Management's Discussion and Analysis

FY2021 Q2 Financial Highlights

	For the three months ended			For the six months ended	
	Sept 30 2020	June 30 2020	Sept 30 2019	**Sept 30 2020**	Sept 30 2019
Operating results *($ in thousands)*					
Net interest income	**$ 294,877**	$ 275,439	$ 295,651	**$ 570,316**	$ 594,674
Other income	**133,482**	149,165	123,578	**282,647**	258,425
Operating revenue	**428,359**	424,604	419,229	**852,963**	853,099
Provision for loan losses	**52,154**	245,316	32,331	**297,470**	98,419
Non-interest expenses	**285,815**	293,502	298,658	**579,317**	607,053
Net (loss) income before payment in lieu of tax (PILOT)	**90,390**	(114,214)	88,240	**(23,824)**	147,627
PILOT	**-**	-	20,277	**-**	33,885
Net (loss) income	**$ 90,390**	(114,214)	$ 67,963	**(23,824)**	$ 113,742
Income before provision for loan losses (1)					
Operating revenue	**$ 428,359**	$ 424,604	$ 419,229	**$ 852,963**	$ 853,099
Less: non-interest expenses	**(285,815)**	(293,502)	(298,658)	**(579,317)**	(607,053)
Income before provision for loan losses	**$ 142,544**	$ 131,102	$ 120,571	**$ 273,646**	$ 246,046
Financial position *($ in thousands)*					
Net loans	**$ 45,057,905**	$ 45,776,283	$ 46,307,059	**$ 45,057,905**	$ 46,307,059
Total assets	**$ 54,899,074**	$ 55,145,827	$ 53,945,601	**$ 54,899,074**	$ 53,945,601
Total risk-weighted assets (2)	**$ 36,456,570**	$ 36,265,294	$ 36,974,240	**$ 36,456,570**	$ 36,974,240
Total deposits	**$ 36,657,053**	$ 35,980,388	$ 36,213,190	**$ 36,657,053**	$ 36,213,190
Equity	**$ 4,000,135**	$ 3,920,995	$ 3,801,955	**$ 4,000,135**	$ 3,801,955
Key performance measures *(%)*					
Return on average assets (1)	**0.66**	(0.82)	0.50	**(0.09)**	0.42
Operating revenue change (3)	**2.2**	(2.1)	(0.72)	**(0.02)**	2.3
Other income to operating revenue	**31.2**	35.1	29.5	**33.1**	30.3
Operating expense change (3)	**(4.3)**	(4.8)	7.1	**(4.6)**	7.2
Efficiency ratio	**66.7**	69.1	71.2	**67.9**	71.2
Net interest margin (1)	**2.26**	2.09	2.25	**2.17**	2.27
Loan losses to average loans	**0.45**	2.1	0.28	**1.3**	0.42
Net loan change (4)	**(1.6)**	(2.6)	(0.48)	**(4.1)**	(1.5)
Total deposit change (4)	**1.9**	1.7	0.32	**3.6**	0.81
Change in assets under administration (4)	**3.7**	9.3	1.7	**13.3**	8.9
Tier 1 capital ratio (5)	**10.2**	10.0	10.2	**10.2**	10.2
Total capital ratio (5)	**15.8**	15.6	15.7	**15.8**	15.7
Other information					
ATB Wealth's assets under administration *($ in thousands)*	**$ 22,498,499**	$ 21,696,562	$ 21,068,338	**$ 22,498,499**	$ 21,068,338
Total customers	**775,232**	773,334	775,705	**775,232**	775,705
Team members (6)	**5,181**	5,277	5,437	**5,181**	5,437

(1) A non-GAAP (generally accepted accounting principles) measure.
(2) Effective April 1, 2020, the methodology to calculate the 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) Measures are calculated by comparing current-quarter balances against the same quarter of the previous year.
(4) Measures are calculated by comparing current-quarter balances against the prior quarter.
(5) Calculated in accordance with the Alberta Superintendent of Financial Institutions (ASFI) capital requirements guidelines.
(6) Reported as full-time equivalents (FTEs).

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

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

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

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

This is management's discussion and analysis (MD&A) of the consolidated results of operations and financial position of ATB Financial (ATB) for the six months ended September 30, 2020, and is dated November 18, 2020. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes for the period ended September 30, 2020, as well as the audited consolidated financial statements and MD&A for the year ended March 31, 2020.

Economic Outlook

Alberta's Economy at a Glance

	Calendar year		
	2019	**2020**	**2021**
Real growth in gross domestic product *(annual % change)*	0.1	(7.1)	3.3
Consumer price index *(annual % change)*	1.7	0.8	2.0
Unemployment rate *(%)*	6.9	11.4	11.0
Exchange rate *(Cdn$1/ US$1)*	0.75	0.75	0.76
Bank of Canada overnight lending rate *(%)*	1.75	0.25	0.25

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

Alberta's Economic Recovery Will Be a Marathon, Not a Sprint

Despite a strong uptick in economic activity following the spring lockdown, we are forecasting that Alberta's economy will shrink 7.1% in 2020 and grow 3.3% in 2021.

Now that the initial bounce-back has taken place, it will be a long haul—a marathon rather than a sprint—before the economy catches up to where it was before the pandemic. We expect Alberta's annual gross domestic product (GDP) to surpass its 2019 level by 2023.

Because of the steep up-and-down movement in GDP since the spring, it helps to look at the change over a two-year period. When we do this, Alberta's GDP in 2021 will be approximately 4.0% below the pre-pandemic level of 2019.

Unfortunately, we do not anticipate much improvement in the unemployment rate, which is expected to hover around 11% over the next two years due to the hangover from the pandemic and suppressed oil-prices.

Going forward, the pandemic continues to be the main variable affecting the recovery; it is expected to limit economic activity but to a lesser extent than what we saw in the spring. However, if a second wave of the virus leads to another lockdown in Alberta or other places, this will push GDP even lower in 2020 and spill over into 2021.

The second main variable affecting Alberta's recovery is the state of the global oil industry. Oil prices remain soft but have improved since the West Texas Intermediate (WTI) benchmark tumbled into negative territory in April. The global demand for oil has increased as economies have reopened, but it also remains soft. If the agreement among Organization of the Petroleum Exporting Countries (OPEC)+ producers to keep supply in check holds and global demand continues its climb back to where it was, Alberta's oil patch will recover, albeit slowly.

It's possible that reduced capital spending on exploration and production in the global oil patch combined with rising demand could lead to a temporary shortage of supply at some point, but current price forecasts see WTI staying below the $50 mark next year and into 2022.

While still significant at $16.6 billion, capital spending in Alberta's oil and gas extraction sector is expected to be 30.0% ($7.1 billion) below the already depressed amount spent in 2019 and 58.0% ($22.8 billion) below the 10-year average. Even if the global oil demand fully recovers, capital spending in Alberta is forecast to remain low in 2021 and will continue to weigh on the many businesses and jobs that rely on it.

Net Income

For the quarter ended September 30, 2020, ATB earned net income (NI) of $90.4 million, an increase of $204.6 million from the previous quarter's net loss, driven by lower provision for loan losses. Compared to the same time last year, NI increased by $22.4 million (33.0%) due to higher operating revenue earned, lower non-interest expenses, and no payment in lieu of tax (PILOT) payable this quarter. On a year-to-date basis, ATB has a net loss of $23.8 million, a decrease of $137.6 million compared to this time last year as a result of an increase in provision for loan losses partially offset by lower non-interest expenses.

ATB's net contribution to the Government of Alberta, which typically comprises NI, PILOT, and deposit guarantee fee (DGF), was $104.2 million, an increase of $90.3 million from last quarter. The increase is due to a net loss experienced by ATB last quarter, which resulted in DGF being the only contribution to the Government of Alberta. Compared to the same quarter last year, net contribution increased $1.8 million (1.8%). Year-to-date net contribution is $3.9 million, a decrease of $172.4 million (97.8%) from last year, mainly due to the higher provision for loan loss in the first quarter.

Income before provision for loan losses this quarter is $142.5 million, an $11.4-million (8.7%) increase from last quarter. This reflects higher operating revenue and lower non-interest expenses. Compared to the same quarter last year, income before provision for loan losses is $22.0 million (18.2%) higher, driven by the same factors. Year to date, our income before provision for loan losses is $273.6 million, an increase of $27.6 million (11.2%) from last year, due to lower non-interest expenses.

Operating Revenue

Total operating revenue consists of net interest income (NII) and other income (OI). Operating revenue is $428.4 million this quarter, with NII of $294.9 million and OI of $133.5 million. This represents an increase of $3.8 million (0.88%) from last quarter and $9.1 million (2.2%) from the same quarter last year. The increase from last quarter is primarily due to certain loans repricing, offset by lower OI earned this quarter. Compared to the same quarter last year, the increase is due to higher OI.

On a year-to-date basis, although OI is higher, NII is lower, resulting in operating revenue of $853.0 million, which is consistent with the first six months of last year.

Net Interest Income

Net interest income (NII) represents the difference between the interest earned on assets (e.g., loans and securities) and interest paid on liabilities (e.g., deposits and wholesale and collateralized borrowings). NII was $294.9 million this quarter, higher than last quarter but lower than this time last year. NII increased from last quarter due to the repricing of certain business loans coupled with lower deposit and wholesale borrowing costs. On a year-to-date basis NII was $570.3 million, lower than last year due to the Bank of Canada prime rate reductions in March. This also drives the year-over-year quarterly NII decrease.

Net Interest Margin

Net interest margin (NIM) is the ratio of NII to average total interest-earning assets for the period. This important metric for ATB measures the profitability of our lending business. For the quarter ended September 30, 2020, NIM was 2.26%, an improvement over the 2.09% attained last quarter and the 2.25% achieved during the same quarter last year. The increase from last quarter is due to the factors mentioned above, while the increase from this time last year is the result of NII growing slightly and our average interest-earning asset base being lower. Year to date, NIM was 2.17%, lower than the 2.27% achieved for the same period last year due to the prime rate decreases noted previously.

Net Interest Income

	For the three months ended					
	Sept 30 2020 vs. June 30 2020 Increase (decrease) due to changes in			Sept 30 2020 vs. Sept 30 2019 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	**$ (2,647)**	**$ (7,332)**	**$(9,979)**	$ 2,954	$ (25,791)	$ (22.837)
Loans	**(8,918)**	**30,796**	**21,878**	(11,260)	(31,259)	(42,519)
Change in interest income	**(11,565)**	**23,464**	**11,899**	(8,306)	(57,050)	(65,356)
Liabilities						
Deposits	**(3,542)**	**2,539**	**(1,003)**	(18,273)	(33,639)	(51,912)
Wholesale borrowings	**(3,778)**	**748**	**(3,030)**	3,681	(5,386)	(1,705)
Collateralized borrowings	**201**	**(3,488)**	**(3,287)**	(573)	(7,888)	(8,461)
Securities sold under repurchase agreements	**(219)**	**2**	**(217)**	(479)	(4)	(483)
Subordinated debentures	**(2)**	**-**	**(2)**	(2,021)	-	(2,021)
Change in interest expense	**(7,340)**	**(199)**	**(7,539)**	(17,665)	(46,917)	(64,582))
Change in net interest income	**$ (4,225)**	**$ 23,663**	**$ 19,438**	$ 9,359	$ (10,133)	$ (774)

	For the six months ended		
	Sept 30 2020 vs. Sept 30 2019		
	Increase (decrease) due to changes in		
($ in thousands)	**volume**	**rate**	**Net change**
Assets			
Interest-bearing deposits with financial institutions, and securities	**$ 13,866**	**$ (50,626)**	**$ (36,760)**
Loans	**(13,508)**	**(94,941)**	**(108,449)**
Change in interest income	**358**	**(145,567)**	**(145,209)**
Liabilities			
Deposits	**(26,984)**	**(70,006)**	**(96,990)**
Wholesale borrowings	**6,881**	**(10,732)**	**(3,851)**
Collateralized borrowings	**(2,506)**	**(12,658)**	**(15,164)**
Securities sold under repurchase agreements	**653**	**(1,208)**	**(555)**
Subordinated debentures	**(4,291)**	**-**	**(4,291)**
Change in interest expense	**(26,247)**	**(94,604)**	**(120,851)**
Change in net interest income	**$ 26,605**	**$ (50,963)**	**$ (24,358)**

Other Income

Other income (OI) consists of all operating revenue not classified as net interest income. ATB earned $133.5 million this quarter, which is lower than last quarter by $15.7 million (10.5%). Although revenue generated from our assets under administration (AUA) and fee income increased this quarter, there was a decrease in income generated from our capital markets and risk management portfolios. Compared to this time last year, OI increased by $9.9 million (8.0%). The increase is due to stronger financial market activities, offset by lower fee-income due to reduced customer activities because of COVID-19.

