

# GETTING THE JOB DONE FOR OUR CUSTOMERS



# TABLE OF CONTENTS

ATB VISION, MISSION, AND VALUES .....	3
MESSAGE FROM THE CHAIR / PRESIDENT AND CEO .....	4
ECONOMIC OUTLOOK 2007 .....	6
COMPETITIVE REALITY .....	7
STRATEGIES FOR SUCCESS .....	7
Deliver a Superior Customer Service Experience .....	7
Diversify Revenues by Meeting Customers' Financial Services Needs ..	7
Preserve and Build a Highly Skilled and Engaged Team of Associates ..	7
Balance Fair Returns with Effective Risk Management .....	8
2007-2010 PLANS BY LINE OF BUSINESS .....	9
Personal and Business Financial Services (PBFS) .....	9
Corporate Financial Services (CFS) .....	10
Investor Services (IS) .....	11
Insurance .....	12
BUILDING OUR SUCCESS .....	13
THREE-YEAR GOALS .....	14
HIGHLIGHTS .....	15
CONTRIBUTION TO OUR COMMUNITY .....	16

# ATB'S VISION, MISSION, AND VALUES

## OUR VISION

Alberta's first choice for financial services.

## OUR MISSION

To deliver unrivaled levels of service to our customers through engaged associates enabling our shareholder to enjoy a fair return.

## OUR BRAND PROMISE: ATB FINANCIAL, WHERE THERE'S A WAY

At ATB Financial (ATB), we help our customers get it done. We care enough to understand their needs, identify alternatives, and find solutions.

## OUR VALUES

The success of ATB is rooted in the caring, compassion, and generosity of our associates. Because our associates are Albertans who work and live here, they understand and reflect the same values as our customers. These strong Alberta roots allow us to care with a difference. Four key values guide ATB's decision-making and actions:

- **Customer Focus:** Our passion is to find solutions for our customers. This passion is the foundation of our brand. Our customers' success is our success.
- **Teamwork:** We combine our individual talents and strengths to work for the benefit of our customers. We trust each other, we respect diverse opinions, and we are mindful of the impact of our actions and decisions on the broader ATB team.
- **Ownership:** Each of us is entrusted with the responsibility for a part of ATB. Each day we make choices that reflect how we would act if this was our own company. We carefully manage resources, go the extra mile for our customers, and treat our fellow associates the way we like to be treated.
- **Integrity:** We value the trust our customers place in us, and we always conduct our affairs in an ethical, fair, and transparent manner.

# MESSAGE FROM THE CHAIR / PRESIDENT AND CEO

With Alberta's strong and growing economy, ATB faces great opportunities and significant challenges in its business plan for the coming three years. At this exciting time in Alberta, ATB will continue to listen to our customers and offer exactly what they need for financial services. We'll get the job done.

Today ATB provides financial services to over 600,000 customers in 244 communities through a network of 154 branches and 134 agencies. We remain the sole financial institution in 118 Alberta communities. We are one of the largest agri-industry lenders in the province and a major financial services provider to Albertans.

Our commitment to personal service continues to distinguish ATB. We will continue to provide more people to serve our customers, more branches close to where people live and work, and more face-to-face service. Corporately, we embrace philanthropy, volunteerism, and ethical responsibility. For ATB associates, we're building a best-in-class work environment; for customers, we're ensuring the highest levels of satisfaction; and for our shareholder, we're delivering solid returns.

Fiscal 2007 has been another strong year due to the continued growth of the Alberta economy and our associates' passion for excellence. Fiscal 2008 economic factors point to a continued robust Alberta economy, which creates accompanying challenges for ATB and its customers in attracting and retaining qualified personnel.

But we're ready. ATB will continue to strengthen our lines of business: Personal and Business Financial Services (PBFS), Corporate Financial Services (CFS), and Investor Services (IS) to meet the needs of Albertans and its businesses.

ATB has four [strategic priorities](#) for the 2007-2010 planning period. Across our core lines of business, we will:

- deliver an exceptional, superior service experience to our customers;
- diversify revenue by meeting the financial services needs of our customers;
- preserve and build a highly skilled and engaged team of associates; and
- balance fair returns with effective risk management.

[Personal and Business Financial Services \(PBFS\)](#) is ATB's largest line of business. Our competitive advantage remains the personal sales and service experience we offer customers. In fiscal 2008, we will continue to gain and retain more customers by providing relevant products and services. We will continue to excel through sales effectiveness training, improved processes and technology, and effective associate recruitment, training, and retention.

