**$ 36,023**
Other securities	**390**	**42,184**	**13,496**	**56,070**
Total securities measured at FVTPL	**$ 36,413**	**$ 42,184**	**$ 13,496**	**$ 92,093**
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	**$ 1,107,460**	**$ 2,412,132**	**$ -**	**$ 3,519,592**
Other securities	**-**	**-**	**14,922**	**14,922**
Total securities measured at FVOCI	**$ 1,107,460**	**$ 2,412,132**	**$ 14,922**	**$ 3,534,514**

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

Other Securities

These securities in the current year relate to investments made by ATB and its subsidiaries in a broad range of mainly private Alberta companies and funds. 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 noted below:

			March 31 2021		March 31 2020	
			Range of input values		Range of input values	
Product	Valuation technique	Significant unobservable inputs	Low	High	Low	High
Equity	Valuation multiple	Enterprise value / EBITDA multiple	**3.81**	**10.28**	3.60	10.00
		Enterprise value / revenue multiple	**6.17**	**6.17**	-	-

A 10% change to each multiple would result in a $6.5 million increase and $5.3 million decrease in fair value (2020: $0.7 million; note that 2020 used a different valuation technique, so it is not exactly comparable to this year's result). The estimate is also adjusted for the effect of the non-marketability of these investments.

8 Loans

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

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

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

Risk assessment	BRR range
Very low risk	1 to 4
Low risk	5 to 7
Medium risk	8 to 9
High risk	10 to 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 2021**				March 31 2020
	Performing		**Impaired**		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Very low risk	**$ 3,612,447**	**$ 271,146**	**$ -**	**$ 3,883,593**	$ 3,336,305	$ 786,025	$ -	$ 4,122,330
Low risk	**12,288,476**	**1,026,331**	**-**	**13,314,807**	7,470,953	6,951,518	-	14,422,471
Medium risk	**3,955,165**	**404,824**	**-**	**4,359,989**	2,445,622	1,977,782	-	4,423,404
High risk	**-**	**779,782**	**-**	**779,782**	611	431,582	-	432,193
Not rated (1)	**39,811**	**550**	**-**	**40,361**	27,190	5,145	-	32,335
Impaired	**-**	**-**	**818,548**	**818,548**	-	-	937,249	937,249
Total business	**19,895,899**	**2,482,633**	**818,548**	**23,197,080**	13,280,681	10,152,052	937,249	24,369,982
Very low risk	**7,212,459**	**115,142**	**-**	**7,327,601**	6,711,002	7,709	-	6,718,711
Low risk	**4,593,117**	**847,397**	**-**	**5,440,514**	4,818,879	859,244	-	5,678,123
Medium risk	**1,299,111**	**1,050,768**	**-**	**2,349,879**	1,577,366	1,112,308	-	2,689,674
High risk	**204,242**	**408,148**	**-**	**612,390**	273,116	733,869	-	1,006,985
Not rated (1)	**6,985**	**7,481**	**-**	**14,466**	10,287	4,272	-	14,559
Impaired	**-**	**-**	**88,960**	**88,960**	-	-	104,245	104,245
Total residential mortgages	**13,315,914**	**2,428,936**	**88,960**	**15,833,810**	13,390,650	2,717,402	104,245	16,212,297
Very low risk	**2,522,359**	**25,348**	**-**	**2,547,707**	2,544,666	7,987	-	2,552,653
Low risk	**1,356,544**	**551,758**	**-**	**1,908,302**	1,655,631	530,452	-	2,186,083
Medium risk	**454,485**	**412,057**	**-**	**866,542**	705,639	412,800	-	1,118,439
High risk	**72,639**	**167,447**	**-**	**240,086**	137,184	283,022	-	420,206
Not rated (1)	**6,660**	**16,373**	**-**	**23,033**	17,621	7,167	-	24,788
Impaired	**-**	**-**	**45,877**	**45,877**	-	-	67,263	67,263
Total personal	**4,412,687**	**1,172,983**	**45,877**	**5,631,547**	5,060,741	1,241,428	67,263	6,369,432
Very low risk	**92,741**	**3,905**	**-**	**96,646**	67,909	11,899	-	79,808
Low risk	**263,660**	**19,347**	**-**	**283,007**	195,386	66,612	-	261,998
Medium risk	**171,548**	**19,569**	**-**	**191,117**	155,396	50,083	-	205,479
High risk	**23,015**	**12,949**	**-**	**35,964**	36,516	62,341	-	98,857
Not rated (1)	**43,855**	**4,702**	**-**	**48,557**	15,120	61,539	-	76,659
Impaired	**-**	**-**	**5,361**	**5,361**	-	-	6,911	6,911
Total credit card	**594,819**	**60,472**	**5,361**	**660,652**	470,327	252,474	6,911	729,712
Total loans	**38,219,319**	**6,145,024**	**958,746**	**45,323,089**	32,202,399	14,363,356	1,115,668	47,681,423
Total allowance for loan losses	**(126,822)**	**(251,399)**	**(347,646)**	**(725,867)**	(88,735)	(162,652)	(383,802)	(635,189)
Total net loans	**$ 38,092,497**	**$ 5,893,625**	**$ 611,100**	**$ 44,597,222**	$ 32,113,664	$ 14,200,704	$ 731,866	$ 47,046,234

As at *($ in thousands)*				**March 31 2021**				March 31 2020
	Performing		**Impaired**		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Very low risk	**$ 4,578,085**	**$ 11,785**	**$ -**	**$ 4,589,870**	$ 4,224,656	$ 7,839	$ -	$ 4,232,495
Low risk	**882,632**	**208,072**	**-**	**1,090,704**	719,723	291,104	-	1,010,827
Medium risk	**100,269**	**51,847**	**-**	**152,116**	94,513	56,042	-	150,555
High risk	**9,362**	**10,386**	**-**	**19,748**	10,555	25,994	-	36,549
Not rated (1)	**8,532**	**7,471**	**-**	**16,003**	6,707	9,156	-	15,863
Total undrawn loan commitments – retail	**5,578,880**	**289,561**	**-**	**5,868,441**	5,056,154	390,135	-	5,446,289
Total allowance for loan losses (2)	**(11,460)**	**(3,061)**	**-**	**(14,521)**	(8,613)	(3,590)	-	(12,203)
Total net undrawn	**$ 5,567,420**	**$ 286,500**	**$ -**	**$ 5,853,920**	$ 5,047,541	$ 386,545	$ -	$ 5,434,086
Very low risk	**$ 5,223,651**	**$ 457,148**	**$ -**	**$ 5,680,799**	$ 3,484,632	$ 333,879	$ -	$ 3,818,511
Low risk	**5,946,434**	**579,491**	**-**	**6,525,925**	3,461,944	2,468,023	-	5,929,967
Medium risk	**1,043,995**	**123,480**	**-**	**1,167,475**	467,592	494,239	-	961,831
High risk	**1,360**	**135,180**	**-**	**136,540**	30	151,807	-	151,837
Not rated (1)	**150,598**	**5,428**	**-**	**156,026**	119,493	154,081	-	273,574
Total undrawn loan commitments – non-retail	**12,366,038**	**1,300,727**	**-**	**13,666,765**	7,533,691	3,602,029	-	11,135,720
Total allowance for loan losses (2)	**(14,795)**	**(15,574)**	**-**	**(30,369)**	(11,479)	(40,384)	-	(51,863)
Total net undrawn	**$ 12,351,243**	**$ 1,285,153**	**$ -**	**$ 13,636,396**	$ 7,522,212	$ 3,561,645	$ -	$ 11,083,857

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

The total net carrying value of the above loans includes those denominated in U.S. funds, totalling $1.3 billion as at March 31, 2021 (2020: $1.1 billion). As at March 31, 2021, the amount of foreclosed assets held for resale is $28.3 million (2020: $33.0 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, 2021 *($ in thousands)*	**Residential mortgages**	**Business**	**Personal**	**Credit card**	**Total**	**Percentage of total gross loans**
Up to 1 month (1)	**$ 72,348**	**$ 74,022**	**$ 21,931**	**$ 22,716**	**$ 191,017**	**0.42%**
Over 1 month up to 2 months	**90,614**	**76,028**	**25,719**	**5,273**	**197,634**	**0.44%**
Over 2 months up to 3 months	**32,404**	**11,356**	**8,124**	**2,391**	**54,275**	**0.12%**
Over 3 months	**5,860**	**262**	**430**	**5,009**	**11,561**	**0.03%**
Total past due but not impaired	**$ 201,226**	**$ 161,668**	**$ 56,204**	**$ 35,389**	**$ 454,487**	**1.01%**

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	1.43%

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

9 Allowance for Loan Losses

ATB records an allowance for losses for all loans by incorporating a forward-looking ECLs approach, as required under IFRS 9. This process involves inputs and assumptions requiring a high degree of judgment to assess forecasts of macroeconomic variables and significant increases in credit risk. Our estimates and assumptions consider the economic impact of the COVID-19 pandemic, and we continue to closely monitor the situation and its impacts on our clients. Uncertainty in judgments and assumptions remains elevated as at March 31, 2021, due to COVID-19.

Key Inputs and Assumptions

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

- A borrower's credit quality, reflected through changes in risk ratings;
- Forward-looking macroeconomic conditions;
- Changes to the probability-weighted scenarios; 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 ECLs, 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 ECLs.)

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

	As at March 31, 2021								
	Baseline scenario			**Optimistic scenario**			**Pessimistic scenario**		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Unemployment rate *(%)*	**10.1**	**9.5**	**8.6**	**8.9**	**8.8**	**8.7**	**12.3**	**11.9**	**11.5**
Housing starts	**22,700**	**22,700**	**22,500**	**25,000**	**24,400**	**23,900**	**19,300**	**19,000**	**18,500**
Oil prices *(WTI, US$/bbl)*	**51**	**50**	**50**	**60**	**60**	**60**	**40**	**35**	**35**
Foreign-exchange rate *(CDN$1/US$1)*	**0.78**	**0.80**	**0.81**	**0.80**	**0.81**	**0.81**	**0.74**	**0.75**	**0.76**

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

Sensitivity of Allowance for Loan Losses

The Stage 1 and 2 allowance 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 ECL.