Year to date, OI is $282.6 million, an increase of $24.2 million (9.4%) over the first six months of last year. Market activity supported the revenue we generated from our AUA and risk management portfolios, which helped to offset the lower fee-income earned.

Credit Quality

The provision for loan losses is recorded to recognize the net of write-offs, recoveries, and required changes to the allowances for Stage 1, 2, and 3 loans over the quarter. This quarter ATB recognized a $52.1-million provision, which is a decrease of $193.2 million (78.7%) compared to the previous quarter. The decrease results from the economic outlook being mostly unchanged from last quarter when we recorded a large Stage 1 and 2 provision and fewer impairments. Compared to this time last year, the provision has increased due to a higher Stage 3 provision as our business customers continue to struggle.

The year-to-date provision for loan losses has increased significantly compared to the same time last year. We have seen increased provision in both Stage 1 and 2 due to the economic outlook weakening and a higher number of our business customers becoming impaired as they struggle through the downturn.

We recognize the impacts that the ongoing challenges and uncertainties of the current environment will have on our customers. To that end, we remain committed to supporting Albertans and Alberta businesses through this difficult time, providing our customers with access to credit as we help stabilize and support Alberta's economy, and taking appropriate measures to manage our credit risk. As at September 30, 2020, gross impaired loans of $1.1 billion comprise 2.4% of the total loan portfolio (March 31, 2020: 2.3%, September 30, 2019: 2.0%).

Non-Interest Expenses

Non-interest expenses (NIE) consist of all expenses except for interest expenses and provision for loan losses. This quarter's total NIE are $285.8 million, which is $7.7 million (2.6%) lower than last quarter. The decrease reflects reduced salaries and benefits as a result of a reduction in full-time equivalents (FTE), and other employee related costs. These decreases were partially offset by an increase in general and administrative expenses relating to marketing campaigns and sponsorships as activity begins to return to pre-pandemic levels.

Compared to the same quarter last year, NIE are down $12.8 million (4.3%), primarily due to lower FTE, and reduced discretionary spending on travel, conferences, and sponsorships due to the global pandemic.

Year-to-date NIE are down $27.7 million (4.6%), due to ongoing expense management.

The efficiency ratio is calculated by dividing NIE by operating revenue; it measures how much it costs ATB to generate revenue. A lower ratio indicates higher efficiency at generating income. For the quarter ended September 30, 2020, ATB reported an efficiency ratio of 66.7% compared to 69.1% last quarter and 71.2% for the same period last year. For the six months ended September 30, 2020, ATB reported an efficiency ratio of 67.9% compared to 71.2% for the same period last year. The improvement over last quarter and year is primarily due to our stronger operating revenue and reduced expenses.

Review of Business Segments

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

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

Everyday Financial Services (EFS)

	For the three months ended		
($ in thousands)	**Sept 30 2020**	June 30 2020	Sept 30 2019
Net interest income	**$ 119,300**	$ 116,141	$ 123,899
Other income	**27,173**	24,977	27,469
Operating revenue	**146,473**	141,118	151,368
(Recovery of) provision for loan losses	**(4,308)**	54,287	13,028
Non-interest expenses	**128,207**	133,617	138,335
Net income (loss)	**$ 22,574**	$ (46,786)	$ 5
Total assets	**$ 27,066,730**	$ 26,626,397	$ 24,229,236
Total liabilities	**$ 16,780,473**	$ 16,534,996	$ 14,646,340

	For the six months ended	
($ in thousands)	**Sept 30 2020**	Sept 30 2019
Net interest income	**$ 235,441**	$ 246,864
Other income	**52,150**	54,847
Operating revenue	**287,591**	301,711
Provision for loan losses	**49,979**	27,745
Non-interest expenses	**261,824**	277,968
Net loss	**$ (24,212)**	$ (4,002)

EFS's net income increased from last quarter's loss and this time last year as a result of lower non-interest expenses (NIE) and a recovery of provision for loan losses.

Operating revenue increased by $5.4 million (3.8%) from last quarter with net interest income (NII) and other income (OI) both increasing. NII increased due to favourable repricing on both loans and deposits. The increase in OI was driven by higher transaction- and fee-based revenue due to COVID-19's negative impact on customer activity last quarter. Compared to the same time last year and year to date, operating revenue decreased by $4.9 million (3.2%) and $14.1 million (4.7%) respectively, with both NII and OI decreasing. NII declined due to the Bank of Canada prime-rate reductions, lower loan volumes. The decrease in OI was primarily driven by lower service charges as branch activity dropped and foreign-exchange revenue declined as a result of travel limitations. The decrease was partially offset by increased card revenues from higher spend volumes and insurance revenue.

Provision for loan losses for EFS saw a recovery this quarter. The decrease was driven by fewer impairments and the economic outlook remains mostly unchanged from last quarter when we experienced a significant increase in the Stage 1 and 2 provision. Compared to this time last year, the decrease is the result of fewer impairments. Year to date, provision for loan losses has increased by $22.2 million (80.1%), primarily due to an increase in Stage 1 and Stage 2 provision as a result of the weakening economic outlook.

NIE decreased by $5.4 million (4.0%) from last quarter, mainly driven by a reduction in full-time equivalents (FTE). These savings were partially offset by an increase in transaction fees. From the same time last year, all expenses decreased, with fewer FTE and corporate allocations being the main driver. Year to date, NIE decreased by $16.1 million (5.8%) due to lower corporate allocations and discretionary spend.

Loans contracted from last quarter and the same time last year, as customers paid down loans and there has been increased competition in the residential mortgage market.

In contrast, deposits grew from last quarter and the same time last year, largely due to a high rate of savings as customers received government funding and held more liquid assets.

ATB Business [1]

($ in thousands)	For the three months ended **Sept 30 2020**	June 30 2020	Sept 30 2019
Net interest income	**$ 161,198**	$ 148,865	$ 149,289
Other income	**46,542**	47,483	41,859
Operating revenue	**207,740**	196,348	191,148
Provision for loan losses	**56,111**	185,729	19,696
Non-interest expenses	**90,424**	95,703	96,821
Income (loss) before payment in lieu of tax	**61,205**	(85,084)	74,631
Payment in lieu of tax (2)	**-**	-	(315)
Net income (loss)	**$ 61,205**	$ (85,084)	$ 74,946
Total assets	**$ 21,810,678**	$ 20,957,461	$ 21,748,287
Total liabilities	**18,079,444**	17,377,178	18,199,971

($ in thousands)	For the six months ended **Sept 30 2020**	Sept 30 2019
Net interest income	**$ 310,063**	$ 301,786
Other income	**94,025**	84,865
Operating revenue	**404,088**	386,651
Provision for loan losses	**241,840**	70,434
Non-interest expenses	**186,127**	198,961
(Loss) income before payment in lieu of tax	**(23,879)**	117,256
Payment in lieu of tax (2)	**-**	(949)
Net (loss) income	**$ (23,879)**	$ 118,205

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

ATB Business's net income improved by $146.3 million from last quarter but is $13.7 million lower than this time last year. Both changes are mainly the result of higher operating revenue, coupled with the volatility related to the provision for loan losses.

Operating revenue for the quarter increased by $11.4 million (5.8%) from last quarter and by $16.6 million (8.7%) from the same time last year. Net interest income increased due to loans and deposits both repricing. Results for other income are driven by slightly lower revenue earned by the Financial Markets Group this quarter, but their performance remains strong compared to the same quarter last year. Year-to-date operating revenue is higher than last year by $17.4 million (4.5%) due to the same reasons previously noted.

Provision for loan losses has decreased by $129.6 million (69.8%) compared to the previous quarter. The decrease reflects an economic outlook that has remained mostly unchanged from last quarter when we experienced a significant increase in the Stage 1 and 2 provision. Compared to the same quarter last year the increase is driven by a higher Stage 3 provision as businesses continue to struggle through the economic downturn. Year-to-date provision for loan losses is higher by $171.4 million (243.4%) due to a higher Stage 1 and 2 provision resulting from the impact of suppressed oil prices and COVID-19.

Non-interest expenses decreased $5.3 million (5.5%) from last quarter and $6.4 million (6.6%) from the same time last year, driven by a reduction in FTE. Year-to-date non-interest expenses decreased $12.8 million (6.5%) for the same reasons noted above as well as reduced discretionary spending.

Loan balances have decreased quarter-over-quarter and year-over-year due to lower utilization, repayments, and current market conditions. Deposits are higher this quarter compared to last quarter as municipality deposits increased with the receipt of property taxes. Year-over-year, deposits are lower as customers have accessed their funds to meet their liquidity needs.

ATB Wealth

($ in thousands)	For the three months ended Sept 30 2020	June 30 2020	Sept 30 2019
Net interest income	**$ 4,133**	$ 4,658	$ 5,392
Other income	**60,143**	55,642	56,434
Operating revenue	**64,276**	60,300	61,826
Provision for (recovery of) loan losses	**351**	5,300	(393)
Non-interest expenses	**54,112**	54,760	55,721
Income before payment in lieu of tax	**9,813**	240	6,498
Payment in lieu of tax (1)	**2,257**	55	3,600
Net income	**$ 7,556**	$ 185	$ 2,898
Total assets	**$ 1,655,786**	$ 1,715,046	$ 1,059,076
Total liabilities	**1,683,441**	1,743,856	1,070,088
Total assets under administration	**22,498,499**	21,696,562	21,068,338

($ in thousands)	For the six months ended Sept 30 2020	Sept 30 2019
Net interest income	**$ 8,791**	$ 10,129
Other income	**115,785**	112,101
Operating revenue	**124,576**	122,230
Provision for loan losses	**5,651**	240
Non-interest expenses	**108,872**	109,870
Income before payment in lieu of tax	**10,053**	12,120
Payment in lieu of tax (1)	**2,312**	7,216
Net income	**$ 7,741**	$ 4,904

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

ATB Wealth's assets under administration (AUA) ended the quarter $0.8 billion (3.7%) higher than last quarter as the markets continue to recover from the losses caused by the onset of the COVID-19 pandemic. When compared to this time last year, AUA is up $1.4 billion (6.8%).

A $7.4-million increase to net income was recorded this quarter, largely due to higher OI and lower provision for loan losses. Other income also drove the $4.7-million increase in net income when compared to this time last year. Year-to-date net income increased by $2.8 million; OI increased and the methodology to determine the PILOT rate changed in FY2021, partially offsetting the increase in provision for loan losses.

Operating revenue increased by $4.0 million (6.6%) from last quarter and by $2.5 million (4.0%) from last year. Both are due to increased fees earned on a higher average AUA balance partly offset by certain high-cost deposits. Year to date, operating revenue is up $2.4 million (1.9%) due to the impact of the factors previously noted.