## MESSAGE FROM THE CHAIR / PRESIDENT AND CEO *continued*

**Corporate Financial Services (CFS)** will become a leading provider of financial services to mid-market companies across selected industry sectors in Alberta. CFS's competitive advantage is its highly trained and competent relationship managers with local knowledge and industry expertise and local decision-making powers. In fiscal 2008, CFS will focus on deepening and expanding its product offering, developing targeted marketing plans for the agriculture industry, and developing a long-term strategy to enhance its presence in the marketplace.

ATB launched **Investor Services (IS)** in 2003 to meet the wealth management needs of Albertans. Since that time, IS has exceeded expectations and became profitable in the 1st Quarter of fiscal 2008. IS will continue to grow in fiscal 2008 by expanding its Personal Investment Management business, which targets high-net-worth individuals, by developing its wealth management offering to include estate and tax planning, and by implementing best-in-class service practices for retaining customers.

To succeed in this highly charged and challenging market over the planning period, ATB must remain relevant by offering innovative products and services, invest in associates, improve its ability to meet the financial needs of Albertans and the businesses they operate, and invest in infrastructure that maintains system security and availability.

As ever, ATB relies on the loyalty of our customers, the dedication and commitment to personal service of our associates, and the support of our shareholder. With a carefully considered business plan and strategic investments, ATB can help drive the province's growing economy and its future.



**Robert A. Splane**, Chairman of the Board



**Dave Mowat**, President and Chief Executive Officer

# ECONOMIC OUTLOOK 2007

Alberta's dynamic economy continues to outpace the national average. The economy is characterized by a very low unemployment rate, high demand for housing and construction, and increasing inflationary pressures.

## Despite rising inflation, Alberta is projected to see economic growth at peak levels

Real GDP growth is expected to average 3.8 per cent in 2007 (2.9 per cent nationally) and 3.4 per cent in 2008 (2.8 per cent nationally). Growth will continue to be investment-driven—due to political stability, Alberta oil and gas production is very attractive to global investors.

- **Impact on ATB:** Balance sheet growth will remain healthy; revenue growth is expected to remain in the double digits through 2010.

## A U.S. recession could cause higher Canadian dollar

A U.S. recession, plus a high U.S. current account deficit (7 per cent of GDP), could translate into a continuing rising Canadian dollar. We expect interest rates to remain relatively stable over the 2007 calendar year.

- **Impact on ATB:** A steady, low interest rate environment will keep borrowing costs relatively low and encourage customers to borrow at longer-term rates and invest in short-term instruments.

## Alberta continues to have the strongest economic growth among Canadian provinces

We project Alberta's annual wage growth of 4.7 per cent to remain unchanged throughout 2007.

- **Impact on ATB:** Business cash flows are expected to remain elevated, but profitability may be compromised due to both an inability to find workers and higher wage costs.

## Housing markets have tightened dramatically

Finding affordable housing continues to be a challenge due to strong economic growth and in-migration.

- **Impact on ATB:** Relatively low mortgage rates, increased employment, strong in-migration, and strong consumer confidence will continue to fuel residential construction. Demand for mortgages should increase by at least 10 per cent.

## The agricultural community faces challenges

Alberta's agricultural community continues to face challenges, with higher input costs, a rising Canadian dollar, rising debt levels, and lower cash receipts. Another challenge—for all sectors in Alberta—is finding labour, due to high wage competition from construction and oil and gas sectors.

- **Impact on ATB:** Cash flows are expected to remain flat but, as with other Alberta businesses, profitability may be compromised due to both an inability to find workers and higher wage costs.



# COMPETITIVE REALITY

The financial services industry renews itself continually. Customers' needs today are not necessarily their requirements tomorrow. Therefore, ATB must take action to retain the business we have today. Customers can—and often do—re-evaluate their choices in the market. ATB needs to work to keep the customers' business by offering superior service and a competitive lineup of products and services.

# STRATEGIES FOR SUCCESS

ATB continues to pursue the following four strategies to leverage our strengths, address our challenges, and position ATB to compete and win in Alberta's financial services marketplace.

## Deliver a Superior Customer Service Experience

In this highly competitive market, it will be very difficult to compete for business if we don't have the products, the branches, and the services our customers demand. Today, ATB enjoys strong customer satisfaction, across all lines of business, because of our "service experience"—our commitment to personal service. Going forward, we must make sure this experience continues to differentiate us. Hence, our brand promise:

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At ATB Financial, we help our customers get it done. We care enough to understand their needs, identify alternatives, and find a solution.