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, 2021				As at March 31, 2020			
	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)	**$ 378,221**	**$ 373,304**	**$ 319,597**	**$ 451,218**	$ 315,453	$ 304,412	$ 260,880	$ 333,749

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, 2021			As at March 31, 2020		
	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	**$ 378,221**	**$ 292,743**	**$ (85,478)**	$ 315,453	$ 260,564	$ (54,889)

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

	For the year ended March 31, 2021						
						Comprises	
($ 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**	**Loans**	**Other credit instruments (1)**
Business	**$ 552,640**	**$ 224,026**	**$ (138,043)**	**$ (5,501)**	**$ 633,122**	**$ 604,143**	**$ 28,979**
Residential mortgages	**12,858**	**9,278**	**(6,074)**	**(20)**	**16,042**	**15,969**	**73**
Personal	**92,624**	**35,498**	**(38,986)**	**(215)**	**88,921**	**80,739**	**8,182**
Credit card	**41,133**	**2,283**	**(10,690)**	**(54)**	**32,672**	**25,016**	**7,656**
Total	**$699,255**	**$ 271,085**	**$ (193,793)**	**$ (5,790)**	**$ 770,757**	**$ 725,867**	**$ 44,890**

	For the year ended March 31, 2020						
						Comprises	
($ 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	Loans	Other credit instruments (1)
Business	$ 546,825	$ 292,117	$ (286,542)	$ 240	$ 552,640	$ 508,730	$ 43,910
Residential mortgages	5,493	10,431	(2,802)	(264)	12,858	12,817	41
Personal	71,498	66,034	(44,641)	(267)	92,624	84,955	7,669
Credit card	41,097	17,398	(17,356)	(6)	41,133	28,688	12,445
Total	$664,913	$ 385,980	($351,341)	($297)	$ 699,255	$ 635,190	$ 64,065

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

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

	For the year ended March 31, 2021				For the year ended March 31, 2020			
	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 loans								
Balance at beginning of period	**$ 54,309**	**$ 139,869**	**$ 358,462**	**$ 552,640**	$ 22,314	$ 77,863	$ 446,648	$ 546,825
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**117,695**	**(104,971)**	**(12,724)**	**-**	13,141	(13,452)	311	-
Transfers into (out of) Stage 2 (1)	**(22,945)**	**37,135**	**(14,190)**	**-**	(68)	(45,220)	45,288	-
Transfers into (out of) Stage 3 (1)	**(687)**	**(44,501)**	**45,188**	**-**	(4,962)	(138,992)	143,954	-
New originations (2)	**68,818**	**221,225**	**130,452**	**420,495**	26,179	107,964	77,285	211,428
Repayments (3)	**(37,933)**	**(187,052)**	**(111,104)**	**(336,089)**	(5,004)	(38,894)	(39,740)	(83,638)
Remeasurements (4)	**(86,577)**	**149,906**	**76,291**	**139,620**	2,721	190,596	(28,990)	164,327
Total provision for loan losses	**38,371**	**71,742**	**113,913**	**224,026**	32,007	62,002	198,108	292,117
Write-offs	**-**	**-**	**(167,190)**	**(167,190)**	-	-	(317,141)	(317,141)
Recoveries	**-**	**-**	**29,147**	**29,147**	-	-	30,599	30,599
Discounted cash flows on impaired loans and other	**(190)**	**(923)**	**(4,388)**	**(5,501)**	(12)	4	248	240
Balance at end of period	**$ 92,490**	**$ 210,688**	**$ 329,944**	**$ 633,122**	$ 54,309	$ 139,869	$ 358,462	$ 552,640

($ in thousands)	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Performing		Impaired		Performing		Impaired	
	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	**$ 3,007**	**$ 5,469**	**$ 4,382**	**$ 12,858**	$ 1,495	$ 952	$ 3,046	$ 5,493
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**3,237**	**(3,142)**	**(95)**	**-**	(687)	674	13	-
Transfers into (out of) Stage 2 (1)	**(1,082)**	**2,374**	**(1,292)**	**-**	(4,114)	3,658	456	-
Transfers into (out of) Stage 3 (1)	**(2)**	**(643)**	**645**	**-**	(833)	(1,977)	2,810	-
New originations (2)	**1,219**	**(177)**	**151**	**1,193**	615	398	96	1,109
Repayments (3)	**(232)**	**(429)**	**(116)**	**(777)**	(24)	(70)	-	(94)
Remeasurements (4)	**(1,576)**	**4,604**	**5,834**	**8,862**	6,555	1,834	1,027	9,416
Total provision for loan losses	**1,564**	**2,587**	**5,127**	**9,278**	1,512	4,517	4,402	10,431
Write-offs	**-**	**-**	**(6,823)**	**(6,823)**	-	-	(3,339)	(3,339)
Recoveries	**-**	**-**	**749**	**749**	-	-	537	537
Discounted cash flows on impaired loans and other	**-**	**-**	**(20)**	**(20)**	-	-	(264)	(264)
Balance at end of period	**$ 4,571**	**$ 8,056**	**$ 3,415**	**$ 16,042**	$ 3,007	$ 5,469	$ 4,382	$ 12,858

($ in thousands)	For the year ended March 31, 2021				For the year ended March 31, 2020			
	Performing		Impaired		Performing		Impaired	
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowance for loan losses – personal loans								
Balance at beginning of period	**$ 42,834**	**$ 31,697**	**$ 18,093**	**$ 92,624**	$ 38,898	$ 11,764	$ 20,836	$ 71,498
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**28,710**	**(27,857)**	**(853)**	**-**	(6,873)	6,376	497	-
Transfers into (out of) Stage 2 (1)	**(8,082)**	**12,036**	**(3,954)**	**-**	(26,143)	19,358	6,785	-
Transfers into (out of) Stage 3 (1)	**(206)**	**(5,079)**	**5,285**	**-**	(9,046)	(14,401)	23,447	-
New originations (2)	**6,671**	**2,784**	**435**	**9,890**	7,364	1,476	1,645	10,485
Repayments (3)	**(4,042)**	**(4,706)**	**(5,928)**	**(14,676)**	(1,135)	(1,317)	(1,617)	(4,069)
Remeasurements (4)	**(29,790)**	**32,415**	**37,659**	**40,284**	39,769	8,441	11,408	59,618
Total provision for loan losses	**(6,739)**	**9,593**	**32,644**	**35,498**	3,936	19,933	42,165	66,034
Write-offs	**-**	**-**	**(40,208)**	**(40,208)**	-	-	(48,646)	(48,646)
Recoveries	**-**	**-**	**1,222**	**1,222**	-	-	4,005	4,005
Discounted cash flows on impaired loans and other	**-**	**-**	**(215)**	**(215)**	-	-	(267)	(267)
Balance at end of period	**$ 36,095**	**$ 41,290**	**$ 11,536**	**$ 88,921**	$ 42,834	$ 31,697	$ 18,093	$ 92,624

($ in thousands)	For the year ended March 31, 2021 Performing Stage 1	Performing Stage 2	Impaired Stage 3	Total	For the year ended March 31, 2020 Stage 1	Performing Stage 2	Impaired Stage 3	Total
Allowance for loan losses – credit cards								
Balance at beginning of period	**$ 8,677**	**$ 29,591**	**$ 2,865**	**$ 41,133**	$ 10,567	$ 26,041	$ 4,489	$ 41,097
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**26,185**	**(26,185)**	**-**	**-**	870	(922)	52	-
Transfers into (out of) Stage 2 (1)	**(1,892)**	**1,892**	**-**	**-**	3,630	(5,553)	1,923	-
Transfers into (out of) Stage 3 (1)	**(90)**	**(1,751)**	**1,841**	**-**	(836)	(4,819)	5,655	-
New originations (2)	**545**	**293**	**-**	**838**	788	453	-	1,241
Repayments (3)	**385**	**1,516**	**(51)**	**1,850**	(441)	(2,921)	(2)	(3,364)
Remeasurements (4)	**(13,873)**	**4,648**	**8,820**	**(405)**	(5,921)	17,303	8,139	19,521
Total provision for loan losses	**11,260**	**(19,587)**	**10,610**	**2,283**	(1,910)	3,541	15,767	17,398
Write-offs	**-**	**-**	**(21,735)**	**(21,735)**	-	-	(27,656)	(27,656)
Recoveries	**-**	**-**	**11,045**	**11,045**	-	-	10,300	10,300
Discounted cash flows on impaired loans and other	**(17)**	**(2)**	**(35)**	**(54)**	20	9	(35)	(6)
Balance at end of period	**$ 19,920**	**$ 10,002**	**$ 2,750**	**$ 32,672**	$ 8,677	$ 29,591	$ 2,865	$ 41,133
Total balance as at end of period	**$ 153,076**	**$ 270,036**	**$ 347,645**	**$ 770,757**	$ 108,827	$ 206,626	$ 383,802	$ 699,255
Comprises: Loans	**$ 126,821**	**$ 251,401**	**$ 347,645**	**$ 725,867**	$ 88,735	$ 162,652	$ 383,802	$ 635,189
Comprises: Other credit instruments (5)	**26,255**	**18,635**	**-**	**44,890**	20,092	43,974	-	64,066

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

10 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 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 clients 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 portfolios to manage ATB's and its corporate clients' 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 clients. 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 they are 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:

As at March 31 ($ in thousands)	2021 Favourable position	2021 Unfavourable position	2020 Favourable position	2020 Unfavourable position
Contracts not designated for hedge accounting				
Interest rate contracts				
Swaps	**$ 10,807**	**$ (59,941)**	$ 18,639	$ (113,883)
Futures	**13,055**	**(11,176)**	33,757	(29,495)
Other	**133,281**	**(65,857)**	167,702	(61,818)
Total interest rate contracts	**157,143**	**(136,974)**	220,098	(205,196)
Embedded derivatives				
Market-linked deposits	**-**	**(689)**	-	(1,919)
Total embedded derivatives	**-**	**(689)**	-	(1,919)
Foreign-exchange contracts				
Forwards	**91,126**	**(89,377)**	140,793	(83,494)
Cross-currency swaps	**32,189**	**(31,010)**	65,275	(59,258)
Total foreign-exchange contracts	**123,315**	**(120,387)**	206,068	(142,752)
Commodity contracts				
Forwards	**538,642**	**(471,484)**	438,912	(418,083)
Total commodity contracts	**538,642**	**(471,484)**	438,912	(418,083)
Total fair value of contracts not designated for hedge accounting	**819,100**	**(729,534)**	865,078	(767,950)
Contracts designated for hedge accounting				
Foreign-exchange contracts				
Cross-currency swaps (1)	**9,190**	**(9,332)**	115,634	-
Total foreign-exchange contracts	**9,190**	**(9,332)**	115,634	-
Interest rate contracts				
Swaps (2)	**353,506**	**(182,545)**	558,922	(221,306)
Total interest rate contracts	**353,506**	**(182,545)**	558,922	(221,306)
Total fair value of contracts designated for hedge accounting	**362,696**	**(191,877)**	674,556	(221,306)
Total fair value	**$ 1,181,796**	**$ (921,411)**	$ 1,539,634	$ (989,256)
Less impact of master netting agreements	**(557,471)**	**557,471**	(575,980)	575,980
Less impact of financial institution counterparty collateral held/posted	**(97,515)**	**123,198**	(636,524)	44,390
Residual credit exposure on derivatives to ATB	**$ 526,810**	**$ (240,742)**	$ 327,130	$ (368,886)

(1) As at March 31, 2021, $9.1 million of our favourable position relates to our cross-currency swap designated for fair-value hedge accounting used to manage fair-value changes of certain fixed-interest-rate wholesale borrowings, and $9.3 million of our unfavourable position relates to our cross-currency swap designated for cash-flow hedge accounting used to manage interest rate risk for certain deposits. As at March 31, 2020, $47.8 million of our favourable position related to our cross-currency swap designated for fair-value hedge accounting used to manage fair-value changes of certain fixed-interest-rate wholesale borrowings, and $67.9 million related to our cross-currency swap designated for cash-flow hedge accounting used to manage interest rate risk for certain deposits.

(2) The favourable and unfavourable positions as at March 31, 2021 and March 31, 2020, relate to interest rate swaps designated for cash-flow hedge accounting used to manage interest rate risk for certain loans, deposits, and securities.

ATB has recognized an unrealized gain of $2.0 million to net gains on derivatives in the statement of consolidated income during the year (2020: unrealized gain of $9.3 million) related to accounting for ineffectiveness arising from cash flow hedges. No ineffectiveness arising from fair-value hedges has been recorded to foreign-exchange revenue in OI in the consolidated statement of income during the year (2020: nil).

The following table shows when the impact of interest rate contracts and cross-currency swaps designated for cash-flow hedge accounting—used to manage the interest rate risk relating to certain loans, deposits, and securities, as noted in Note 2(b)—will be recognized to NII in the consolidated statement of income:

As at March 31, 2021 *($ 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**
Interest rate contracts							
Swaps							
Cash inflows	**$ 294,962**	**$ 208,366**	**$ 138,379**	**$ 125,301**	**$ 84,398**	**$ 173,755**	**$ 1,025,161**
Cash outflows	**(344,146)**	**(259,052)**	**(178,135)**	**(174,515)**	**(116,482)**	**(186,679)**	**(1,259,009)**
Net cash flows from interest rate contracts	**$ (49,184)**	**$ (50,686)**	**$ (39,756)**	**$ (49,214)**	**$ (32,084)**	**$ (12,924)**	**$ (233,848)**
Foreign-exchange contracts							
Cross-currency swaps							
Cash inflows	**$ 6,342**	**$ 153**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,495**
Cash outflows	**(5,518)**	**(132)**	**-**	**-**	**-**	**-**	**(5,650)**
Net cash flows from foreign-exchange contracts	**$ 824**	**$ 21**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 845**
Total net cash flows	**$ (48,360)**	**$ (50,665)**	**$ (39,756)**	**$ (49,214)**	**$ (32,084)**	**$ (12,924)**	**$ (233,003)**

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
Interest rate contracts							
Swaps							
Cash inflows	$ 475,048	$ 342,282	$ 236,995	$ 180,196	$ 134,213	$ 282,422	$ 1,651,156
Cash outflows	(571,868)	(402,728)	(287,838)	(231,997)	(174,940)	(318,552)	(1,987,923)
Net cash flows from interest rate contracts	$ (96,820)	$ (60,446)	$ (50,843)	$ (51,801)	$ (40,727)	$ (36,130)	$ (336,767)
Foreign-exchange contracts							
Cross-currency swaps							
Cash inflows	$ 20,140	$ 5,987	$ 143	$ -	$ -	$ -	$ 26,270
Cash outflows	(14,129)	(6,528)	(157)	-	-	-	(20,814)
Net cash flows from foreign-exchange contracts	$ 6,011	$ (541)	$ (14)	$ -	$ -	$ -	$ 5,456
Total net cash flows	$ (90,809)	$ (60,987)	$ (50,857)	$ (51,801)	$ (40,727)	$ (36,130)	$ (331,311)

The non-trading interest rate risk, which is hedged with interest rate swaps, has a maximum maturity of 29 years as at March 31, 2021 (2020: 10 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	$ 251,320	$ 251,320
Hedge ineffectiveness		
Gains (losses) on hedged item used to determine hedge ineffectiveness	-	-
Ineffectiveness recorded in other income – foreign exchange	-	-
Cumulative net fair-value change	9,190	(28,194)
Fair value at March 31, 2021		
Asset	**9,190**	**-**
Liability	**-**	**290,189**
Fair value at March 31, 2020		
Asset	47,764	-
Liability	-	318,665

(1) The fair value of the hedging derivative is reported as part of derivative asset and derivative liability on the consolidated statement of financial position.
(2) The fair value of the hedged item is reported as part of wholesale borrowings on the consolidated statement of financial position.

Term to Maturity

The notional amounts of derivative instruments represent the underlying principal amount, to which the specified rate or price is applied in order to calculate the amount of cash flows to be exchanged, and have varying maturity dates. Notional amounts do not represent assets or liabilities and are not recorded in the consolidated statement of financial position. The remaining contractual terms to maturity for the notional amounts of all derivative instruments are as follows:

As at March 31, 2021 *($ in thousands)*	**Not designated for hedge accounting**	**Designated 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	**$ 4,468,479**	**$ 21,685,125**	**$ 2,300,000**	**$ 5,813,000**	**$ 12,852,050**	**$ 5,188,554**	**$ 26,153,604**
Other	**5,835,965**	**-**	**258,220**	**566,225**	**2,646,537**	**2,364,983**	**5,835,965**
Total interest rate contracts	**10,304,444**	**21,685,125**	**2,558,220**	**6,379,225**	**15,498,587**	**7,553,537**	**31,989,569**
Embedded derivatives							
Market-linked deposits	**313,383**	**-**	**280,762**	**32,316**	**305**	**-**	**313,383**
Total embedded derivatives	**313,383**	**-**	**280,762**	**32,316**	**305**	**-**	**313,383**
Foreign-exchange contracts							
Forwards	**6,003,136**	**-**	**2,964,444**	**2,204,492**	**834,200**	**-**	**6,003,136**
Cross-currency swaps	**980,024**	**594,128**	**311,085**	**141,551**	**1,121,516**	**-**	**1,574,152**
Total foreign-exchange contracts	**6,983,160**	**594,128**	**3,275,529**	**2,346,043**	**1,955,716**	**-**	**7,577,288**
Commodity contracts							
Forwards	**6,457,798**	**-**	**561,177**	**3,811,920**	**2,084,701**	**-**	**6,457,798**
Total commodity contracts	**6,457,798**	**-**	**561,177**	**3,811,920**	**2,084,701**	**-**	**6,457,798**
Total over-the-counter contracts	**24,058,785**	**22,279,253**	**6,675,688**	**12,569,504**	**19,539,309**	**7,553,537**	**46,338,038**
Exchange-traded contracts							
Interest rate contracts							
Futures	**13,332,000**	**-**	**2,146,000**	**11,186,000**	**-**	**-**	**13,332,000**
Total interest rate contracts	**13,332,000**	**-**	**2,146,000**	**11,186,000**	**-**	**-**	**13,332,000**
Total exchange-traded contracts	**13,332,000**	**-**	**2,146,000**	**11,186,000**	**-**	**-**	**13,332,000**
Total	**$ 37,390,785**	**$ 22,279,253**	**$ 8,821,688**	**$ 23,755,504**	**$ 19,539,309**	**$ 7,553,537**	**$ 59,670,038**

As at March 31, 2020 *($ in thousands)*	Not designated for hedge accounting	Designated 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	$ 3,714,000	$ 28,584,975	$ 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	7,569,596	28,584,975	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	13,240,723	29,688,822	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	$ 36,928,723	$ 29,688,822	$ 7,627,768	$ 24,883,909	$ 27,232,833	$ 6,873,035	$ 66,617,545

The following table presents the notional amounts for derivative instruments that have been designated for hedge accounting:

As at March 31, 2021 ($ in thousands)	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 (1)	**$ 1,670,000**	**$ 4,115,000**	**$ 11,280,525**	**$ 4,619,600**	**$ 21,685,125**
Foreign-exchange contracts					
Cross-currency swaps (2)	**-**	**-**	**594,127**	**-**	**594,127**
Total	**$ 1,670,000**	**$ 4,115,000**	**$ 11,874,652**	**$ 4,619,600**	**$ 22,279,252**

(1) The notional amounts designated for hedge accounting relates to our interest rate contracts designated for cash-flow hedge accounting used to manage interest rate risk for certain loans, deposits, and securities.
(2) $251.3 million of the notional amount with a residual term of 1 to 5 years relates to our cross-currency swap designated for fair-value hedge accounting used to manage fair-value changes of certain fixed-interest-rate wholesale borrowings. The remaining $342.8 million with a residual term of 1 to 5 years relates to cross-currency swaps designated for cash-flow hedge accounting used to manage interest rate risk for certain deposits.