Provision for loan losses has decreased from last quarter. This is the result of the economic outlook being relatively consistent with last quarter when there was a significant increase in the Stage 1 and 2 provision. The provision for loan losses has worsened from the net recovery at this time last year, mainly resulting from this quarter's higher Stage 3 provision as customers experience financial difficulties. These same factors led to provision for loan losses also increasing on a year-to-date basis.

NIE are consistent with last quarter but lower than last year. The decrease is mainly due to reduced discretionary spending and lower corporate allocations partially offset by higher variable costs associated with managing AUA. On a year-to-date basis, NIE is lower due to the same drivers.

Strategic Service Units (SSUs)

($ in thousands)	For the three months ended Sept 30 2020	June 30 2020	Sept 30 2019
Net interest income	**$ 10,246**	$ 5,775	$ 17,071
Other income (loss)	**(376)**	21,063	(2,184)
Operating revenue	**9,870**	26,838	14,887
Non-interest expenses	**13,072**	9,422	7,781
Net (loss) income before payment in lieu of tax	**(3,202)**	17,416	7,106
(Recovery of) payment in lieu of tax	**(2,257)**	(55)	16,992
Net (loss) income	**$ (945)**	$ 17,471	$ (9,886)
Total assets	**$ 4,365,880**	$ 5,846,923	$ 6,909,002
Total liabilities	**14,355,581**	15,568,802	16,227,247

($ in thousands)	For the six months ended Sept 30 2020	Sept 30 2019
Net interest income	**$ 16,021**	$ 35,895
Other income	**20,687**	6,612
Operating revenue	**36,708**	42,507
Non-interest expenses	**22,494**	20,254
Net income before payment in lieu of tax	**14,214**	22,253
(Recovery of) payment in lieu of tax	**(2,312)**	27,618
Net income (loss)	**$ 16,526**	$ (5,365)

The SSUs had a small net loss this quarter, compared with net income earned last quarter. This is primarily driven by lower OI and higher non-interest expenses, offset by higher NII. Compared to the same time last year, the net loss was lower by $8.9 million (90.4%) due to reduced operating revenue and higher non-interest expenses, which is partially offset by no PILOT being accrued this quarter. Year to date, net income increased $21.9-million from last year's net loss, driven by the same factors mentioned above.

Operating revenue decreased by $17.0 million (63.2%) from last quarter and by $5.0 million (33.7%) year over year. Quarter over quarter, NII increased, while OI decreased both resulting from the volatility experienced in the financial markets impacting our liquidity, interest-rate and foreign-exchange risk management portfolios. Year-over-year, NII decreased due to the Bank of Canada prime rate reductions while OI increased due to market volatility. Year-to-date, operating revenue decreased by $5.8 million (13.6%) due to lower NII and higher OI due to the same factors previously mentioned.

Non-interest expenses increased by $3.7 million (38.7%) compared to last quarter and increased by $5.3 million (68.0%) from the same time last year. The increase is mainly attributable to severance costs. On a year-to-date basis, non-interest expenses increased by $2.2 million (11.1%) due to the same reasons previously noted.

Statement of Financial Position

Total Assets

Total assets were $54.9 billion, a decrease of $0.2 billion (0.45%) over last quarter, primarily driven by a reduction in net loans ($0.7 billion) offset by an increase in our liquid asset portfolio. Our liquid asset portfolio mix continues to change as we hold fewer securities but hold more cash in the Bank of Canada's large-value transfer system. Compared to the same quarter last year, total assets are up $1.0 billion (1.8%), due to an increase in cash and derivative financial instruments outweighing the decreases noted above.

Loans

Net loans were $45.1 billion and decreased $0.7 billion (1.6%) over the quarter, primarily due to our business customers utilizing their facilities less and customers paying down loans as they took advantage of the government relief program. Compared to the same quarter last year, total net loans are $1.2 billion (2.7%) lower, as gross loan balances have decreased across all products.

Total Liabilities

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

Total liabilities were $50.9 billion for the quarter, a $0.3 billion (0.64%) decrease from last quarter's $51.2 billion. The quarter-over-quarter decrease is due to reduced reliance on alternative funding sources as deposits grew. Compared to the same quarter last year, total liabilities increased by $0.8 billion (1.5%). The increase is due to our growing deposits and an increase in the fair value of our derivative financial instruments.

Deposits

Deposits totalled $36.7 billion, a $0.7 billion (1.9%) increase from last quarter and a $0.4 billion (1.2%) increase compared to the same time last year. Comparing last quarter and year-over-year, deposits grew as customers continued to access various support programs. In addition, our customers continue to be risk-averse, holding their assets in more liquid accounts.

Wholesale Borrowings

Wholesale borrowings, consisting primarily of bearer-deposit and mid-term notes issued by the Government of Alberta on ATB's behalf, can fluctuate quarter to quarter. The agreement with the Government of Alberta currently limits the total volume of such borrowings to $9.0 billion. The balance this quarter was $3.1 billion, which is $1.2 billion (27.0%) lower than last quarter but is $0.5 billion (18.5%) higher than the same time last year. The quarter-over-quarter decrease is due to our deposits growing which resulted in us needing to issue fewer bearer-deposit notes. The increase compared to the same quarter last year is due to the extinguishment of our subordinated debentures.

Collateralized Borrowings

Collateralized borrowings, also used to supplement customer deposits, represent ATB's participation in the Canada Mortgage Bonds (CMB) program, securitization of credit card receivables, and other mortgage loan securitization. As at September 30, 2020, balances were $8.6 billion, consistent with last quarter and $0.3 billion (3.7%) lower than last year. The year-over-year decrease is due to a reduction in mortgages available for securitization.

Accumulated Other Comprehensive Income (AOCI)

AOCI includes unrealized gains and losses that are only recorded on the consolidated statement of operations when realized. AOCI decreased compared to last quarter, but sharply increased from the same quarter last year due to gains and losses associated with our interest-rate-management products designated for hedge accounting. This is slightly offset by a lower pension obligation.

Capital Management

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

As a Crown corporation, ATB and its subsidiaries operate under a regulatory framework established pursuant to the *ATB Act*, *ATB Regulation*, and *Capital Requirements* guidelines. ATB's capital adequacy requirements were modelled after guidelines governing other Canadian deposit-taking institutions and authorized by the Government of Alberta's President of Treasury Board and Minister of Finance. ATB's minimum Tier 1 capital requirement is 7.0%, and the total capital requirement is the greater of 10.0% of risk-weighted assets or 5.0% of total assets. As at September 30, 2020, ATB had a Tier 1 capital ratio of 10.2% and a total capital ratio of 15.8%, both exceeding our regulatory requirements.

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

Credit Risk

Credit risk is the potential for financial loss in the event that a borrower or counterparty fails to repay a loan or otherwise honour their financial or contractual obligations. Credit risk typically poses the greatest inherent risk of financial loss to lending institutions and is further amplified for ATB given our concentration in Alberta. Examples of typical products bearing credit risk include retail and commercial loans, guarantees, and letters of credit.

Key measures as at September 30, 2020, are outlined below.

Total Credit Exposure

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

As at *($ in thousands)*	**Sept 30 2020**	March 31 2020
Financial assets (1)	**$ 53,713,062**	$ 54,841,371
Other commitments and off-balance-sheet items	**20,167,990**	18,105,950
Total credit risk	**$ 73,881,052**	$ 72,947,321

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

Industry Concentration

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

	Sept 30 2020		March 31 2020 (1)	
As at *($ in thousands)*		**Percentage of total gross loans**		Percentage of total gross loans
Commercial real estate	**$5,982,060**	**13.0%**	$6,061,842	12.7%
Mining and oil and gas extraction	**4,185,632**	**9.1%**	4,606,938	9.7%
Agriculture, forestry, fishing, and hunting	**4,179,361**	**9.1%**	4,208,402	8.8%
Largest borrower	**$162,321**	**0.35%**	$200,000	0.42%

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

Residential Real Estate Secured Lending

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

As at *($ in thousands)*		**Sept 30 2020**		March 31 2020 (1)	
Residential mortgages	Insured (2)	**$ 9,957,597**	**61.7%**	$ 10,416,761	64.3%
	Uninsured	**6,168,728**	**38.3%**	5,795,536	35.7%
Total residential mortgages		**16,126,325**	**100.0%**	16,212,297	100.0%
HELOCs	Uninsured	**$ 2,969,281**	**100.0%**	$ 3,096,011	100.0%
Total HELOCs		**2,969,281**	**100.0%**	3,096,011	100.0%
	Insured	**$ 9,957,597**	**52.1%**	$ 10,416,761	53.9%
Total	**Uninsured**	**$ 9,138,009**	**47.9%**	$ 8,891,546	46.1%

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

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

As at	**Sept 30 2020**	March 31 2020
< 25 years	**89.4%**	87.0%
25–30 years	**10.5%**	12.9%
30–35 years	**0.10%**	0.10%
Total	**100.0%**	100.0%

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

As at	**Sept 30 2020**	March 31 2020
Residential mortgages	**0.69**	0.68
HELOCs	**0.59**	0.57

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

COVID-19

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

Customer Relief Program

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

Business Relief Program

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

Government Relief Programs

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

Canada Emergency Response Benefit (CERB) Program

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

Canada Emergency Business Account (CEBA)

This $25-billion program provides interest-free loans of up to $40,000 to small businesses and not-for-profit organizations to help cover operating costs where revenues have been temporarily reduced due to the economic impacts of COVID-19. A loan forgiveness (25%, up to a maximum of $10,000) will 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 will be forgiven by the federal government.

Business Credit Availability Program (BCAP)

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

- EDC will guarantee new operating credit and cash-flow term-loans that financial institutions extend to small and medium-sized businesses, up to $6.25 million.
- The BDC Co-Lending Program enables BDC and other Canadian banks to partner to lend up to $12.5 million to eligible business clients to help them meet operational and liquidity commitments. The loan varies by the size of the business and may be structured with an interest-only payment obligation for the first year.
- The BDC Mid Market Financing Program provides support to Canadian medium-sized companies in all industries, including oil and gas, who have been directly or indirectly impacted by COVID-19 and/or the recent decline in oil and gas prices and whose credit needs exceed what is already available under other BCAP lending streams. These junior loans (from $12.5 to $60 million each) will be done jointly with BDC and the business's primary lender or lending syndicate.

Market Risk

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

A description of ATB's key market risks and their measurement as at September 30, 2020, are outlined below:

Interest Rate Risk

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

Interest Rate Sensitivity

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

As at *($ in thousands)*	**Sept 30 2020**	March 31 2020
Increase in interest rates of:		
100 basis points	**$ 38,573**	$ 38,842
200 basis points	**72,869**	74,367
Decrease in interest rates of:		
100 basis points (1)	**(845)**	(5,556)
200 basis points (1) (2)	**4,330**	46,617

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

Foreign-Exchange Risk

Foreign-exchange risk is the potential risk of loss resulting from fluctuations in foreign-exchange rates. This risk arises from the existence of a net asset or liability position that is denominated in foreign currencies and/or a difference in maturity profiles for purchases and sales of a given currency. ATB manages its foreign-currency exposure through foreign-exchange forward contracts. ATB is within its Board-approved limit as at September 30, 2020.

Liquidity Risk

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

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

On Sept 30, 2020, the liquidity coverage ratio (LCR) was 134.1% (March 31, 2020: 135.3%), which is well above Board-approved minimum limits.