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To deliver on this promise, ATB will enhance our presence in the marketplace, continue implementing a winning sales and service customer experience, and invest astutely in technology and information management to support growing our business.

## Meeting Customers' Financial Services Needs

To attract new business and capture more business from existing customers, ATB will increase our wallet share in personal financial services by better tailoring our products and services to our customers' needs. We will renew our focus on agricultural and business lending and drive higher sales of our MasterCard and merchant services. In addition, we will expand products and services for Corporate Financial Services and Investor Services customers. Finally, ATB will support its new products and services by attracting and retaining specialists, customizing our information management tools, and employing strong risk-management practices.

## Preserve and Build a Highly Skilled and Engaged Team of Associates

Our personal service strategy, our sizeable investments in capital projects, our new and expanding product and service lines, and our operational initiatives will put increased demands on our workforce. In addition, Alberta's labour market is highly competitive. Employment is up and Alberta's annual wage increases are the highest in Canada. The shortage of skilled workers is expected to rise and mature workers are preparing to exit the workforce.

To invest in our existing associates and continue to attract talented team members to help us grow, ATB will continue to develop its positive culture and leadership style. We will improve employee engagement through competitive compensation, enhanced human resources processes and policies, and flexible benefits and work opportunities. Finally, ATB will continue to develop our innovative and flexible rewards and recognition programs.

### Balance Fair Returns with Effective Risk Management

ATB's costs increase as the company grows in size and complexity, due to increased competition; tighter industry standards in corporate governance and regulatory compliance; introducing new lines of business; increased labour costs; and higher costs necessary to guarantee personal customer service.

The resulting challenge is threefold: balancing growth, operational excellence, and asset and risk management. Thus, ATB's strategic priorities will focus on delivering stable, fair returns along with continuous productivity improvements and disciplined risk-management practices. Our investment in productivity improvements, enhanced decision support systems and processes, and capital and asset management will improve performance in the next three years of the business plan and help prepare ATB for any eventuality in the economy.



# 2007-2010 PLANS BY LINE OF BUSINESS

## Personal and Business Financial Services (PBFS)

PBFS is the retail arm of ATB that also serves business and agricultural clients who borrow up to \$2 million. PBFS touches 244 communities in Alberta with a projected \$13.7 billion in loans and \$14.4 billion in deposits (2007).

### Business Plan Deliverables and Three-Year Goals

Our fiscal 2008 plan is to strengthen our presence in the retail marketplace, continue to implement our sales and service initiatives, and invest in productivity and technologies to allow our associates to “get it done” for our customers.

#### 1. Profitably Increase Market Presence in Seven Key Markets

PBFS will continue to build new branches in Greater Edmonton, Greater Calgary, Fort McMurray, Grande Prairie, Medicine Hat, Lethbridge, and Red Deer, and work to strengthen client relationships.

#### 2. Maintain Our Market Presence in Rural Markets

PBFS will maintain and modernize branches in rural markets.

#### 3. Deliver an Exceptional Sales and Service Experience

Front-line procedures will be reviewed to ensure they remain efficient, protect ATB against operational risk, and do not impede delivery of our exceptional client experience. We will continue to enhance our retail sales and service culture.

#### 4. Improve Productivity in All Sales and Service Delivery Channels

PBFS will streamline credit processes and improve efficiencies and technologies in Central Services, Customer Contact Centre, and MasterCard.

#### 5. Increase our Share of Wallet and Customer Satisfaction

PBFS will improve and renew its agricultural and business lending and continue to focus on improving MasterCard and merchant services.

#### 6. Recruit and Retain Associates

PBFS will review and enhance retention and compensation programs, redesign our sales distribution model, and review and upgrade training programs for new and existing associates.

## Corporate Financial Services (CFS)

The role of CFS is to assist commercial and corporate ATB customers with credit needs greater than \$2 million or with complex corporate structures or borrowing needs.

### Business Plan Deliverables and Three-Year Goals

A key objective of CFS is to help customers maintain a relationship with ATB as their business success brings the need for more sophisticated financial services. A growing client will have expanded access to the experience of a corporate lender while maintaining a relationship with the retail distribution network. Our ongoing strategy is to maintain a more personal service relationship with our customers.