As at March 31, 2020 ($ in thousands)	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 (1)	$ 3,246,600	$ 8,005,000	$ 12,484,275	$ 4,849,100	$ 28,584,975
Foreign-exchange contracts					
Cross-currency swaps (2)	-	-	1,103,847	-	1,103,847
Total	$ 3,246,600	$ 8,005,000	$ 13,588,122	$ 4,849,100	$ 29,688,822

(1) The notional amounts designated for hedge accounting relates to our interest rate contracts designated for cash-flow hedge accounting used to manage interest rate risk for certain loans, deposits, and securities.
(2) $280.8 million of the notional amount with a residual term of 1 to 5 years relates to our cross-currency swap designated for fair-value hedge accounting used to manage fair-value changes of certain fixed-interest-rate wholesale borrowings. The remaining $823.0 million with a residual term of 1 to 5 years relates to cross-currency swaps designated for cash-flow hedge accounting.

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 have notional amounts of $183.3 million as at March 31, 2021 (2020: $116.1 million).

Derivative-Related Credit Risk

Derivative financial instruments traded in the OTC market could incur financial loss 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 we manage 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 PFE, which is defined in a Minister-authorized guideline that 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)	**2021** **Replacement cost**	**Credit equivalent amount**	**Risk-adjusted balance**	2020 Replacement cost	Credit equivalent amount	Risk-adjusted balance
Contracts not designated for hedge accounting						
Interest rate contracts						
Swaps	**$ 10,807**	**$ 13,238**	**$ 2,648**	$ 18,639	$ 20,632	$ 4,126
Futures	**13,055**	**13,055**	**2,609**	33,757	33,757	6,751
Other	**133,281**	**164,911**	**65,547**	167,702	189,894	93,361
Total interest rate contracts	**157,143**	**191,204**	**70,804**	220,098	244,283	104,238
Foreign-exchange contracts						
Forwards	**91,126**	**132,319**	**42,347**	140,793	160,615	46,962
Cross-currency swaps	**32,189**	**47,253**	**15,276**	65,275	89,817	21,916
Total foreign-exchange contracts	**123,315**	**179,572**	**57,623**	206,068	250,432	68,878
Commodity contracts						
Forwards	**538,642**	**888,790**	**363,032**	438,912	542,234	134,396

As at March 31 ($ in thousands)	2021 Replacement cost	 Credit equivalent amount	 Risk-adjusted balance	2020 Replacement cost	 Credit equivalent amount	 Risk-adjusted balance
Total commodity contracts	**538,642**	**888,790**	**363,032**	438,912	542,234	134,396
Total contracts not designated for hedge accounting	**819,100**	**1,259,566**	**491,459**	865,078	1,036,949	307,512
Contracts designated for hedge accounting						
Interest rate contracts						
Cross-currency swaps	**9,190**	**21,756**	**4,351**	115,634	170,826	34,165
Swaps	**353,506**	**420,383**	**84,077**	558,922	651,600	130,320
Total interest rate contracts	**362,696**	**442,139**	**88,428**	674,556	822,426	164,485
Total contracts designated for hedge accounting	**362,696**	**442,139**	**88,428**	674,556	822,426	164,485
Total	**$ 1,181,796**	**$ 1,701,705**	**$ 579,887**	$ 1,539,634	$ 1,859,375	$ 471,997

11 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 1, 2019	$ 234,930	$ 93,626	$ 105,467	$ 83,485	$ 3,890	$ 8,571	$ 228,588	$ 10,128	$ 7,328	$ 776,013
Additions	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
Balance as at April 1, 2020	**$ 238,424**	**$ 72,089**	**$ 106,823**	**$ 87,204**	**$ 2,888**	**$ 5,148**	**$ 252,528**	**$ 12,109**	**$ 7,328**	**$ 784,541**
Additions	**2,770**	**5,909**	**991**	**2,733**	**3,554**	**7,705**	**2,610**	**2,040**	**-**	**28,312**
Disposals	**(31,626)**	**(32,928)**	**-**	**(2,416)**	**(4,181)**	**(8,226)**	**(1,084)**	**-**	**-**	**(80,461)**
Balance as at March 31, 2021	**$ 209,568**	**$ 45,070**	**$ 107,814**	**$ 87,521**	**$ 2,261**	**$ 4,627**	**$ 254,054**	**$ 14,149**	**$ 7,328**	**$ 732,392**
Depreciation										
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
Balance as at April 1, 2020	**$ 166,814**	**$ 57,759**	**$ 76,704**	**$ 74,986**	**$ -**	**$ -**	**$ 128,050**	**$ 1,228**	**$ -**	**$ 505,541**
Depreciation for the year	**9,105**	**7,805**	**2,215**	**4,605**	**-**	**-**	**20,407**	**4,982**	**-**	**49,119**
Transfers and disposals	**(27,319)**	**(29,946)**	**-**	**(2,188)**	**-**	**-**	**(1,084)**	**-**	**-**	**(60,537)**
Balance as at March 31, 2021	**$ 148,600**	**$ 35,618**	**$ 78,919**	**$ 77,403**	**$ -**	**$ -**	**$ 147,373**	**$ 6,210**	**$ -**	**$ 494,123**
Carrying amounts										
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
Balance as at March 31, 2021	**$ 60,968**	**$ 9,452**	**$ 28,895**	**$ 10,118**	**$ 2,261**	**$ 4,627**	**$ 106,681**	**$ 7,939**	**$ 7,328**	**$ 238,269**

No impairments were recognized during the year ended March 31, 2021 (2020: nil). A loss of $1.3 million (2020: $0.5 million loss) was recognized during the year for the disposal and write-offs of property and equipment. Income of $2.8 million (2020: $2.8 million) was recorded in the consolidated statement of income from our sublease arrangements.

12 Software and Other Intangibles

($ in thousands)	Computer software	Software under development	Other intangibles	Goodwill	Total
Cost					
Balance as at April 1, 2019	$ 588,495	$ 71,214	$ 233	$ -	$ 659,942
Transfers and additions	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
Balance as at April 1, 2020	**$ 623,324**	**$ 89,461**	**$ 233**	**$ 6,845**	**$ 719,863**
Transfers and additions	**91,051**	**60,253**	**41**	**-**	**151,345**
Transfers and disposals	**(26,020)**	**(91,042)**	**-**	**-**	**(117,062)**
Balance as at March 31, 2021	**$ 688,355**	**$ 58,672**	**$ 274**	**$ 6,845**	**$ 754,146**
Depreciation					
Balance as at April 1, 2019	$ 357,019	$ -	$ 58	$ -	$ 357,077
Depreciation for the year	77,131	-	24	-	77,155
Transfers and disposals	(23,188)	-	-	-	(23,188)
Balance as at March 31, 2020	$ 410,962	$ -	$ 82	$ -	$ 411,044
Balance as at April 1, 2020	**$ 410,962**	**$ -**	**$ 82**	**$ -**	**$ 411,044**
Depreciation for the year	**81,638**	**-**	**27**	**-**	**81,665**
Transfers and disposals	**(21,271)**	**-**	**-**	**-**	**(21,271)**
Balance as at March 31, 2021	**$ 471,329**	**$ -**	**$ 109**	**$ -**	**$ 471,438**
Carrying amounts					
Balance as at March 31, 2020	$ 212,362	$ 89,461	$ 151	$ 6,845	$ 308,819
Balance as at March 31, 2021	**$ 217,026**	**$ 58,672**	**$ 165**	**$ 6,845**	**$ 282,708**

No impairments were recognized during the year ended March 31, 2021 (2020: nil). No loss (2020: $1.0 million loss) was recognized during the year for the disposal and write-offs of software and other intangibles.

The goodwill associated with our purchase of Grow Technologies Inc. (Grow) is $6.8 million (see Note 26 for details). ATB performs an impairment test annually on March 31 by assessing for any indications of impairment and comparing Grow's carrying value to its recoverable amount. As at March 31, 2021, and at March 31, 2020, there were no indicators of impairment or amounts recorded.

13 Other Assets

As at March 31 *($ in thousands)*	**2021**	2020
Accounts receivable – financial market products	**$ 397,993**	$ 275,667
Prepaid expenses and other receivables	**291,166**	236,128
Accrued interest receivable	**75,001**	82,692
Other	**31,199**	52,250
Total	**$ 795,359**	$ 646,737

14 Deposits

As at March 31, 2021 *($ 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	**$ -**	**$ 1,744,892**	**$ 55,543**	**$ 16,268**	**$ 6,668**	**$ 4,794**	**$ 583**	**$ 1,828,748**
Non-redeemable fixed-date deposits	**-**	**4,179,616**	**1,089,015**	**566,017**	**99,514**	**79,570**	**344**	**6,014,076**
Savings accounts	**12,241,167**	**-**	**-**	**-**	**-**	**-**	**-**	**12,241,167**
Transactions accounts	**12,035,331**	**-**	**-**	**-**	**-**	**-**	**-**	**12,035,331**
Notice accounts	**5,639,066**	**-**	**-**	**-**	**-**	**-**	**-**	**5,639,066**
Total	**$ 29,915,564**	**$ 5,924,508**	**$ 1,144,558**	**$ 582,285**	**$ 106,182**	**$ 84,364**	**$ 927**	**$ 37,758,388**

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	$ 25,383,149	$ 6,267,141	$ 2,070,942	$ 1,345,498	$ 202,336	$ 103,774	$ 527	$ 35,373,367

The total deposits presented above include $1.4 billion (2020: $1.4 billion) denominated in U.S. funds.

As at March 31, 2021, deposits by various departments and agencies of the GoA included in the preceding schedule total $314.1 million (2020: $236.9 million).

The repayment of all deposits and wholesale borrowings, without limit, including accrued interest, is guaranteed by the Crown in right of Alberta in respect of which the Crown assesses an annual deposit-guarantee fee payable by ATB. For the year ended March 31, 2021, the fee was $58.5 million (2020: $55.0 million), with $52.4 million (2020: $46.7 million) recorded to NIE for deposits and the remainder to NII for wholesale borrowings and collateralized borrowings for credit cards.