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

As at *($ in thousands)*	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Over 5 years**	**Sept 30 2020 total**	March 31 2020 total
Mid-term notes	**$ -**	**$ -**	**$ -**	**$ 291,618**	**$ 348,347**	**$ 1,489,468**	**$ 2,129,433**	$ 2,317,197
Bearer deposit notes	**999,154**	**-**	**-**	**-**	**-**	**-**	**999,154**	2,084,970
Mortgage-backed securities	**1,097,849**	**1,140,541**	**1,510,733**	**1,738,110**	**1,105,256**	**1,445,855**	**8,038,344**	7,970,092
Credit card securitization	**525,000**	**-**	**-**	**-**	**-**	**-**	**525,000**	575,000
Securities purchased under repurchase agreements	**34,472**	**-**	**-**	**-**	**-**	**-**	**34,472**	350,828
Total long-term funding	**$ 2,656,475**	**$ 1,140,541**	**$ 1,510,733**	**$ 2,029,728**	**$ 1,453,603**	**$ 2,935,323**	**$ 11,726,403**	$ 13,298,087
Of which:								
Secured	**$ 1,657,321**	**$ 1,140,541**	**$ 1,510,733**	**$ 1,738,110**	**$ 1,105,256**	**$ 1,445,855**	**$ 8,597,816**	$ 8,895,920
Unsecured	**999,154**	**-**	**-**	**291,618**	**348,347**	**1,489,468**	**3,128,587**	4,402,167
Total long-term funding	**$ 2,656,475**	**$ 1,140,541**	**$ 1,510,733**	**$ 2,029,728**	**$ 1,453,603**	**$ 2,935,323**	**$ 11,726,403**	$ 13,298,087

Financial Statements

Interim Condensed Consolidated Statement of Financial Position

(Unaudited)

As at *($ in thousands)*	Note	**Sept 30 2020**	June 30 2020	March 31 2020	Sept 30 2019
Cash		**$ 4,381,053**	$ 3,190,190	$ 1,312,544	$ 160,938
Interest-bearing deposits with financial institutions		**121,085**	110,427	101,028	731,793
Total cash resources		**4,502,138**	3,300,617	1,413,572	892,731
Securities measured at fair value through profit or loss		**61,921**	53,723	45,302	52,749
Securities measured at fair value through other comprehensive income		**2,584,578**	3,477,787	4,586,224	4,510,150
Securities purchased under reverse repurchase agreements		**-**	-	-	400,267
Total securities	6	**2,646,499**	3,531,510	4,631,526	4,963,166
Business loans		**23,120,976**	23,636,212	24,369,982	23,383,492
Residential mortgages		**16,126,325**	16,213,331	16,212,297	16,262,712
Personal loans		**6,018,366**	6,153,671	6,369,432	6,560,226
Credit card		**696,351**	688,101	729,712	772,763
Total gross loans		**45,962,018**	46,691,315	47,681,423	46,979,193
Allowances for loan losses	8	**(904,113)**	(915,032)	(699,255)	(672,134)
Total net loans	7	**45,057,905**	45,776,283	46,982,168	46,307,059
Derivative financial instruments	9	**1,354,620**	1,393,585	1,539,634	656,492
Property and equipment		**253,542**	264,796	279,000	282,282
Software and other intangibles		**291,793**	301,016	308,819	292,824
Other assets		**792,577**	578,020	646,737	551,047
Total other assets		**2,692,532**	2,537,417	2,774,190	1,782,645
Total assets		**$ 54,899,074**	$ 55,145,827	$ 55,801,456	$ 53,945,601
Redeemable fixed-date deposits		**$ 2,034,449**	$ 2,159,394	$ 1,462,566	$ 1,730,724
Non-redeemable fixed-date deposits		**7,511,310**	8,126,204	8,527,652	9,017,774
Saving accounts		**11,294,667**	10,561,963	9,485,318	9,538,501
Transaction accounts		**10,355,565**	10,151,695	8,653,216	8,490,339
Notice accounts		**5,461,062**	4,981,132	7,244,615	7,435,852
Total deposits		**36,657,053**	35,980,388	35,373,367	36,213,190
Securities sold under repurchase agreements		**34,472**	-	350,828	197,159
Wholesale borrowings		**3,128,587**	4,285,354	4,402,167	2,639,223
Collateralized borrowings	10	**8,563,344**	8,529,343	8,545,092	8,893,694
Derivative financial instruments	9	**854,749**	869,306	989,256	450,929
Other liabilities		**1,660,734**	1,560,441	2,059,637	1,451,263
Total other liabilities		**14,241,886**	15,244,444	16,346,980	13,632,268
Subordinated debentures		**-**	-	-	298,188
Total liabilities		**50,898,939**	51,224,832	51,720,347	50,143,646
Retained earnings		**3,727,732**	3,638,294	3,752,651	3,768,203
Accumulated other comprehensive income		**272,403**	282,701	328,458	3,080
Non-controlling interest		**-**	-	-	30,672
Total equity		**4,000,135**	3,920,995	4,081,109	3,801,955
Total liabilities and equity		**54,899,074**	$ 55,145,827	$ 55,801,456	$ 53,945,601

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

Curtis Stange
President and Chief Executive Officer

Dan Hugo
Chief Financial Officer

Interim Condensed Consolidated Statement of Income

(Unaudited)

		For the three months ended			For the six months ended	
($ in thousands)	Note	**Sept 30 2020**	June 30 2020	Sept 30 2019	**Sept 30 2020**	Sept 30 2019
Loans		**$ 454,710**	$ 432,832	$ 497,229	**$ 887,542**	$ 995,991
Securities		**1,403**	11,999	22,612	**13,402**	45,423
Interest-bearing deposits with financial institutions		**1,974**	1,357	3,602	**3,331**	8,070
Interest income		**458,087**	446,188	523,443	**904,275**	1,049,484
Deposits		**108,263**	109,483	160,658	**217,746**	315,291
Wholesale borrowings		**16,444**	19,474	18,149	**35,918**	39,769
Collateralized borrowings		**38,503**	41,790	46,964	**80,293**	95,457
Subordinated debentures		**-**	2	2,021	**2**	4,293
Interest expense		**163,210**	170,749	227,792	**333,959**	454,810
Net interest income		**294,877**	275,439	295,651	**570,316**	594,674
Wealth management		**58,786**	54,236	55,057	**113,022**	108,992
Service charges		**18,195**	15,994	19,117	**34,189**	38,018
Card fees		**15,545**	14,220	16,576	**29,765**	32,844
Credit fees		**11,011**	6,954	12,192	**17,965**	22,918
Insurance		**6,113**	5,542	6,073	**11,655**	11,655
Capital markets revenue		**5,089**	6,823	3,607	**11,912**	10,596
Foreign exchange		**6,941**	8,482	(790)	**15,423**	9,240
Net gains on derivative financial instruments		**5,290**	30,975	8,283	**36,265**	16,052
Net gains on securities		**3,230**	3,678	902	**6,908**	6,001
Sundry		**3,282**	2,261	2,561	**5,543**	2,109
Other income		**133,482**	149,165	123,578	**282,647**	258,425
Operating revenue		**428,359**	424,604	419,229	**852,963**	853,099
Provision for loan losses	8	**52,154**	245,316	32,331	**297,470**	98,419
Salaries and employee benefits		**156,460**	168,825	160,503	**325,285**	327,043
Data processing		**30,807**	30,607	32,280	**61,414**	62,411
Premises and occupancy, including depreciation		**19,195**	19,831	20,646	**39,026**	41,444
Professional and consulting costs		**15,915**	12,367	15,883	**28,282**	29,752
Deposit guarantee fee		**11,627**	11,837	11,952	**23,464**	24,225
Equipment, including depreciation		**5,084**	6,127	5,719	**11,211**	12,548
Software and other intangibles amortization		**20,476**	19,058	19,380	**39,534**	38,481
General and administrative		**12,765**	10,326	18,911	**23,091**	41,415
ATB agencies		**3,683**	3,598	3,416	**7,281**	6,765
Other		**9,803**	10,926	9,968	**20,729**	22,969
Non-interest expenses		**285,815**	293,502	298,658	**579,317**	607,053
Net income (loss) before payment in lieu of tax (PILOT)		**90,390**	(114,214)	88,240	**(23,824)**	147,627
PILOT	11	**-**	-	20,277	**-**	33,885
Net income (loss)		**$ 90,390**	$ (114,214)	$ 67,963	**$ (23,824)**	$ 113,742
Net income (loss) attributable to ATB Financial		**$ 90,390**	$ (114,214)	$ 68,414	**$ (23,824)**	$ 114,975
Net loss attributable to non-controlling interests		**-**	-	(451)	**-**	(1,233)

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

Interim Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

($ in thousands)	For the three months ended **Sept 30 2020**	June 30 2020	Sept 30 2019	For the six months ended **Sept 30 2020**	Sept 30 2019
Net income (loss)	**$ 90,390**	$ (114,214)	$ 67,963	**$ (23,824)**	$ 113,742
Other comprehensive (loss) income:					
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	**5,811**	1,554	(1,026)	**7,365**	(2,770)
Net (gains) losses reclassified to net income	**(3,230)**	(3,678)	75	**(6,908)**	(2,995)
Unrealized net gains on derivative financial instruments designated as cash flow hedges					
Unrealized net (losses) gains arising during the period	**(1,268)**	14,756	(7,050)	**13,488**	70,179
Net (gains) losses reclassified to net income	**(15,251)**	9,406	8,328	**(5,845)**	(6,210)
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan liabilities	**3,640**	(67,795)	9,631	**(64,155)**	(14,380)
Other comprehensive (loss) income	**(10,298)**	(45,757)	9,958	**(56,055)**	43,824
Comprehensive income (loss)	**$ 80,092**	$ (159,971)	$ 77,921	**$ (79,879)**	$ 157,566
Attributable to:					
ATB Financial	**$ 80,092**	$ (159,971)	$ 78,372	**$ (79,879)**	$ 158,799
Non-controlling interests	**-**	-	(451)	**-**	(1,233)

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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)

($ in thousands)	For the three months ended **Sept 30 2020**	June 30 2020	Sept 30 2019	For the six months ended **Sept 30 2020**	Sept 30 2019
Retained earnings					
Balance at beginning of the period	**$ 3,638,294**	$ 3,752,651	$ 3,699,525	**$ 3,752,651**	$ 3,652,955
Net income (loss) attributable to ATB Financial	**90,390**	(114,214)	68,414	**(23,824)**	114,975
Other	**(952)**	(143)	264	**(1,095)**	273
Balance at end of the period	**3,727,732**	3,638,294	3,768,203	**3,727,732**	3,768,203
Non-controlling interest					
Balance at beginning of the year	**-**	-	3,532	**-**	4,314
Net loss attributable to non-controlling interests in subsidiaries	**-**	-	(451)	**-**	(1,233)
Balance at end of the period	**-**	-	3,081	**-**	3,081
Accumulated other comprehensive income (loss)					
Securities measured at fair value through other comprehensive income					
Balance at beginning of the period	**(4,532)**	(2,408)	(6,631)	**(2,408)**	(1,817)
Other comprehensive income (loss)	**2,581**	(2,124)	(951)	**457**	(5,765)
Balance at end of the period	**(1,951)**	(4,532)	(7,582)	**(1,951)**	(7,582)
Derivative financial instruments designated as cash flow hedges					
Balance at beginning of the year	**356,804**	332,642	116,273	**332,642**	53,582
Other comprehensive (loss) income	**(16,519)**	24,162	1,278	**7,643**	63,969
Balance at end of the period	**340,285**	356,804	117,551	**340,285**	117,551
Defined benefit plan liabilities					
Balance at beginning of the year	**(69,571)**	(1,776)	(88,928)	**(1,776)**	(64,917)
Other comprehensive income (loss)	**3,640**	(67,795)	9,631	**(64,155)**	(14,380)
Balance at end of the period	**(65,931)**	(69,571)	(79,297)	**(65,931)**	(79,297)
Accumulated other comprehensive income	**272,403**	282,701	30,672	**272,403**	30,672
Equity	**$ 4,000,135**	$ 3,920,995	$ 3,801,956	**$ 4,000,135**	$ 3,801,956