#### 1. Diversify Revenues by Deepening and Expanding Our Product Offering

During fiscal 2008, CFS will focus more on the mid-market where customers require financial products and services. We will review our long-term growth strategy by assessing our customers' current and future needs and ensuring that we have the capability and capacity to deliver.

#### 2. Expand Penetration of the Agriculture Business Market

CFS will deliver a focused agriculture marketing plan.

#### 3. Enhance Visibility and Presence in the Marketplace

We will strengthen and expand alliances with key industry associations. We will also develop a targeted awareness program to improve target customers' perceptions of ATB's capabilities.

#### 4. Continue to Recruit and Retain Quality Associates

Customers demand increasingly complex financial products and services. CFS will review and enhance internal technical training, retention, and compensation programs as we strive for operational excellence in the marketplace.



## Investor Services (IS)

IS was launched in 2003 to meet the wealth management needs of ATB's existing customers. Its unique value proposition is to deliver individualized needs-based advice and quality ongoing service.

### Business Plan Deliverables and Three-Year Goals

IS will expand its product and service offerings to accommodate existing clients and win new client business.

#### 1. Continue to Generate Prospects

IS plans to move from approximately 90 per cent internal business referrals, to a 65:35 mix of internal and external referrals over the next three years. We will align IS financial advisors with business financial services relationship managers to increase referrals.

#### 2. Expand the Advisory Team

IS will expand its advisory team to 200 over the next three years, reflecting continued growth in the overall Alberta wealth management market.

#### 3. Deliver Best-in-Class Service

IS will ensure that we deliver ongoing best-in-class service. We will equip advisors with a "best-practices" approach to reviewing customers' progress towards their goals and management with a means of measuring the amount and quality of advisor-client contact.

#### 4. Expand Our Offering

The fall 2006 launch of an in-house brokerage for life and living benefits insurance expands IS's advisory capabilities to include estate, succession and tax planning, insurance protection through life, disability, and critical illness insurance, and annuities.

#### 5. Continue Efficiency Gains Through Technology Enhancements

As we grow our number of accounts, IS will increase productivity in the back office so our expenses grow at a fraction of the pace of revenues. During fiscal 2008, we will focus on designing and implementing an architecture that integrates our various systems and ensures a seamless flow of information to aid with planning, customer service, and management reporting.

#### 6. Enhance Compliance and Risk Management

IS will continue to build the confidence of regulators, auditors, and governance bodies. We will continue to enhance our control systems and processes as part of our continuous improvement initiative to develop an integrated enterprise risk-management strategy.

#### 7. Complete Acquisitions to Augment Organic Growth

IS will continue to explore acquisition opportunities that offer a strong organizational fit.



## Insurance

ATB will continue to enhance its offerings in the insurance market.

### Business Plan Deliverables and Three-Year Goals

Our mission is to create a line of customer-focused insurance solutions to help protect Albertans from life's unplanned events and to be known for delivering superior service and innovative products and demystifying insurance protection.

#### 1. Re-launch the New Insurance Line of Business

Our major initiatives include:

- Re-launching sales of creditor products following plan design, pricing, and administrative changes;
- Procuring more business; and
- Restructure our creditor group life insurance.

#### 2. Introduce Redesigned Creditor Insurance

In fiscal 2009, we plan to introduce redesigned lines of creditor insurance for home equity and personal needs.



# BUILDING OUR SUCCESS

The success of our plan depends in large part on our people, our processes, and our technology.

## Our People

Fiscal 2007 has been another strong year due to the accelerated growth of the Alberta economy and our associates' dedication amid this climate. ATB associates are engaged, successful, and highly skilled people who are passionate about excellence and empowered to find solutions for our customers.

Continuing to develop our team will be key to delivering on our business plan and ensuring our exceptional customer service experience continues. To ensure that ATB becomes an employer of choice in Alberta, we will:

- Document clear mandates and delegate authorities effectively across the organization;
- Promote ATB as an organization with talented achievers that embody core values and leadership attributes;
- Update compensation programs;
- Enhance human resource processes and policies, including disability management, flexible benefits, and alternative work arrangements;
- Implement corporate and local engagement programs;
- Assess and improve workforce diversity;
- Develop and implement retention strategies;
- Assess and address workforce planning and training needs;
- Link training plans to both workforce and succession plans across the organization;
- Track associate training through enhanced online learning management systems;
- Provide training in sales effectiveness, compliance, and branch roles; and
- Develop innovative and flexible rewards and recognition programs.