15 Collateralized Borrowings

Canada Mortgage Bonds Program

ATB periodically securitizes insured RMLs by participating in the *National Housing Act* MBS Program. The MBS issued as a result of this program are pledged to the CMB program or to third-party investors. The CHT uses the proceeds of its bond issuance to finance the purchase of MBSs issued by ATB. As an issuer of the MBSs, ATB is responsible for advancing all scheduled principal and interest payments to CMHC, whether or not the amounts have been collected on the underlying transferred mortgages. Amounts advanced but not recovered are ultimately recovered from the insurer.

The sale of mortgage pools that comprise the MBSs does not qualify for derecognition as outlined in IFRS 9 *Financial Instruments*, as ATB retains the prepayment, credit, and interest rate risks associated with the mortgages, which represent substantially all of the risks and rewards. Therefore, it is accounted for as a collateralized borrowing. Also included in the collateralized borrowing liabilities are 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 ECLs on the securitized mortgage assets, as the mortgages are insured against default. Further, the investors and CMHC have no recourse to other assets of ATB in the event of failure of debtors to pay when due.

As part of a CMB transaction, ATB must enter into a total return swap with highly rated counterparties, exchanging cash flows of the CMB for those of the MBSs transferred to CHT. Any excess or shortfall in these cash flows is absorbed by ATB. These swaps are not recognized on ATB's consolidated statement of financial position, as the underlying cash flows of these derivatives are captured through the continued recognition of the mortgages and 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, 2021, is $7.8 billion (2020: $8.0 billion).

Collateralized borrowing liabilities are non-amortizing liabilities with fixed maturity dates. Principal payments collected from the mortgages underlying the MBSs sold to the CHT are transferred to the CHT monthly, where they are either reinvested in new MBSs or invested in eligible investments.

Credit Card Securitization

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

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

As at March 31 *($ in thousands)*	**2021**	2020
Principal value of mortgages pledged as collateral	**$ 6,279,964**	$ 7,394,422
ATB mortgage-backed securities pledged as collateral through repurchase agreements	**1,548,104**	605,722
Principal value of credit card receivables pledged as collateral	**625,496**	678,852
Total	**$ 8,453,564**	$ 8,678,996
Associated liabilities	**$ 7,931,082**	$ 8,545,092

16 Other Liabilities

As at March 31 *($ in thousands)*	Note	**2021**	2020
Accounts payable and accrued liabilities (1)		**$ 681,766**	$ 1,390,631
Accounts payable – financial market products		**392,353**	256,303
Accrued interest payable		**158,402**	208,761
Payment in lieu of tax and income taxes payable	20	**62,884**	30,846
Due to clients, brokers, and dealers		**99,529**	108,664
Accrued-pension-benefit liability	19	**33,807**	18,336
Achievement notes	24	**58,454**	55,172
Deposit guarantee fee payable		**58,487**	54,990
Total		**$ 1,545,682**	$ 2,123,703

(1) Includes lease liabilities of $171,334 (2020: $195,187). (See Note 22).

17 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 20, since March 31, 2011, ATB has issued subordinated debentures annually to settle the outstanding liability for ATB's PILOT for each fiscal year.

As at March 31, 2021, ATB has no existing subordinated debentures (2020: nil).

18 Salaries and Benefits

ATB has included certain disclosures required in the Director Compensation section of the MD&A relating to the Board of Directors' compensation and an audited Compensation Summary section of the MD&A relating to key management personnel compensation.

19 Employee Benefits

Public Service Pension Plan

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 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, 2021, based on its prorated share of plan contributions adjusted for its prorated 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 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 GoA 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 SRP and 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 HR 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

As at March 31, 2021 *($ in thousands)*	**Registered plan**	**Supplemental and other**	**ATB's share of PSPP**
Active	**$ 127,970**	**$ 570**	**$ 119,471**
Deferred	**24,957**	**136**	**33,585**
Pensioners and beneficiaries	**277,095**	**7,262**	**146,462**
Total defined-benefit obligation	**$ 430,022**	**$ 7,968**	**$ 299,518**

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

Breakdown of ATB Plan Assets

	2021	2020
As at March 31 *($ in thousands)*	**Quoted on an active market**	Quoted on an active market
Bonds		
Provinces, municipal corporations, and other public administrations	**$ -**	$ 73
Other issuers	**340,195**	334,204
Shares	**108,197**	93,868
Cash and money-market securities	**2,069**	981
Total fair value of plan assets	**$ 450,461**	$ 429,126

Asset/Liability Matching Strategy

ATB's pension plan 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 who 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, 2021, 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 $49.3 million (2020: $45.1 million).

Contributions expected during the upcoming year are $0.8 million (2020: $1.7 million) for the DB portion of the ATB Plan, $0.4 million (2020: $0.4 million) for the unfunded SRP and CPS, and $10.8 million (2020: $11.2 million) for the PSPP.

Pension Plan Obligation Maturity Profile

For 2021, the weighted-average financial duration of the main group plans was approximately 17 years (2020: 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 NSP—consist of the following:

As at March 31 *($ in thousands)*	**2021**	2020
Registered plan		
Fair value of plan assets	**$ 450,461**	$ 429,126
Projected benefit obligation	**(421,621)**	(375,562)
Net pension-benefit asset (1)	**$ 28,840**	$ 53,564
Supplemental and other		
Unfunded projected benefit obligation, representing the plan funding deficit	**$ (7,968)**	$ (7,694)
Net pension-benefit liability (1)	**$ (7,968)**	$ (7,694)
ATB's share of PSPP		
Fair value of plan assets	**$ 253,744**	$ 215,488
Projected benefit obligation	**(299,518)**	(271,998)
Net pension-benefit liability (1)	**$ (45,774)**	$ (56,510)
Notional supplemental plan liability	**$ (8,905)**	$ (7,696)
Total net pension-benefit liability (1)(2)	**$ (33,807)**	$ (18,336)

(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 16.)

Other Comprehensive Income

As at March 31	Registered plan		Supplemental and other		ATB's share of PSPP	
($ in thousands)	**2021**	2020	**2021**	2020	**2021**	2020
Actuarial (gain) loss on plan assets	**$ (23,736)**	**$ 7,495**	**$ -**	**$ -**	**$ (28,032)**	$ 57,901
Effect of changes in financial assumptions	**44,901**	**(59,406)**	**688**	**(995)**	**32,153**	(30,782)
Experience (gain) loss on plan liabilities	**5,738**	**(61)**	**10**	**70**	**(17,205)**	(37,363)
Amount recognized in other comprehensive (income) loss	**$ 26,903**	**$ (51,972)**	**$ 698**	**$ (925)**	**$ (13,084)**	$ (10,244)
Beginning balance, accumulated other comprehensive loss (income)	**25,684**	**77,490**	**4,057**	**4,982**	**(27,965)**	(17,721)
Ending balance, accumulated other comprehensive loss (income)	**$ 52,587**	**$ 25,518**	**$ 4,755**	**$ 4,057**	**$ (41,049)**	$ (27,965)

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)	**2021**	2020	**2021**	2020	**2021**	2020
Change in fair value of plan assets						
Fair value of plan assets at beginning of the year	**$ 429,126**	$ 441,383	**$ -**	$ -	**$ 215,488**	$ 264,132
Contributions from ATB	**623**	1,722	**738**	710	**11,262**	11,202
Interest income	**17,676**	14,312	**-**	-	**9,086**	8,747
Actuarial (gain) loss on plan assets	**23,748**	(7,114)	**-**	-	**28,032**	(57,901)
Benefits paid	**(19,857)**	(19,943)	**(738)**	(710)	**(10,124)**	(10,692)
Actual plan expenses	**(855)**	(1,234)	**-**	-	**-**	-
Fair value of plan assets at end of the year	**$ 450,461**	$ 429,126	**$ -**	$ -	**$ 253,744**	$ 215,488
Change in defined-benefit obligation						
Projected benefit obligation at beginning of the year	**$ 375,562**	$ 440,697	**$ 7,694**	$ 9,037	**$ 271,998**	$ 326,782
Effect of changes in financial assumptions	**44,901**	(59,406)	**688**	(995)	**32,153**	(30,782)
Experience (gain) loss on plan liabilities	**5,738**	(61)	**10**	70	**(17,205)**	(37,363)
Current-service costs	**-**	-	**-**	-	**11,472**	13,436
Interest expense	**15,277**	14,275	**314**	292	**11,224**	10,617
Benefits paid	**(19,857)**	(19,943)	**(738)**	(710)	**(10,124)**	(10,692)
Less: defined-benefit obligation at end of the year	**$ 421,621**	$ 375,562	**$ 7,968**	$ 7,694	**$ 299,518**	$ 271,998
Net pension-benefit asset (liability)	**$ 28,840**	$ 53,564	**$ (7,968)**	$ (7,694)	**$ (45,774)**	$ (56,510)

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 PSPP	
($ in thousands)	**2021**	2020	**2021**	2020	**2021**	2020
Current-service costs	**$ -**	$ -	**$ -**	$ -	**$ 11,472**	$ 13,436
Interest expense	**15,403**	14,275	**314**	292	**11,224**	10,617
Interest income	**(17,676)**	(14,312)	**-**	-	**(9,086)**	(8,747)
Administrative expenses and taxes	**843**	853	**-**	-	**-**	-
Net pension-benefit expense recognized	**$ (1,430)**	$ 816	**$ 314**	$ 292	**$ 13,610**	$ 15,306

Key Assumptions and Sensitivities

The significant assumptions used in the actuarial determination of projected benefit obligations and the related net benefit expense are, on a weighted-average basis, as follows:

	Registered plan		Supplemental and other		ATB's share of PSPP	
	2021	2020	**2021**	2020	**2021**	2020
Accrued-benefit obligation as at March 31						
Discount rate at end of the year	**3.4%**	4.2%	**3.4%**	4.2%	**3.4%**	4.2%
Rate of compensation increase (1)	**0.8%**	-	**0.8%**	-	**0.0%**	3.2%
Defined-benefit expense for the year ended March 31						
Discount rate at beginning of the year	**4.2%**	3.3%	**4.2%**	3.3%	**4.2%**	3.3%
Rate of compensation increase (1)	-	-	-	-	**0.0%**	3.2%
ATB's share of PSPP contributions	-	-	-	-	**3.2%**	3.6%