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

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

Interim Condensed Consolidated Statement of Cash Flows

(Unaudited)

($ in thousands)	For the three months ended			For the six months ended	
	Sept 30 2020	June 30 2020	Sept 30 2019	**Sept 30 2020**	Sept 30 2019
Cash flows from operating activities					
Net (loss) income	**$ 90,390**	$ (114,214)	$ 67,963	**$ (23,824)**	$ 113,742
Adjustments for non-cash items and other items					
Provision for loan losses	**52,154**	245,316	32,331	**297,470**	98,419
Depreciation and amortization	**33,960**	32,655	30,917	**66,615**	61,316
Net gains on securities	**(3,230)**	(3,678)	(902)	**(6,908)**	(6,001)
Adjustments for net changes in operating assets and liabilities					
Loans	**726,998**	1,014,475	252,442	**1,741,473**	725,289
Deposits	**676,667**	607,597	115,604	**1,284,264**	291,182
Derivative financial instruments	**7,868**	49,735	(13,413)	**57,603**	(12,458)
Prepayments and other receivables	**58,786**	(8,443)	1,630	**50,343**	(27,197)
Accounts receivable – financial market products	**(254,256)**	90,035	(92,040)	**(164,221)**	(109,696)
Due to clients, brokers, and dealers	**3,079**	(28,824)	590	**(25,745)**	938
Deposit guarantee fee payable	**13,796**	(41,070)	13,989	**(27,274)**	(25,642)
Accounts payable and accrued liabilities	**(156,254)**	(499,059)	(81,716)	**(655,313)**	226,444
Accounts payable – financial market products	**215,810**	58,910	14,892	**274,720**	(114,853)
Liability for payment in lieu of tax and income taxes	**-**	(30,846)	20,556	**(30,846)**	(6,783)
Net interest receivable and payable	**10,243**	(62,878)	41,727	**(52,635)**	26,290
Change in defined benefit plan liabilities	**(5,144)**	69,247	(8,805)	**64,103**	16,124
Others, net	**(55,914)**	(105,021)	(42,980)	**(160,935)**	(82,897)
Net cash provided by operating activities	**1,414,953**	1,273,937	352,785	**2,688,890**	1,174,217
Cash flows from investing activities					
Change in securities measured at fair value profit or loss	**887,810**	1,104,639	(761,669)	**1,992,449**	(635,188)
Change in securities purchased under reverse repurchase agreements	**-**	-	1,154,117	**-**	88
Change in interest-bearing deposits with financial institutions	**(10,658)**	(9,399)	(246,347)	**(20,057)**	365,514
Purchases and disposals of property and equipment, software, and other intangibles	**(13,482)**	(10,647)	(22,349)	**(24,129)**	(47,924)
Net cash provided by (used in) investing activities	**863,670**	1,084,593	123,752	**1,948,263**	(317,510)
Cash flows from financing activities					
Issuance of wholesale borrowings	**553,053**	2,493,899	1,113,326	**3,046,952**	3,048,850
Repayment of wholesale borrowings	**(1,709,286)**	(2,608,206)	(1,830,000)	**(4,317,492)**	(4,028,693)
Issuance of collateralized borrowings	**227,113**	95,906	231,612	**323,019**	438,892
Repayment of collateralized borrowings	**(193,112)**	(111,655)	-	**(304,767)**	(511,026)
Change in securities sold under repurchase agreements	**34,472**	(350,828)	98,779	**(316,356)**	197,158
Issuance of subordinated debentures	**-**	30,846	-	**30,846**	41,612
Repayment of subordinated debentures	**-**	(30,846)	-	**(30,846)**	(82,564)
Net cash used in financing activities	**(1,087,760)**	(480,884)	(386,283)	**(1,568,644)**	(895,771)
Net increase (decrease) in cash	**1,190,863**	1,877,646	90,254	**3,068,509**	(39,064)
Cash at beginning of the period	**3,190,190**	1,312,544	70,684	**1,312,544**	200,002
Cash at end of the period	**$ 4,381,053**	$ 3,190,190	$ 160,938	**$ 4,381,053**	$ 160,938
Net cash (used in) provided by operating activities includes:					
Interest paid	**$ (134,375)**	$ (198,293)	$ (202,106)	**$ (332,668)**	$ (446,678)
Interest received	**439,223**	410,854	539,485	**850,077**	1,067,643

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

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2020

1 Nature of Operations

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

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

2 Significant Accounting Policies

Basis of Preparation

These interim condensed consolidated financial statements ("interim statements") are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the accounting requirements of the Alberta Superintendent of Financial Institutions (ASFI). The interim statements do not include all of the information required for complete annual consolidated financial statements and should be read in conjunction with ATB's 2020 annual consolidated financial statements. The accounting policies, methods of computation, and presentation of these interim statements are consistent with the most recent annual consolidated financial statements. These interim statements were approved by the Audit Committee on November 18, 2020.

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

Significant Accounting Judgments, Estimates, and Assumptions

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

COVID-19

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

ATB records allowances for loan losses for all loans by incorporating a forward-looking expected credit loss approach, as required under IFRS 9. This process involves inputs and assumptions requiring a high degree of judgment to assess for 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 the impacts this has on our customers. Additional information regarding our allowances for loan losses is included in Note 8.

3 Summary of Accounting Policy Changes

Change in Accounting Policies and Disclosures

Interest Rate Benchmark Reform Phase 1

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

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

Hedge Accounting

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

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

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

Hedging Relationships Impacted by the Interest Rate Benchmark Reform
As at September 30, 2020, ATB has four 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 September 30, 2020 *($ in thousands)*	**Notional amount**
Interest rate swaps	
USD London Interbank Offered Rate (LIBOR)	**$ 133,170**

IFRS 3 *Business Combinations*
In October 2018, the IASB issued *Definition of a Business (Amendments to IFRS 3).* It clarifies the definition of a business and reveals additional factors to consider when determining if the entity has acquired a business or a group of assets.

ATB will assess future acquisitions based on the amendments made to IFRS 3.

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

ATB determined there is no impact on our financial presentation.

Future Accounting Policy Changes
The following standards have been issued but are not yet effective on the date of issuance of ATB's consolidated financial statements. ATB is currently assessing the impact of the application of these standards and will adopt them when they become effective.

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.

ATB is currently assessing the impact of these amendments. However, they are not expected to materially impact our financial statements. Restatement of prior periods is not required, but an entity may restate prior periods if, and only if, it is possible without the use of hindsight. Phase 2 would be effective for annual reporting periods beginning on or after January 1, 2021, and, for ATB, 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 their annual improvements project. 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 Accounting Standards Board (AcSB) endorsed the IASB's annual improvements.

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

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

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

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

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

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

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

In May 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)* that clarifies that the cost of fulfilling a contract is included for the purposes of determining whether a contract is onerous or not. This 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 that have not been fulfilled at the beginning of the fiscal year the amendment is adopted. Earlier application is permitted. The amendments will take effect on April 1, 2022, the start of ATB's FY2023.

IFRS 17 *Insurance Contracts*

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

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

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

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

ATB reviewed the new definition, which is effective for annual reporting periods beginning on or after January 1, 2022, and determined that it does not impact our financial presentation. Earlier application is permitted. The amendments to IAS 1 will take effect on April 1, 2023, the start of ATB's 2024 fiscal year.

4 Financial Instruments

Classification and Carrying Value

The following tables summarize the classification, carrying value, and fair value of ATB's financial instruments as at September 30 and March 31, 2020.

As at September 30, 2020 *($ in thousands)*	Carrying value					
	Financial instruments classified as at FVTPL	**Financial instruments designated as at FVTPL**	**Financial instruments classified as at FVOCI**	**Financial instruments designated as at FVOCI**	**Financial instruments measured at amortized cost**	**Total carrying value**
Financial assets						
Cash (1)	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4,381,053**	**$ 4,381,053**
Interest-bearing deposits with financial institutions (1)	**-**	**121,085**	**-**	**-**	**-**	**121,085**
Securities measured at FVTPL (1)	**39,901**	**22,020**	**-**	**-**	**-**	**61,921**
Securities measured at FVOCI	**-**	**-**	**2,571,326**	**13,252**	**-**	**2,584,578**
Total securities	**39,901**	**22,020**	**2,571,326**	**13,252**	**-**	**2,646,499**
Business loans	**-**	**-**	**-**	**-**	**23,120,976**	**23,120,976**
Residential mortgages	**-**	**-**	**-**	**-**	**16,126,325**	**16,126,325**
Personal loans	**-**	**-**	**-**	**-**	**6,018,366**	**6,018,366**
Credit card	**-**	**-**	**-**	**-**	**696,351**	**696,351**
Allowances for loan losses	**-**	**-**	**-**	**-**	**(904,113)**	**(904,113)**
Total loans (2)	**-**	**-**	**-**	**-**	**45,057,905**	**45,057,905**
Derivative financial instruments	**1,354,620**	**-**	**-**	**-**	**-**	**1,354,620**
Other assets	**-**	**-**	**-**	**-**	**606,793**	**606,793**
Total other assets (1)	**1,354,620**	**-**	**-**	**-**	**606,793**	**1,961,413**
Financial liabilities						
Redeemable fixed-date deposits	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,034,449**	**$ 2,034,449**
Non-redeemable fixed-date deposits	**-**	**-**	**-**	**-**	**7,511,310**	**7,511,310**
Savings accounts	**-**	**-**	**-**	**-**	**11,294,667**	**11,294,667**
Transaction accounts	**-**	**-**	**-**	**-**	**10,355,565**	**10,355,565**
Notice accounts	**-**	**-**	**-**	**-**	**5,461,062**	**5,461,062**
Total deposits (3)	**-**	**-**	**-**	**-**	**36,657,053**	**36,657,053**
Securities sold under repurchase agreements (1)	**-**	**-**	**-**	**-**	**34,472**	**34,472**
Wholesale borrowings (4)	**-**	**306,649**	**-**	**-**	**2,821,938**	**3,128,587**
Collateralized borrowings (5)	**-**	**-**	**-**	**-**	**8,563,344**	**8,563,344**
Derivative financial instruments (1)	**854,749**	**-**	**-**	**-**	**-**	**854,749**
Other liabilities (1)	**-**	**-**	**-**	**-**	**1,569,579**	**1,569,579**
Total other liabilities	**854,749**	**306,649**	**-**	**-**	**12,989,333**	**14,150,731**

(1) Fair value is estimated to equal carrying value.
(2) Fair value of loans is estimated at $47,126,039.
(3) Fair value of deposits is estimated at $36,714,988.
(4) Fair value of wholesale borrowings is estimated at $3,301,367.
(5) Fair value of collateralized borrowings is estimated at $8,917,953.

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

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

Fair-Value Hierarchy

The following tables present the financial instruments ATB has recognized at fair value using the fair-value hierarchy described in Note 5 to the consolidated financial statements for the year ended March 31, 2020. Transfers between fair-value levels can result from additional, revised, or new information regarding the availability of quoted market prices or observable market inputs. For the six months ended September 30, 2020, and the year ended March 31, 2020, there were no transfers of financial instruments between Levels 1 and 2 or into and out of Level 3.

As at September 30, 2020 *($ in thousands)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Interest-bearing deposits with financial institutions	**$ -**	**$ 121,085**	**$ -**	**$ 121,085**
Securities				
Securities measured at FVTPL	**22,063**	**-**	**39,858**	**61,921**
Securities measured at FVOCI	**2,571,326**	**-**	**13,252**	**2,584,578**
Other assets				
Derivative financial instruments	**34,223**	**1,320,397**	**-**	**1,354,620**
Total financial assets	**$ 2,627,612**	**$ 1,441,482**	**$ 53,110**	**$ 4,122,204**
Financial liabilities				
Wholesale borrowings	**$ -**	**$ 306,649**	**$ -**	**$ 306,649**
Other liabilities				
Derivative financial instruments	**29,909**	**824,840**	**-**	**854,749**
Total financial liabilities	**$ 29,909**	**$ 1,131,489**	**$ -**	**$ 1,161,398**

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

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

The following table presents the changes in fair value of Level 3 financial instruments for the six months ended September 30, 2020.