## Our Processes

To support ATB's strategies for success over the 2007-2010 planning period, we will continue to strive for operational excellence through streamlining our processes. Enterprise-wide, we will optimize procurement and supply management processes to reduce non-interest expenditures; continue to implement productivity improvements in sales, service, and delivery processes; improve information and processes to measure and manage product profitability; and improve project priority-setting to manage capital and resources more effectively and to measure the results.

More specifically, we will:

- Enhance credit risk management by updating and improving business and consumer lending guidelines and processes;
- Enhance financial risk management by enriching processes for foreign-exchange trading;
- Invest in productivity improvements and enhanced decision-support systems and processes;
- Improve credit processes and support functions in Central Services, Customer Contact Centre, and MasterCard so both customers and associates can conduct business smoothly and easily; and
- Upgrade our online banking platform and telephone banking system to assist our customer and agency network.

## Our Technology

At ATB, technology is an enabler that provides associates with the right tools and information so they can focus on value-added activities that deliver a winning experience for our customers.

Our strategy is to invest in major upgrades to retail banking platforms and systems, leverage new technologies, improve the quality of customer service information, migrate to the new CHIP technology for debit and credit cards, and provide decision-support information through branch online scorecards and business intelligence initiatives. We will invest in IS systems enhancements and assess new technologies to support new products.

Major initiatives include:

- Improving IT security to help maintain the stability and security of our entire electronic environment;
- Planning, designing, and implementing an Alberta-based alternate production and prime disaster recovery site;
- Offering new imaged-based products and services to customers through the Truncation and Electronic Cheque Presentment program;
- Replacing magnetic cards with new chip technology and upgrading supporting systems to address card fraud, support new products, and improve customer service; and
- Replacing ATB's core banking "synergy" legacy system.

## THREE-YEAR GOALS

Our goals reflect our commitment to the Triple Win—satisfied customers, engaged associates, and enhanced shareholder value.

	FY08	FY09	FY10
<b>Financial (Shareholders)</b> ATB's return on average assets	1.2%	1.2%	1.2%
<b>Customer Satisfaction (Customers)</b> Highest levels of customer service on ATB's TRIM survey	87	89	91
<b>Employee Engagement (Associates)</b> Employer of Choice in Alberta	68.5%	70.5%	72.5%

# HIGHLIGHTS

## History

- Established September 29, 1938
- Independent Board of Directors established in 1996
- Provincial Crown Corporation since October 8, 1997

## Quick Facts

- Number of associates: 4,145
- Number of customers: 600,000
- Number of branches today: 154
- Number of agencies today: 134
- Number of ABMs today: 244

## Financial Statistic and Performance

- Investor Services assets under management and administration, March 31, 2007: \$3.7 billion
- Net income, for 12 months as at March 31, 2007: \$274.4 million

AS AT MARCH 31	1997	2006	2007
Assets	\$8.5 billion	\$17.6 billion	\$20.3 billion
Deposits (including wholesale)	\$8.4 billion	\$15.8 billion	\$18.3 billion
Total Loans	\$7.3 billion	\$14.8 billion	\$17.0 billion
Equity	(\$152 million)	\$1,349 million	\$1,623 million
Revenue	\$306 million	\$617.9 million	\$751.5 million
Net Income	(\$124 million)	\$198.7 million	\$274.4 million
Return on Average Assets	(1.44%)	1.20%	1.44%
Operating Revenue Growth	0.19%	14.83%	21.62%

# CONTRIBUTION TO OUR COMMUNITY

ATB Financial supports numerous community-based organizations and events each year through sponsorships, donations, and fundraising.

## Health and Wellness

Stollery Children's Hospital Foundation  
Alberta Children's Hospital Foundation  
STARS Air Ambulance  
Mazankowski Alberta Heart Institute

## Festivals and Events

Canadian Finals Rodeo  
Edmonton Grand Prix  
Edmonton International Street Performers Festival  
Grande Prairie Street Performers Festival  
Ponoka Stampede  
Calgary Stampede  
Big Valley Jamboree  
Red Deer CentreFest

## Sports

Edmonton and Calgary Corporate Challenge  
Spruce Meadows  
Alberta Summer Games  
Edmonton Eskimos  
Calgary Stampeders

## Corporate Fundraising Recipients

Alberta's United Way associations  
STARS Air Ambulance  
Stollery Children's Hospital Foundation  
Alberta Children's Hospital Foundation