(1) This refers to 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, 2021, and the related expense for the year then ended:

As at March 31, 2021 *($ in thousands)*		Registered plan		Supplemental and other		ATB's share of the PSPP	
		Benefit obligation	**Benefit expense**	**Benefit obligation**	**Benefit expense**	**Benefit obligation**	**Benefit expense**
Discount rate							
Impact of:	1.0% increase	**$ (58,055)**	**$ (2,843)**	**$ (854)**	**$ 40**	**$ (39,636)**	**$ (3,703)**
	1.0% decrease	**74,215**	**2,069**	**1,033**	**(52)**	**45,681**	**3,615**
Inflation rate							
Impact of:	1.0% increase	**35,849**	**1,218**	**32**	**1**	**19,875**	**1,417**
	1.0% decrease	**(31,810)**	**(1,082)**	**(30)**	**(1)**	**(18,638)**	**(1,333)**
Rate of compensation increase							
Impact of:	0.25% increase	**1,306**	**44**	**12**	**1**	**2,368**	**356**
	0.25% decrease	**(1,283)**	**(44)**	**(11)**	**-**	**(2,349)**	**(352)**
Mortality							
Impact of:	10.0% increase	**(8,479)**	**(289)**	**(144)**	**(4)**	**n/a(1)**	**n/a(1)**
	10.0% decrease	**9,338**	**317**	**158**	**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.

20 Payment in Lieu of Tax

Pursuant to the *ATB Act*, the GoA 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 NI as reported in its audited annual financial statements. PILOT is calculated as 23% of NI reported under IFRS. NI earned by ATB Private Equity, LP, a new legal entity registered March 23, 2020, is also subject to PILOT. Effective April 1, 2020, the methodology to calculate ATB's PILOT is now allocated to each AoE based on 23% of the AoE's NI before PILOT.

As at March 31, 2021, ATB has accrued a total of $62.9 million (2020: $30.8 million) for PILOT. The amount outstanding as at March 31, 2020, was settled on June 30, 2020, with ATB issuing a subordinated debenture to the GoA. (See Note 17.)

Prior to April 1, 2020, income earned by ATB Capital Markets Inc. was subject to income tax, resulting in a $0.2 million refund last year.

21 Related-Party Transactions

In the ordinary course of business, ATB provides normal banking services to various departments and agencies of the GoA on terms similar to those offered to non-related parties. (See Note 14.) These services also include OTC foreign-exchange forwards to manage currency exposure. (See Note 10.) The fair values of the asset and liability associated with these derivative contracts as at March 31, 2021, are $10.0 million (2020: $15.6 million) and $10.1 million (2020: $16.8 million), respectively.

During the year, ATB leased certain premises from the GoA. For the year ended March 31, 2021, the total of these payments was $0.3 million (2020: $0.3 million). ATB recognized a deposit guarantee fee payable to the Crown in right of Alberta in return for a guarantee on all client deposits and a PILOT. (See Notes 14 and 20.) ATB has no subordinated debt outstanding with the Crown in right of Alberta. (See Note 17.)

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 borrowings in the marketplace. As at March 31, 2021, wholesale borrowings are $3.5 billion (2020: $4.4 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, 2021, $6.7 million (2020: $6.9 million) in loans are outstanding. Key management personnel have deposits provided at standard market rates. As at March 31, 2021, $0.9 million (2020: $1.1 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 audited compensation summary in the Executive Compensation Discussion and Analysis in the MD&A.

Key management personnel, excluding the President and CEO, may also purchase achievement notes based on their role within ATB. As at March 31, 2021, $3.8 million (2020: $3.0 million) in achievement notes are outstanding to this group.

ATB's key management personnel include our NEOs; President and CEO; CFO; Senior EVP, ATB Business, and CEO, ATB Capital Markets; Chief Experience Officer; and Chief Technology Officer. The following table presents the compensation of ATB's Board and NEOs:

For the year ended March 31 *($ in thousands)*	**2021**	2020 (1)
Salaries and short-term incentives (2)	**$ 4,208**	$ 4,142
Pension (3)	**32**	41
Long-term incentives (4)	**3,306**	3,043
All other compensation and benefits (5)	**737**	502
Total	**$ 8,283**	$ 7,728

(1) In FY2020, the NEOs consisted of the President and CEO; Senior Advisor to the CEO (former CFO); CFO; Senior EVP, ATB Business, and CEO, AltaCorp (now ATB Capital Markets); Chief Experience Officer; and Executive Vice President, EFS.
(2) Salaries and STIs consist of all regular base pay earned by NEOs and Board of Directors' compensation and other direct cash remuneration. STI 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 FPP for NEOs, based on employer contributions.
(4) LTIs 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 RAROC performance and depends on the NEO's continued employment with ATB or the terms of their employment agreement.
(5) All other compensation may include the following for NEOs: perquisites, HCSA credits, executive health benefit, personal tax advice, relocation benefit, retention bonus, employer contributions to an RRSP and an unfunded supplementary pension plan operating on a defined-contribution basis (DC SERP) within the CEO Pension Plan, and employer contributions to the NSP. ATB makes a notional contribution under the NSP for any annual pension amounts that exceed allowable maximums under the *Income Tax Act*. The NSP is a non-registered plan that provides notional DC benefits that cannot be provided within the DC plan due to income tax restrictions.

22 Commitments, Guarantees, and Contingent Liabilities

Credit Instruments

In the normal course of business, ATB enters into various off-balance-sheet commitments to provide clients with sources of credit. These may include letters of credit, letters of guarantee and loan guarantees, and commitments to extend credit.

All of these 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 client cannot meet its financial or contractual performance obligations. In the event of a call on such commitments, ATB has recourse against the client.

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 client.

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 $11.4 billion (2020: $11.5 billion). For demand facilities, ATB considers the undrawn portion to represent a commitment to the client; 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)*	**2021**	2020
Loan guarantees and standby letters of credit	**$1,154,472**	$ 488,885
Commitments to extend credit	**18,395,011**	17,617,065
Total	**$ 19,549,483**	$ 18,105,950

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 in the following table:

As at March 31 *($ in thousands)*	**2021**	2020
Assets pledged to:		
Bank of Canada (1)	**$ 439,282**	$ 6,023,653
Clearing and Depository Services Inc.	**16,000**	16,000
Total	**$ 455,282**	$ 6,039,653

(1) The decrease is due to relief provided by the Bank of Canada at the beginning of the pandemic that allowed 100% of non-mortgage loan portfolios to be pledged as collateral. As at March 31, 2021, the permitted amount reverted back to 20%.

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

Indemnification Agreements

In the normal course of operations, ATB enters into various agreements that provide general indemnification to the other party. Examples 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 finance leases for buildings and equipment. The expected payments for such obligations for each of the next five fiscal years and thereafter are outlined in the following table:

As at March 31 *($ in thousands)*	**2021**	2020
2021	**$ -**	$ 84,927
2022	**123,398**	43,522
2023	**66,442**	25,192
2024	**34,329**	19,120
2025	**12,259**	11,553
2026	**10,541**	10,618
Thereafter	**39,494**	33,723
Total	**$ 286,463**	$ 228,655

Lease Commitments

The lease payments required under ATB's leases are as follows:

As at March 31 *($ in thousands)*	**2021**	2020
Lease payments		
Not later than 1 year	**$ 38,130**	$ 40,313
Later than 1 year but not later than 5 years	**98,771**	106,279
Later than 5 years	**82,461**	111,705
Total lease payments	**$ 219,362**	$ 258,297
Less: charges not yet due	**48,028**	63,110
Total lease commitments	**$ 171,334**	$ 195,187

$10.8 million (2020: $11.5 million) was recorded for interest expense to equipment, including depreciation in the consolidated statement of income for our lease liabilities. The total cash outflow for leases this year was $38.0 million (2020: $38.0 million).

23 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 NII 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 NII 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, 2021 *($ in thousands)*	**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	**$ -**	**$ 8,478,557**	**$ 8,478,557**	**$ -**	**$ 8,478,557**	**$ -**	**$ -**	**$ 181,124**	**$ 8,659,681**
Loans	**7,435,633**	**18,358,390**	**25,794,023**	**5,081,323**	**30,875,346**	**13,664,366**	**524,691**	**(467,181)**	**44,597,222**
Other assets	**2,498,132**	**-**	**2,498,132**	**-**	**2,498,132**	**-**	**-**	**-**	**2,498,132**
Derivative financial instruments (1)	**600,000**	**6,366,775**	**6,966,775**	**2,165,000**	**9,131,775**	**8,601,750**	**3,246,600**	**-**	**20,980,125**
Total	**$ 10,533,765**	**$ 33,203,722**	**$ 43,737,487**	**$ 7,246,323**	**$ 50,983,810**	**$ 22,266,116**	**$ 3,771,291**	**$ (286,057)**	**$ 76,735,160**
Liabilities and equity									
Deposits	**$ 20,152,909**	**$ 419,064**	**$ 20,571,973**	**$ 4,777,962**	**$ 25,349,935**	**$ 1,924,827**	**$ 6,527**	**$ 10,477,099**	**$ 37,758,388**
Securities sold under repurchase agreements	**14,730**	**-**	**14,730**	**-**	**14,730**	**-**	**-**	**-**	**14,730**
Wholesale borrowings	**1,400,000**	**263,180**	**1,663,180**	**-**	**1,663,180**	**350,000**	**1,500,000**	**(4,361)**	**3,508,819**
Collateralized borrowings	**347,886**	**1,696,915**	**2,044,801**	**350,531**	**2,395,332**	**4,417,500**	**1,102,321**	**15,929**	**7,931,082**
Other liabilities	**2,467,093**	**-**	**2,467,093**	**-**	**2,467,093**	**-**	**-**	**-**	**2,467,093**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,074,923**	**4,074,923**
Derivative financial instruments (1)	**515,000**	**14,613,350**	**15,128,350**	**1,800,000**	**16,928,350**	**2,678,775**	**1,373,000**	**-**	**20,980,125**
Total	**$ 24,897,618**	**$ 16,992,509**	**$ 41,890,127**	**$ 6,928,493**	**$ 48,818,620**	**$ 9,371,102**	**$ 3,981,848**	**$ 14,563,590**	**$ 76,735,160**
Interest-rate-sensitive gap	**$ (14,363,853)**	**$ 16,211,213**	**$ 1,847,360**	**$ 317,830**	**$ 2,165,190**	**$ 12,895,014**	**$ (210,557)**	**$ (14,849,647)**	
as percentage of assets	**(18.7%)**	**21.1%**	**2.4%**	**0.41%**	**2.8%**	**16.8%**	**(0.27%)**	**(19.4%)**	

(1) Derivative financial instruments are included in this table at the notional amount.