($ in thousands)	**Securities designated as at FVOCI**	**Securities classified as at FVTPL**
Fair value as at March 31, 2020	**$ 10,081**	**$ 36,112**
Total realized and unrealized losses included in net income	**-**	**(26)**
Total realized and unrealized gains included in other comprehensive income	**(293)**	**-**
Purchases and issuances	**3,464**	**3,772**
Sales and settlements	**-**	**-**
Fair value as at September 30, 2020	**$ 13,252**	**$ 39,858**
Change in unrealized loss included in income regarding financial instruments held as at September 30, 2020	**$ -**	**$ (26)**

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

5 Financial Instruments – Risk Management

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

6 Securities

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

As at September 30, 2020 *($ in thousands)*	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Total carrying value**
Securities measured at FVTPL				
Issued or guaranteed by the federal or provincial government	**$ 22,020**	**$ -**	**$ -**	**$ 22,020**
Other securities	**9**	**31,219**	**8,673**	**39,901**
Total securities measured at FVTPL	**$ 22,029**	**$ 31,219**	**$ 8,673**	**$ 61,921**
Securities measured at FVOCI				
Issued or guaranteed by the federal or provincial government	**$ 475,498**	**$ 2,095,828**	**$ -**	**$ 2,571,326**
Other securities	**-**	**-**	**13,252**	**13,252**
Total securities measured at FVOCI	**$ 475,498**	**$ 2,095,828**	**$ 13,252**	**$ 2,584,578**

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

Other Securities

These securities in the current year relate to investments made by ATB and its subsidiaries in a broad range of private Alberta companies. There is no observable market price for the investments made in these private Alberta companies as at the balance sheet date. ATB estimated the fair value using a combination of discounted cash flows and market multiples derived from quoted prices of comparative companies, specifically the expected earnings before interest, income tax, depreciation, and amortization (EBITDA). The key assumptions in this model are the EBITDA multiple of 3.6 to 10.0, the weighted-average cost of capital of 12.5% to 19.5%, annualized revenue multiple of 0.3 to 27.3, and a market-based approach of 3.5 to 4.5 of the share price. A 10% change to each multiple would change the fair value by $0.8 million (June 2020: $0.7 million; September 2019: $3.1 million. Note that September 2019 used a different valuation technique, so it will not be exactly comparable to this year's result). The estimate is also adjusted for the effect of the non-marketability of these investments.

7 Loans

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

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

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

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

Credit Quality

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

As at *($ in thousands)*				Sept 30 2020				March 31 2020
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Very low risk	$3,312,783	$ 308,586	-	$3,621,369	$ 3,336,305	$ 786,025	$ -	$ 4,122,330
Low risk	9,870,700	3,328392	-	13,199,092	7,470,953	6,951,518	-	14,422,471
Medium risk	2,715,850	1,882,391	-	4,598,241	2,445,622	1,977,782	-	4,423,404
High risk	-	684,988	-	684,988	611	431,582	-	432,193
Not rated (1)	35,232	4,351	-	39,583	27,190	5,145	-	32,335
Impaired	-	-	977,703	977,703	-	-	937,249	937,249
Total business loans	15,934,565	6,208,708	977,703	23,120,976	13,280,681	10,152,052	937,249	24,369,982
Very low risk	7,128,201	10,016	-	7,138,217	6,711,002	7,709	-	6,718,711
Low risk	4,156,721	1,402,145	-	5,558,866	4,818,879	859,244	-	5,678,123
Medium risk	1,168,528	1,392,781	-	2,561,309	1,577,366	1,112,308	-	2,689,674
High risk	230,063	534,422	-	764,485	273,116	733,869	-	1,006,985
Not rated (1)	10,585	6,172	-	16,757	10,287	4,272	-	14,559
Impaired	-	-	86,691	86,691	-	-	104,245	104,245
Total residential mortgages	12,694,098	3,345,536	86,691	16,126,325	13,390,650	2,717,402	104,245	16,212,297
Very low risk	2,575,057	5,282	-	2,580,339	2,544,666	7,987	-	2,552,653
Low risk	1,255,581	792,984	-	2,048,565	1,655,631	530,452	-	2,186,083
Medium risk	512,814	486,604	-	999,418	705,639	412,800	-	1,118,439
High risk	77,837	234,563	-	312,400	137,184	283,022	-	420,206
Not rated (1)	5,642	16,886	-	22,528	17,621	7,167	-	24,788
Impaired	-	-	55,116	55,083	-	-	67,263	67,263
Total personal loans	4,426,931	1,536,319	55,116	6,018,366	5,060,741	1,241,428	67,263	6,369,432
Very low risk	95,773	7,368	-	103,141	67,909	11,899	-	79,808
Low risk	214,802	76,652	-	291,454	195,386	66,612	-	261,998
Medium risk	138,615	62,953	-	210,568	155,396	50,083	-	205,479
High risk	29,588	14,064	-	43,652	36,516	62,341	-	98,857
Not rated (1)	6,590	45,973	-	52,563	15,120	61,539	-	76,659
Impaired	-	-	3,973	3,973	-	-	6,911	6,911
Total credit card	485,368	207,010	3,973	696,351	470,327	252,474	6,911	729,712
Total loans	33,540,962	11,297,573	1,123,483	45,962,018	32,202,399	14,363,356	1,115,668	47,681,423
Total allowances for loan losses	(145,815)	(346,972)	(411,326)	(904,113)	(108,827)	(206,626)	(383,802)	(699,255)
Total net loans	$ 33,395,1476	10,950,601	712,157	$ 45,057,905	$ 32,093,572	$ 14,156,730	$ 731,866	$ 46,982,168
Very low risk	$ 4,306,378	$ 45,419	-	$ 4,351,797	$ 4,224,656	$ 7,839	$ -	$ 4,232,495
Low risk	613,023	350,028	-	963,051	719,723	291,104	-	1,010,827
Medium risk	86,928	71,813	-	158,741	94,513	56,042	-	150,555
High risk	9,689	30,437	-	40,126	10,555	25,994	-	36,549
Not rated (1)	21,042	7,601	-	28,643	6,707	9,156	-	15,863
Total undrawn loan commitments – retail	$ 5,037,060	$ 505,298	$ -	$ 5,542,358	$ 5,056,154	$ 390,135	$ -	$ 5,446,289
Very low risk	$ 2,973	$ -	-	$ 2,973	$ 3,484,632	$ 333,879	$ -	$ 3,818,511
Low risk	4,545,321	1,804,960	-	6,350,281	3,461,944	2,468,023	-	5,929,967
Medium risk	5,177,924	1,084,864	-	6,262,788	467,592	494,239	-	961,831
High risk	-	241,368	-	241,368	30	151,807	-	151,837
Not rated (1)	16,699	1,617	-	18,316	119,493	154,081	-	273,574
Total undrawn loan commitments – non-retail	$ 9,742,917	$ 3,132,809	$ -	$ 12,875,726	$ 7,533,691	$ 3,602,029	$ -	$ 11,135,720

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

Loans Past Due

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

As at September 30, 2020 *($ in thousands)*	**Business loans**	**Residential mortgages**	**Personal loans**	**Credit card**	**Total**	**Percentage of total gross loans**
Up to 1 month (1)	**$ 17,976**	**$ 42,054**	**$ 31,473**	**$ 27,372**	**$ 118,875**	**0.26%**
Over 1 month up to 2 months	**100,790**	**26,397**	**31,811**	**7,741**	**166,739**	**0.36%**
Over 2 months up to 3 months	**73,891**	**11,154**	**10,141**	**2,490**	**97,676**	**0.22%**
Over 3 months	**8,198**	**1,026**	**978**	**4,339**	**14,541**	**0.03%**
Total past due but not impaired	**$ 200,855**	**$ 80,631**	**$ 74,403**	**$ 41,942**	**$ 397,831**	**0.87%**

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

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

8 Allowances for Loan Losses

Key Inputs and Assumptions

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

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

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

Forward-Looking Information

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

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

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

	As at Sept 30, 2020								
	Baseline scenario			**Optimistic scenario**			**Pessimistic scenario**		
	2020	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Unemployment rate *(%)*	**11.4%**	**11.0%**	**10.0%**	**10.9%**	**9.1%**	**8.4%**	**12.9%**	**11.9%**	**10.5%**
Housing starts	**20,200**	**20,300**	**20,000**	**22,000**	**29,700**	**31,200**	**18,800**	**18,100**	**18,300**
Oil prices *(WTI, US$/bbl)*	**39**	**40**	**45**	**39**	**50**	**55**	**37**	**30**	**35**
Foreign-exchange rate *(CDN$1/US$1)*	**0.75**	**0.76**	**0.76**	**0.73**	**0.74**	**0.75**	**0.73**	**0.74**	**0.75**

	As at March 31, 2020								
	Baseline scenario			Optimistic scenario			Pessimistic scenario		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Unemployment rate *(%)*	8.7%	8.5%	8.0%	7.7%	7.6%	7.6%	9.4%	8.9%	8.60
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	40.00
Foreign-exchange rate *(CDN$1/US$1)*	0.74	0.75	0.76	0.75	0.76	0.77	0.70	0.72	0.73

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

	For the three months ended Sept 30, 2020				
($ in thousands)	**Balance at beginning of period**	**Provision for loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**
Business loans	**$ 739,016**	**$ 59,332**	**$ (43,606)**	**$ (3,622)**	**$ 751,120**
Residential mortgages	**18,305**	**(3,422)**	**(3,242)**	**(303)**	**11,338**
Personal loans	**109,730**	**(3,714)**	**(8,846)**	**(270)**	**96,900**
Credit card	**47,981**	**(42)**	**(3,148)**	**(36)**	**44,755**
Total	**$ 915,032**	**$ 52,154**	**$ (58,842)**	**$ (4,231)**	**$ 904,113**

	For the three months ended Sept 30, 2019				
($ in thousands)	Balance at beginning of period	Provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period
Business loans	$ 553,247	$ 18,587	$ (22,934)	$ (3,996)	$ 544,904
Residential mortgages	6,928	878	(895)	39	6,950
Personal loans	76,162	10,861	(9,927)	(132)	76,964
Credit card	43,355	2,005	(2,044)	-	43,316
Total	$ 679,692	$ 32,331	$ (35,800)	$ (4,089)	$ 672,134

	For the six months ended Sept 30, 2020				
($ in thousands)	**Balance at beginning of period**	**Provision for loan losses**	**Net write-offs**	**Discounted cash flows on impaired loans and other**	**Balance at end of period**
Business loans	**$ 552,640**	**$ 260,359**	**$ (53,596)**	**$ (8,283)**	**$ 751,120**
Residential mortgages	**12,858**	**2,357**	**(3,704)**	**(173)**	**11,338**
Personal loans	**92,624**	**23,004**	**(18,391)**	**(337)**	**96,900**
Credit card	**41,133**	**11,750**	**(8,118)**	**(10)**	**44,755**
Total	**$ 699,255**	**$ 297,470**	**$ (83,809)**	**$ (8,803)**	**$ 904,113**

($ in thousands)	For the six months ended Sept 30, 2019 Balance at beginning of period	Provision for loan losses	Net write-offs	Discounted cash flows on impaired loans and other	Balance at end of period
Business loans	$ 546,825	$ 60,487	$ (55,220)	$ (7,188)	$ 544,904
Residential mortgages	5,493	2,685	(1,229)	1	6,950
Personal loans	71,498	25,451	(19,758)	(227)	76,964
Credit card	41,097	9,796	(7,530)	(47)	43,316
Total	$ 664,913	$ 98,419	-83737	$ (7,461)	$ 672,134

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

	For the three months ended Sept 30, 2020				For the three months ended Sept 30, 2019			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – business loans								
Balance at beginning of period	**$ 89,842**	**$ 256,785**	**$ 392,389**	**$ 739,016**	$ 11,157	$ 95,966	$ 446,124	$ 553,247
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**3,835**	**(4,054)**	**219**	**-**	1,925	(1,930)	5	-
Transfers into (out of) Stage 2 (1)	**660**	**(8,078)**	**7,418**	**-**	3,733	(6,107)	2,374	-
Transfers (out of) into Stage 3 (1)	**(4,213)**	**(28,214)**	**32,427**	**-**	3,011	(19,308)	16,297	-
New originations (2)	**17,585**	**33,147**	**29,547**	**80,279**	4,890	14,915	17,622	37,427
Repayments (3)	**(8,861)**	**(19,861)**	**(38,201)**	**(66,923)**	(774)	(8,874)	(12,987)	(22,635)
Remeasurements (4)	**(4,131)**	**36,845**	**13,262**	**45,976**	(8,163)	36,254	(24,296)	3,795
Total provision for loan losses	**4,875**	**9,785**	**44,672**	**59,332**	4,622	14,950	(985)	18,587
Write-offs	**-**	**-**	**(63,895)**	**(63,895)**	-	-	(25,398)	(25,398)
Recoveries	**-**	**-**	**20,289**	**20,289**	-	-	2,464	2,464
Discounted cash flows on impaired loans and other	**(12)**	**(337)**	**(3,273)**	**(3,622)**	1	(14)	(3,983)	(3,996)
Balance at end of period	**$ 94,705**	**$ 266,233**	**$ 390,182**	**$ 751,120**	$ 15,780	$ 110,902	$ 418,222	$ 544,904

	For the three months ended Sept 30, 2020				For the three months ended Sept 30, 2019			
	Performing		**Impaired**		Performing		Impaired	
($ in thousands)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – residential mortgages								
Balance at beginning of period	**$ 3,690**	**$ 8,181**	**$ 6,434**	**$ 18,305**	$ 2,148	$ 1,646	$ 3,134	$ 6,928
Provision for loan losses								
Transfers (out of) into Stage 1 (1)	**(117)**	**114**	**3**	**-**	12	(11)	(1)	-
Transfers (out of) into Stage 2 (1)	**(764)**	**864**	**(100)**	**-**	(66)	(99)	165	-
Transfers into (out of) Stage 3 (1)	**13**	**202**	**(215)**	**-**	(30)	(724)	754	-
New originations (2)	**366**	**(599)**	**17**	**(216)**	121	82	-	203
Repayments (3)	**(71)**	**(152)**	**2**	**(221)**	-	(29)	-	(29)
Remeasurements (4)	**(82)**	**(3,910)**	**1,007**	**(2,985)**	8	723	(27)	704
Total provision for loan losses	**(655)**	**(3,481)**	**714**	**(3,422)**	45	(58)	891	878
Write-offs	**-**	**-**	**(3,394)**	**(3,394)**	-	-	(991)	(991)
Recoveries	**-**	**-**	**152**	**152**	-	-	96	96
Discounted cash flows on impaired loans and other	**-**	**-**	**(303)**	**(303)**	-	-	39	39
Balance at end of period	**$ 3,035**	**$ 4,700**	**$ 3,603**	**$ 11,338**	$ 2,193	$ 1,588	$ 3,169	$ 6,950

($ in thousands)	For the three months ended Sept 30, 2020				For the three months ended Sept 30, 2019			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – personal loans								
Balance at beginning of period	**$ 34,571**	**$ 54,394**	**$ 20,765**	**$ 109,730**	$ 40,296	$ 13,606	$ 22,260	$ 76,162
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**1,105**	**(1,134)**	**29**	**-**	(379)	231	148	-
Transfers into (out of) Stage 2 (1)	**4,510**	**(5,074)**	**564**	**-**	(911)	(969)	1,880	-
Transfers (out of) into Stage 3 (1)	**(556)**	**(724)**	**1,280**	**-**	(2,649)	(4,149)	6,798	-
New originations (2)	**1,930**	**(1,526)**	**79**	**483**	2,006	71	476	2,553
Repayments (3)	**(1,127)**	**(1,528)**	**(40)**	**(2,695)**	(3)	(327)	(20)	(350)
Remeasurements (4)	**(6,066)**	**2,682**	**1,882**	**(1,502)**	3,032	4,488	1,138	8,658
Total provision for loan losses	**(204)**	**(7,304)**	**3,794**	**(3,714)**	1,096	(655)	10,420	10,861
Write-offs	**-**	**-**	**(8,972)**	**(8,972)**	-	-	(10,790)	(10,790)
Recoveries	**-**	**-**	**126**	**126**	-	-	861	861
Discounted cash flows on impaired loans and other	**-**	**-**	**(270)**	**(270)**	-	-	(130)	(130)
Balance at end of period	**$ 34,367**	**$ 47,090**	**$ 15,443**	**$ 96,900**	$ 41,392	$ 12,951	$ 22,621	$ 76,964

($ in thousands)	For the three months ended Sept 30, 2020				For the three months ended Sept 30, 2019			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – credit cards								
Balance at beginning of period	**$ 13,216**	**$ 32,053**	**$ 2,712**	**$ 47,981**	$ 12,199	$ 27,263	$ 3,893	$ 43,355
Provision for loan losses								
Transfers (out of) into Stage 1 (1)	**(41)**	**38**	**3**	**-**	996	(1,013)	17	-
Transfers (out of) into Stage 2 (1)	**(737)**	**842**	**(105)**	**-**	5,054	(5,557)	503	-
Transfers into (out of) Stage 3 (1)	**2**	**(1)**	**(1)**	**-**	(287)	(1,256)	1,543	-
New originations (2)	**59**	**13**	**-**	**72**	193	102	-	295
Repayments (3)	**97**	**302**	**(26)**	**373**	(83)	(197)	(2)	(282)
Remeasurements (4)	**1,124**	**(4,295)**	**2,684**	**(487)**	(7,615)	10,477	(870)	1,992
Total provision for loan losses	**504**	**(3,101)**	**2,555**	**(42)**	(1,742)	2,556	1,191	2,005
Write-offs	**-**	**-**	**(5,572)**	**(5,572)**	-	-	(5,665)	(5,665)
Recoveries	**-**	**-**	**2,424**	**2,424**	-	-	3,621	3,621
Discounted cash flows on impaired loans and other	**(12)**	**(3)**	**(21)**	**(36)**	8	4	(12)	-
Balance at end of period	**$ 13,708**	**$ 28,949**	**$ 2,098**	**$ 44,755**	$ 10,465	$ 29,823	$ 3,028	$ 43,316

($ in thousands)	For the six months ended Sept 30, 2020				For the six months ended Sept 30, 2019			
	Performing		Impaired		Performing		Impaired	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowances for loan losses – business loans								
Balance at beginning of period	**$ 54,309**	**$ 139,869**	**$ 358,462**	**$ 552,640**	$ 22,314	$ 77,863	$ 446,648	$ 546,825
Provision for loan losses								
Transfers (out of) into Stage 1 (1)	**(1,295)**	**902**	**393**	**-**	(1,260)	1,088	172	-
Transfers (out of) into Stage 2 (1)	**(22,676)**	**32,132**	**(9,456)**	**-**	(3,501)	(765)	4,266	-
Transfers (out of) into Stage 3 (1)	**(8,474)**	**(6,018)**	**14,492**	**-**	1,651	(35,091)	33,440	-
New originations (2)	**41,625**	**94,812**	**95,866**	**232,303**	9,214	28,709	40,814	78,737
Repayments (3)	**(13,417)**	**(69,640)**	**(52,605)**	**(135,662)**	(3,686)	(18,179)	(21,857)	(43,722)
Remeasurements (4)	**44,680**	**74,615**	**44,423**	**163,718**	(8,927)	57,378	(22,979)	25,472
Total provision for loan losses	**40,443**	**126,803**	**93,113**	**260,359**	(6,509)	33,140	33,856	60,487
Write-offs	**-**	**-**	**(74,938)**	**(74,938)**	-	-	(58,618)	(58,618)
Recoveries	**-**	**-**	**21,342**	**21,342**	-	-	3,398	3,398
Discounted cash flows on impaired loans and other	**(47)**	**(439)**	**(7,797)**	**(8,283)**	(25)	(101)	(7,062)	(7,188)
Balance at end of period	**$ 94,705**	**$ 266,233**	**$ 390,182**	**$ 751,120**	$ 15,780	$ 110,902	$ 418,222	$ 544,904

($ in thousands)	For the six months ended Sept 30, 2020 Performing Stage 1	Stage 2	Impaired Stage 3	Total	For the six months ended Sept 30, 2019 Performing Stage 1	Stage 2	Impaired Stage 3	Total
Allowances for loan losses – residential mortgages								
Balance at beginning of period	**$ 3,007**	**$ 5,469**	**$ 4,382**	**$ 12,858**	$ 1,495	$ 952	$ 3,046	$ 5,493
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**517**	**(521)**	**4**	**-**	(3)	2	1	-
Transfers into (out of) Stage 2 (1)	**2,222**	**(2,064)**	**(158)**	**-**	(440)	195	245	-
Transfers into (out of) Stage 3 (1)	**67**	**542**	**(609)**	**-**	(113)	(1,248)	1,361	-
New originations (2)	**962**	**(794)**	**53**	**221**	240	199	39	478
Repayments (3)	**(117)**	**(231)**	**(5)**	**(353)**	-	(31)	-	(31)
Remeasurements (4)	**(3,623)**	**2,299**	**3,813**	**2,489**	1,014	1,519	(295)	2,238
Total provision for loan losses	**28**	**(769)**	**3,098**	**2,357**	698	636	1,351	2,685
Write-offs	**-**	**-**	**(4,022)**	**(4,022)**	-	-	(1,475)	(1,475)
Recoveries	**-**	**-**	**318**	**318**	-	-	246	246
Discounted cash flows on impaired loans and other	**-**	**-**	**(173)**	**(173)**	-	-	1	1
Balance at end of period	**$ 3,035**	**$ 4,700**	**$ 3,603**	**$ 11,338**	$ 2,193	$ 1,588	$ 3,169	$ 6,950

($ in thousands)	For the six months ended Sept 30, 2020 Performing Stage 1	Stage 2	Impaired Stage 3	Total	For the six months ended Sept 30, 2019 Performing Stage 1	Stage 2	Impaired Stage 3	Total
Allowances for loan losses – personal loans								
Balance at beginning of period	**$ 42,834**	**$ 31,697**	**$ 18,093**	**$ 92,624**	$ 38,898	$ 11,764	$ 20,836	$ 71,498
Provision for loan losses								
Transfers (out of) into Stage 1 (1)	**(3,875)**	**3,797**	**78**	**-**	(1,165)	857	308	-
Transfers (out of) into Stage 2 (1)	**(19,243)**	**17,346**	**1,897**	**-**	(3,401)	(50)	3,451	-
Transfers (out of) into Stage 3 (1)	**(1,533)**	**(3,097)**	**4,630**	**-**	(5,602)	(7,732)	13,334	-
New originations (2)	**4,149**	**(1,625)**	**318**	**2,842**	3,668	707	1,209	5,584
Repayments (3)	**(2,019)**	**(2,287)**	**(952)**	**(5,258)**	(99)	(595)	(121)	(815)
Remeasurements (4)	**14,054**	**1,259**	**10,107**	**25,420**	9,093	8,000	3,589	20,682
Total provision for loan losses	**(8,467)**	**15,393**	**16,078**	**23,004**	2,494	1,187	21,770	25,451
Write-offs	**-**	**-**	**(19,409)**	**(19,409)**	-	-	(21,127)	(21,127)
Recoveries	**-**	**-**	**1,018**	**1,018**	-	-	1,369	1,369
Discounted cash flows on impaired loans and other	**-**	**-**	**(337)**	**(337)**	-	-	(227)	(227)
Balance at end of period	**$ 34,367**	**$ 47,090**	**$ 15,443**	**$ 96,900**	$ 41,392	$ 12,951	$ 22,621	$ 76,964