As at March 31, 2020 *($ in thousands)*	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	$ -	$ 5,824,870	$ 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	(295,458)	47,046,234
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	$ (75,230)	$ 80,065,497
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	3,118,540	-	3,118,540	-	3,118,540	-	-	(5,581)	3,112,959
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	$ 24,018,706	$ 2,918,818	$ 43,941,724	$ 7,752,213	$ 51,693,937	$ 11,625,857	$ 4,506,088	$ 12,239,615	$ 80,065,497
Interest-rate-sensitive gap	$ (13,518,175)	$ 23,674,954	$ 2,574,954	$ 804,345	$ 3,379,299	$ 9,207,136	$ (271,590)	$ (12,314,845)	
as percentage of assets	(16.90%)	29.6%	3.2%	1.0%	4.2%	11.5%	(0.34%)	(15.40%)	

(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, 2021	**Within 3 months**	**3 to 12 months**	**Total within 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Total assets	**2.2%**	**2.5%**	**2.3%**	**2.6%**	**2.3%**	**2.4%**
Total liabilities and equity	**0.5%**	**1.1%**	**0.6%**	**1.0%**	**2.1%**	**0.8%**
Interest-rate-sensitive gap	**1.7%**	**1.4%**	**1.7%**	**1.6%**	**0.2%**	**1.6%**

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%

Interest Rate Sensitivity

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

As at March 31 *($ in thousands)*	**2021**	2020
Impact on net earnings in succeeding year from:		
Increase in interest rates of:		
100 basis points	**$ 26,034**	$ 38,842
200 basis points	**49,859**	74,367
Decrease in interest rates of:		
100 basis points (1) (2)	**171**	(5,556)
200 basis points (1) (2)	**(30,047)**	46,617

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

24 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 could 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 $3.0 million (2020: $3.6 million) of these notes, which are recorded in other liabilities in the consolidated statement of financial position. During the current year, $8.6 million (2020: $6.5 million) of the notes were redeemed. Expense of $2.7 million (2020: $9.1 million income) was recognized during the year to reflect the increase in achievement notes outstanding and in the fair value of the notes based on their valuation as at March 31, 2021. As at March 31, 2021, the liability for these notes was $58.5 million (2020: $55.2 million). During the year, $4.0 million (2020: $4.9 million) in distribution payments were accrued for payment to achievement-note-holders.

25 Capital Management

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

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

Tier 1 capital consists of retained earnings, and Tier 2 capital consists of eligible portions of 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 NI each quarter. Effective April 1, 2017, software and other intangibles were deducted from total capital.

As at March 31, 2021, ATB has exceeded the total capital requirements and Tier 1 capital requirement of the *Capital Requirements* guideline.

As at March 31 *($ in thousands)*	**2021**	2020
Tier 1 capital		
Retained earnings	**$ 3,961,408**	$ 3,752,651
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	**1,876,866**	2,018,480
Collective allowance for loan losses	**319,262**	315,453
Notional capital	**22,086**	74,276
Total Tier 2 capital	**$ 2,218,214**	$ 2,408,209
Deductions from capital		
Software and other intangibles	**282,708**	308,819
Total capital	**$ 5,896,914**	$ 5,852,041
Total risk-weighted assets	**$ 36,487,057**	$ 38,803,887
Risk-weighted capital ratios		
Tier 1 capital ratio	**10.9%**	9.7%
Total capital ratio	**16.2%**	15.1%

26 Business Combinations

Significant Acquisitions

ATB Capital Markets Inc.

On January 2, 2018, ATB acquired 100% of the voting shares of ATB Capital Markets Inc., a full-service brokerage firm that provides advisory and institutional financial services. The acquisition, which required no cash consideration, was made possible by ATB Capital Markets Inc. repurchasing and extinguishing the remaining outstanding voting shares. Effectively, ATB's total ownership in ATB Capital Markets Inc. 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 ATB Capital Markets Inc. As such, ATB's total ownership increased to 100% from 57.6% this time last year. (See Note 28 for the operating revenue and NI earned by ATB Capital Markets Inc. 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 NCIs:

As at March 31 *($ in thousands)*	**2021**	2020
Non-controlling interests percentage	**0.0%**	0.0%
Net assets	**$ 8,936**	$ 1,341
Net assets attributable to non-controlling interests	**-**	-
Operating revenue	**$ 47,938**	$ 19,920
Net income (loss)	**8,167**	(1,360)
Other comprehensive income	**-**	-
Total comprehensive income (loss)	**$ 8,167**	$ (1,360)
Net loss allocated to non-controlling interests	**$ -**	$ (1,442)
Other comprehensive income allocated to non-controlling interests	**-**	-
Cash flows used in operating activities	**$ -**	$ -
Cash flows used in investing activities	**-**	-
Cash flows provided by financing activities	**-**	-
Net decrease in cash	**$ -**	$ -

Grow Technologies Inc.

On November 5, 2019, ATB acquired substantially all of the assets of Grow Technologies Inc. (Grow). This fintech company provides a software-as-a-service solution and tools to aggregate financial data and allow retail and business clients to monitor their financial health. The acquisition cost was $20.0 million, with $1.0 million held in trust. In November 2020, that $1.0 million was paid. No acquisition-related costs were incurred.

The following table summarizes the consideration paid, 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**

27 Revenue

Disaggregation of Revenue

The following tables disaggregate fee and commission income by fee types and AoE and reflect the nature and amount of revenue collected in accordance with IFRS 15. (See Note 28 for more on ATB's segmented information.)

($ in thousands)	**ATB Everyday Financial Services**	**ATB Business (1)**	**ATB Wealth**	**Strategic support units**	**Total**
March 31, 2021					
Wealth management	**$ -**	**$ -**	**$ 238,544**	**$ (1,479)**	**$ 237,065**
Service charges	**47,256**	**23,495**	**786**	**406**	**71,943**
Card fees	**32,471**	**28,029**	**795**	**50**	**61,345**
Credit fees	**392**	**48,908**	**18**	**1**	**49,319**
Insurance	**21,629**	**2,219**	**-**	**-**	**23,848**
Capital markets revenue	**-**	**49,060**	**-**	**-**	**49,060**
Sundry	**61**	**9,511**	**2,621**	**(927)**	**11,266**
Total revenue from contracts with customers	**$ 101,809**	**$ 161,222**	**$ 242,764**	**$ (1,949)**	**$ 503,846**
Other non-contract fee income	**6,051**	**67,144**	**122**	**22,217**	**95,534**
Total other income	**$ 107,860**	**$ 228,366**	**$ 242,886**	**$ 20,268**	**$ 599,380**

($ in thousands)	ATB Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic support units	Total
March 31, 2020					
Wealth management	$ -	$ -	$ 223,183	$ (1,752)	$ 221,431
Service charges	53,026	21,996	712	(271)	75,463
Card fees	31,062	32,761	1,243	37	65,103
Credit fees	267	44,583	10	5	44,865
Insurance	21,658	3,330	2	(3)	24,987
Capital markets revenue	-	20,275	-	-	20,275
Sundry	7	3,338	2,687	(32)	6,000
Total revenue from contracts with customers	$ 106,020	$ 126,283	$ 227,837	$ (2,016)	$ 458,124
Other non-contract fee income	7,546	46,485	120	20,354	74,505
Total other income	$ 113,566	$ 172,768	$ 227,957	$ 18,338	$ 532,629

(1) Effective April 1, 2020, ATB Business includes Business and Agriculture (B&Ag), CFS, and ATB Capital Markets Inc.

28 Segmented Information

ATB has organized its operations and activities around the following three AoEs that differ in products and services offered:

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

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

Basis of Presentation

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

NII is attributed to each AoE according to ATB's internal FTP system: assets earn NII to the extent that external revenues exceed internal FTP expense, and liabilities earn NII to the extent that internal FTP revenues exceed external interest expenses. LLP is allocated based on the loans the AoE has issued and is determined based on the methodology outlined in Notes 2 and 9.