($ in thousands)	For the six months ended Sept 30, 2020 Performing Stage 1	Stage 2	Impaired Stage 3	Total	For the six months ended Sept 30, 2019 Performing Stage 1	Stage 2	Impaired Stage 3	Total
Allowances for loan losses – credit cards								
Balance at beginning of period	**$ 8,677**	**$ 29,591**	**$ 2,865**	**$ 41,133**	$ 10,567	$ 26,041	$ 4,489	$ 41,097
Provision for loan losses								
Transfers into (out of) Stage 1 (1)	**111**	**(107)**	**(4)**	**-**	895	(918)	23	-
Transfers (out of) into Stage 2 (1)	**(3,920)**	**3,693**	**227**	**-**	3,605	(4,497)	892	-
Transfers (out of) into Stage 3 (1)	**(12)**	**(792)**	**804**	**-**	(372)	(2,115)	2,487	-
New originations (2)	**254**	**89**	**-**	**343**	481	254	-	735
Repayments (3)	**26**	**280**	**(26)**	**280**	(265)	(979)	(2)	(1,246)
Remeasurements (4)	**8,569**	**(3,809)**	**6,367**	**11,127**	(4,441)	12,042	2,706	10,307
Total provision for loan losses	**5,028**	**(646)**	**7,368**	**11,750**	(97)	3,787	6,106	9,796
Write-offs	**-**	**-**	**(12,764)**	**(12,764)**	-	-	(14,666)	(14,666)
Recoveries	**-**	**-**	**4,646**	**4,646**	-	-	7,136	7,136
Discounted cash flows on impaired loans and other	**3**	**4**	**(17)**	**(10)**	(5)	(5)	(37)	(47)
Balance at end of period	**$ 13,708**	**$ 28,949**	**$ 2,098**	**$ 44,755**	$ 10,465	$ 29,823	$ 3,028	$ 43,316

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

9 Derivative Financial Instruments

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

As at *($ in thousands)*	**Sept 30 2020** **Notional amount**	**Assets**	**Liabilities**	March 31 2020 Notional amount	Assets	Liabilities
Over-the-counter contracts						
Interest rate contracts						
Swaps	**$ 29,050,141**	**$ 629,528**	**$ (350,295)**	$ 32,298,975	$ 577,561	$ (335,189)
Other	**4,938,711**	**203,804**	**(89,947)**	3,855,596	167,702	(61,818)
Total interest rate contracts	**33,988,852**	**833,332**	**(440,242)**	36,154,571	745,263	(397,007)
Foreign-exchange contracts						
Forwards	**3,140,722**	**57,755**	**(45,876)**	2,136,282	140,793	(83,494)
Cross-currency swaps	**1,945,161**	**91,820**	**(43,737)**	2,085,030	180,909	(59,258)
Total foreign-exchange contracts	**5,085,883**	**149,575**	**(89,613)**	4,221,312	321,702	(142,752)
Commodity contracts						
Forwards	**4,794,201**	**337,490**	**(294,210)**	2,130,535	438,912	(418,083)
Total commodity contracts	**4,794,201**	**337,490**	**(294,210)**	2,130,535	438,912	(418,083)
Embedded derivatives						
Market-linked deposits	**421,823**	**-**	**(775)**	423,127	-	(1,919)
Total embedded derivatives	**421,823**	**-**	**(775)**	423,127	-	(1,919)
Total over-the-counter contracts	**44,290,759**	**1,320,397**	**(824,840)**	42,929,545	1,505,877	(959,761)
Exchange-traded contracts						
Interest rate contracts						
Futures	**26,432,000**	**34,223**	**(29,909)**	23,688,000	33,757	(29,495)
Total interest rate contracts	**26,432,000**	**34,223**	**(29,909)**	23,688,000	33,757	(29,495)
Total exchange-traded contracts	**26,432,000**	**34,223**	**(29,909)**	23,688,000	33,757	(29,495)
Total fair value of contracts	**$ 70,722,759**	**$ 1,354,620**	**$ (854,749)**	$ 66,617,545	$ 1,539,634	$ (989,256)

In addition to the notional amounts of derivative instruments shown above, ATB has certain foreign-exchange spot deals that settle in one day. These deals had notional amounts of $49.5 million as at September 30, 2020 (March 31, 2020: $116.1 million).

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

10 Collateralized Borrowings

Canada Mortgage Bonds (CMB) Program

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

Credit Card Securitization

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

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

As at *($ in thousands)*	**Sept 30 2020**	March 31 2020
Principal value of mortgages pledged as collateral	**$ 7,089,665**	$ 7,394,422
ATB mortgage-backed securities pledged as collateral through repurchase agreements	**879,643**	605,722
Principal value of credit card receivables pledged as collateral	**638,670**	678,852
Total	**$ 8,607,978**	$ 8,678,996
Associated liabilities	**$ 8,563,344**	$ 8,545,092

11 Payment in Lieu of Tax (PILOT)

No PILOT is payable for the three months ended September 30, 2020 (September 30, 2019: $20.6 million) as a result of the loss ATB incurred for the six months ended September 30, 2020 (September 30, 2019: $34.8 million). Any PILOT will continue to be settled by issuing subordinated debentures until ATB's Tier 2 notional capital is eliminated. PILOT is calculated as 23.0% of net income reported under IFRS. As noted in the 2020 annual consolidated financial statements, the net income that ATB Capital Markets (formerly AltaCorp Capital Inc.) earned in Canada is subject to PILOT effective April 1, 2020. In addition, net income earned by ATB Private Equity LP, a new legal entity registered March 23, 2020, is also subject to PILOT. Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT has changed to be based on 23% of their net income before PILOT.

12 Capital Management

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

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

As at September 30, 2020, ATB exceeded both the total capital requirements and the Tier 1 capital requirement of the *Capital Requirements* guideline.

($ in thousands)	**Sept 30 2020**	March 31 2020
Tier 1 capital		
Retained earnings	**$ 3,727,732**	$ 3,752,651
Tier 2 capital		
Eligible portions of:		
Wholesale borrowings	**1,942,629**	2,018,480
Collective allowance for loan losses	**318,995**	315,453
Notional capital	**74,276**	74,276
Total Tier 2 capital	**$ 2,335,900**	$ 2,408,209
Deductions from capital		
Software and other intangibles	**291,793**	308,819
Total capital	**$ 5,771,839**	$ 5,852,041
Total risk-weighted assets	**$ 36,456,570**	$ 38,803,887
Risk-weighted capital ratios		
Tier 1 capital ratio	**10.2%**	9.7%
Total capital ratio	**15.8%**	15.1%

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

13 Segmented Information

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

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

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

Basis of Presentation

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

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

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

($ in thousands)	Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic service units	Total
June 30, 2020					
Net interest income	$ 116,141	$ 148,865	$ 4,658	$ 5,775	$ 275,439
Other income	24,977	47,483	55,642	21,063	149,165
Total operating revenue	141,118	196,348	60,300	26,838	424,604
Provision for loan losses	54,287	185,729	5,300	-	245,316
Non-interest expenses (2)	133,617	95,703	54,760	9,422	293,502
(Loss) income before PILOT	(46,786)	(85,084)	240	17,416	(114,214)
PILOT	-	-	55	(55)	-
Net (loss) income	$ (46,786)	$ (85,084)	$ 185	$ 17,471	$ (114,214)
Total assets	$ 26,626,397	$ 20,957,461	$ 1,715,046	$ 5,846,923	$ 55,145,827
Total liabilities	16,534,996	17,377,178	1,743,856	15,568,802	51,224,832

($ in thousands)	Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic service units	Total
September 30, 2019					
Net interest income	$ 123,899	$ 149,289	$ 5,392	$ 17,071	$ 295,651
Other income (loss)	27,469	41,859	56,434	(2,184)	123,578
Total operating revenue	151,368	191,148	61,826	14,887	419,229
Provision for (recovery of) loan losses	13,028	19,696	(393)	-	32,331
Non-interest expenses (2)	138,335	96,821	55,721	7,781	298,658
Income before PILOT	5	74,631	6,498	7,106	88,240
PILOT	-	(315)	3,600	16,992	20,277
Net income (loss)	$ 5	$ 74,946	$ 2,898	$ (9,886)	$ 67,963
Total assets	$ 24,229,236	$ 21,748,287	$ 1,059,076	$ 6,909,002	$ 53,945,601
Total liabilities	14,646,340	18,199,971	1,070,088	16,227,247	50,143,646

For the six months ended *($ in thousands)*	**Everyday Financial Services**	**ATB Business (1)**	**ATB Wealth**	**Strategic service units**	**Total**
September 30, 2020					
Net interest income	**$ 235,441**	**$ 310,063**	**$ 8,791**	**$ 16,021**	**$ 570,316**
Other income	**52,150**	**94,025**	**115,785**	**20,687**	**282,647**
Total operating revenue	**287,591**	**404,088**	**124,576**	**36,708**	**852,963**
Provision for loan losses	**49,979**	**241,840**	**5,651**	**-**	**297,470**
Non-interest expenses (2)	**261,824**	**186,127**	**108,872**	**22,494**	**579,317**
(Loss) income before payment in lieu of taxes (PILOT)	**(24,212)**	**(23,879)**	**10,053**	**14,214**	**(23,824)**
PILOT (3)	**-**	**-**	**2,312**	**(2,312)**	**-**
Net (loss) income	**$ (24,212)**	**$ (23,879)**	**$ 7,741**	**$ 16,526**	**$ (23,824)**

($ in thousands)	Everyday Financial Services	ATB Business (1)	ATB Wealth	Strategic service units	Total
September 30, 2019					
Net interest income	$ 246,864	$ 301,786	$ 10,129	$ 35,895	$ 594,674
Other income	54,847	84,865	112,101	6,612	258,425
Total operating revenue	301,711	386,651	122,230	42,507	853,099
Provision for loan losses	27,745	70,434	240	-	98,419
Non-interest expenses (2)	277,968	198,961	109,870	20,254	607,053
(Loss) income before PILOT	(4,002)	117,256	12,120	22,253	147,627
PILOT	-	(949)	7,216	27,618	33,885
Net (loss) income	$ (4,002)	$ 118,205	$ 4,904	$ (5,365)	$ 113,742

(1) Effective April 1, 2020, ATB Business includes Business and Agriculture (B&Ag), Corporate Financial Services (CFS), and ATB Capital Markets Inc. (formerly AltaCorp Capital Inc.).

(2) Certain costs are allocated from the strategic service units (SSUs) to the areas of expertise. The allocation method, revised annually, creates fluctuations in ATB's segmented results.

(3) Effective April 1, 2020, the net income that ATB Capital Markets (formerly AltaCorp Capital Inc.) earned in Canada is subject to PILOT due to ATB's purchase of all employee-owned Class B shares on March 31, 2020, thereby attaining 100% ownership. Effective April 1, 2020, the methodology to calculate ATB Wealth's PILOT has changed to be based on 23% of their net income before PILOT compared to 23% of their legal entity results that had been used in prior year.

14 Comparative Amounts

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