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

($ in thousands)	**ATB Everyday Financial Services**	**ATB Business (1)**	**ATB Wealth**	**Strategic support units**	**Total**
March 31, 2021					
Net interest income	**$ 491,522**	**$ 635,854**	**$ 19,847**	**$ 31,344**	**$ 1,178,567**
Other income	**107,860**	**228,366**	**242,886**	**20,268**	**599,380**
Total operating revenue	**599,382**	**864,220**	**262,733**	**51,612**	**1,777,947**
Provision for loan losses	**64,871**	**201,787**	**4,427**	**-**	**271,085**
Non-interest expense (2)	**535,472**	**402,977**	**232,072**	**62,932**	**1,233,453**
(Loss) income before payment in lieu of tax	**(961)**	**259,456**	**26,234**	**(11,320)**	**273,409**
(Recovery of) payment in lieu of tax (3)	**(221)**	**59,675**	**6,034**	**(2,604)**	**62,884**
Net (loss) income	**$ (740)**	**$ 199,781**	**$ 20,200**	**$ (8,716)**	**$ 210,525**
Total assets	**$ 28,102,116**	**$ 23,042,814**	**$ 1,519,727**	**$ 3,090,378**	**$ 55,755,035**
Total liabilities	**17,452,570**	**18,793,198**	**1,557,216**	**13,877,128**	**51,680,112**

($ in thousands)	ATB Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic support units	Total
March 31, 2020					
Net interest income	$ 489,800	$ 609,963	$ 21,386	$ 73,040	$ 1,194,189
Other income	113,566	172,692	227,957	18,414	532,629
Total operating revenue	603,366	782,655	249,343	91,454	1,726,818
Provision for loan losses	84,638	298,465	2,877	-	385,980
Non-interest expense (2)	555,621	387,277	229,622	35,735	1,208,255
(Loss) income before payment in lieu of tax	(36,893)	96,913	16,844	55,719	132,583
(Recovery of) payment in lieu of tax	-	(171)	13,944	16,902	30,675
Net (loss) income	$ (36,893)	$ 97,084	$ 2,900	$ 38,817	$ 101,908
Total assets	$ 25,582,159	$ 22,738,457	$ 1,097,635	$ 6,447,271	$ 55,865,522
Total liabilities	15,730,549	18,513,457	1,128,263	16,412,144	51,784,413

(1) Effective April 1, 2020, ATB Business includes B&Ag, CFS, and ATB Capital Markets Inc.
(2) Certain costs are allocated from the SSUs to the AoEs. The allocation method, revised annually, may create fluctuations in ATB's segmented results.
(3) Effective April 1, 2020, the NI that ATB Capital Markets Inc. earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership. Effective April 1, 2020, the methodology to calculate ATB's PILOT is now allocated to each AoE based on 23% of the AoE's NI before PILOT.

29 Comparative Amounts

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

Glossary

(unaudited)

Achievement note	A long-term investment note whose return is directly tied to the increasing or decreasing value of ATB Wealth.
Allowance for loan losses	A total allowance that represents management's best estimate of expected losses for both performing and impaired loans that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month and lifetime horizon or based on the discounted contractual cash shortfall expected over the remaining lifetime.
Assets-to-capital multiple	Total assets divided by total capital.
Assets under administration	Assets that are beneficially owned by clients for which ATB provides management and custodial services. These assets are not reported on ATB's 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 cash held in the Bank of Canada's large-value transfer system, deposits with financial institutions, securities, and loans, including impaired loans and provision for loan losses.
Average risk-weighted assets	The monthly average value 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 net value of an asset or liability as reported within the consolidated financial statements.
Collateral	Assets pledged as security for a loan or other obligation.
Credit risk	The risk of financial loss resulting from failure of a debtor, for whatever reason, to fully honour its financial or contractual obligations to ATB.
Client 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.
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 expense 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	Instruments that are free of any restrictions on liquidating, selling, or transferring. They are eligible for large-value transfer system 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 expense (operating expenses). Does not include payment in lieu of tax or loan loss provision expenses.
Interest rate floor	A contract whereby the buyer pays the seller a premium in exchange for the payment of any difference below a set strike interest rate and the prevailing market interest rate on predetermined dates.
Interest rate 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)	High-quality liquid assets divided by total net cash outflows over the next 30 calendar days. LCR is designed to ensure sufficient liquid assets are on hand to endure a short-term liquidity stress scenario over 30 calendar days. Under normal conditions, the LCR should be no lower than 100%.
Liquidity risk	The risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or force the sale of assets. As with other similar financial institutions, ATB's risk arises from fluctuations in cash flows from lending, deposit-taking, investing, and other activities. These commitments are generally met through cash flows supplemented by investment assets readily convertible to cash or through our capacity to borrow.
Loan loss provision (LLP)	An expense representing management's best estimate of expected losses for both performing and impaired loans as well as related off-balance-sheet loan commitments that ATB has issued. Losses are estimated based on probability-weighted scenarios that consider both historical and forward-looking economic assumptions over a 12-month or lifetime horizon or based on the discounted contractual cash shortfall expected over the remaining lifetime.
Loan losses to average loans	The provision for loan losses divided by average net loans.
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 (MBS)	Securities established through the securitization of residential mortgage loans.
Net income (NI)	Income after the removal of expenses, provision for loan losses, and payment in lieu of tax.
Net interest income (NII)	The difference between interest earned on assets, such as securities and loans, and interest paid on liabilities, such as deposits and wholesale and collateralized borrowings.
Net interest margin (NIM)	The ratio of net interest income for the year to the value of average interest-earning assets for the year.
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.
Net loans	Gross loans less the allowance for loan losses.
Notional amount	The principal value used to calculate interest and other payments under derivative contracts. The amounts are termed "notional" because they are not usually exchanged, except in the case of cross-currency swaps; they serve only as the basis for calculating amounts that do change hands.
Off-balance-sheet instruments	Assets or liabilities that are not recorded on the balance sheet but have the potential to produce future positive or negative cash flows. Various products offered to clients can be classified as off balance sheet, and they fall into two general categories: credit-related arrangements, such as letters of credit and letters of guarantee, and the notional amount of derivatives.
Operating expense growth	The current year's non-interest expense less the previous year's non-interest expense, divided by the previous year's non-interest expense.
Operating revenue	The sum of net interest income and other income.
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 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.
Performing loans	Net loans, excluding the impacts allowance for loan losses.
Probability of default (PD)	The likelihood that a borrower will not be able to make scheduled payments.
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 (LLP)	*See* loan loss provision.

Regulatory risk	The risk of non-compliance with applicable regulatory requirements: (a) the *ATB Act* and *ATB Regulation* and guidelines, and (b) other laws, rules, regulations, and prescribed practices applicable to ATB in any jurisdiction in which 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, client base, or relationship with its Shareholder.
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 their 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 client based on the average unused portion of their loan commitment. Standby fees 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 participates with other financial institutions to fund a loan to a client.
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 assessed regulatory 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 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 ATB Capital Markets Inc. 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.

Acronyms

(unaudited)

ABM	Automated banking machine
AcSB	Accounting Standards Board
AI	Artificial intelligence
AML	Anti-money-laundering
AoE	Area of expertise
APAGA	*Alberta Public Agencies Governance Act*
ASFI	Alberta Superintendent of Financial Institutions
ATF	Anti-terrorist-financing
AUA	Assets under administration
B&Ag	Business and agriculture
BCAP	Business Credit Availability Program
BDC	Business Development Bank of Canada
BRR	Borrower risk rating
CA	Chartered Accountant
CAI	Client Advocacy Index
CAR Guideline	*Capital Adequacy Requirements Guideline*
CASL	Canada's Anti-Spam Legislation
CCAB	Canadian Council for Aboriginal Business
CEBA	Canada Emergency Business Account
CEO	Chief Executive Officer
CERB	Canada Emergency Response Benefit
CESC	Compensation Executive Steering Committee
CFO	Chief Financial Officer
CFS	Corporate Financial Services
CGU	Cash-generating unit
CHI	Cultural Health Index
CHT	Canada Housing Trust
CIP	Chartered Insurance Professional
CMA	Certified Management Accountant
CMB	Canada Mortgage Bonds
CMHC	Canada Mortgage Housing Corporation
COI	Client Obsession Index
COV	Client-Obsessed Value
CPA	Chartered Professional Accountant
CPS	Combined pensionable service
CRO	Chief Risk Officer
CSA	Canadian Securities Administrators
CSR	Corporate social responsibility
DB	Defined-benefit (plan)
DC	Defined-contribution (plan)
DIB	Diversity, inclusion, and belonging
DUC	Ducks Unlimited Canada
EAD	Exposure at default
EBITDA	Earnings before interest, income tax, depreciation, and amortization
ECL	Expected credit loss
EDC	Export Development Canada
EFS	ATB Everyday Financial Services
EIR	Effective interest rate
ERM	Enterprise risk management
ESG	Environmental, social, and governance
EVP	Executive Vice President
FICO	Fair Isaac Corporation
FMG	Financial Markets Group

FPP	Flexible Pension Plan
FTE	Full-time equivalent
FTP	Funds transfer pricing
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY	Fiscal year (e.g., FY2021)
GoA	Government of Alberta
GRI	Global Reporting Initiative
HCSA	Health-care spending account
HELOC	Home equity line of credit
HR	Human Resources
HTC	Hold to collect
HTC&S	Hold to collect and sell
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBOR	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
ICD	Institute of Corporate Directors
IFRS	International Financial Reporting Standard
ISDA	International Swaps and Derivatives Association
iSMSS	Institute for Sexual Minority Studies and Services
IT	Information technology
LCR	Liquidity coverage ratio
LGD	Loss given default
LGIC	Lieutenant-Governor in Council
LIBOR	London interbank offered rate
LLP	Loan loss provision (also “provision for loan losses”)
LTI	Long-term incentive
LVTS	Large-value transfer system
M&A	Mergers and acquisitions
MBS	Mortgage-backed security
MD&A	Management’s discussion and analysis
NCI	Non-controlling interest
NEO	Named executive officer
NI	Net income
NIE	Non-interest expense
NII	Net interest income
NIM	Net interest margin
NSP	Notional supplemental plan
OC	Order in council
OCI	Other comprehensive income
OI	Other income
OPEB	Other post-employment benefits
OPEC+	Organization of the Petroleum Exporting Countries Plus
OSFI	Office of the Superintendent of Financial Institutions
OTC	Over the counter
PAR	Progressive Aboriginal Relations
PD	Probability of default
PFE	Potential future exposure
PIDA	*Public Interest Disclosure (Whistleblower Protection) Act*
PILOT	Payment in lieu of tax
PIPA	*Personal Information Protection Act* (Alberta)
PIPEDA	*Personal Information Protection and Electronic Documents Act*
PSPP	Public Service Pension Plan
RAROC	Risk-adjusted return on capital
RLCP	Revolving Land Conservation Program

RML	Residential mortgage loan
RRSP	Registered retirement savings plan
SERP	Supplemental executive retirement plan
SLT	Strategic Leadership Team
SPPI	Solely payments of principal and interest
SPV	Special-purpose vehicle
SRP	Supplemental retirement plan
SSU	Strategic support unit
STI	Short-term incentive
TMN	Team member network
WTI	West Texas Intermediate