

**ATB FINANCIAL
MANDATE AND ROLES DOCUMENT**
made December 7, 2021 (the “Effective Date”)

This Mandate and Roles Document (MRD) has been developed jointly by ATB Financial (ATB), and the President of Treasury Board and Minister of Finance (Minister), per the *Alberta Public Agencies Governance Act (APAGA)*. It replaces the MRD signed in May 2020.

1. MANDATE AND EXPECTATIONS OF ATB

The business purpose of ATB, which includes its subsidiaries, is established in section 11 of the *ATB Financial Act*. In general terms, ATB's business purpose is to provide Albertans access to financial services, foster competition in the financial services marketplace and promote economic growth and investment in Alberta. In pursuing this purpose, ATB will carry on business in accordance with section 11.1:

- a) manage its business in a commercial and cost-effective manner;
- b) seek to earn risk-adjusted rates of return that are similar to, or better, than the returns of comparable financial institutions in the short term and the long term; and
- c) avoid an undue risk of loss by prudently managing its business, which includes establishing and implementing relevant plans, policies, standards and procedures.

2. MANDATE PRINCIPLES

ATB's mandate is to be interpreted through the following principles:

2.1. ATB is operationally independent of the Government of Alberta, under the oversight of a diverse Board.

The Board:

- a) guides, approves and monitors ATB's strategic plan, business plans and budget, risk appetite and financial results, ensuring alignment with the strategic direction of the Government of Alberta;
- b) oversees the performance of the CEO; and
- c) approves and oversees adherence to Board policies governing ATB's business and operations, including: risk and compliance; capital and liquidity; financial reporting and financial controls; human resources and compensation; and, governance and ethical conduct.

2.2. ATB will operate as a competitive financial institution in delivering financial services. This includes:

- a) maintaining regulatory and operational capital in accordance with regulatory guidelines and prudent financial management principles, which includes borrowing from the Government of Alberta pursuant to the loan agreement between ATB and the Government of Alberta;

- b) investing in a manner that supports Alberta businesses and industries;
- c) creating or acquiring subsidiaries (subject to the approval of the Lieutenant Governor in Council) to deliver on ATB's strategic and business imperatives;
- d) making use of partnerships, joint ventures and other arrangements to promote good governance, competitiveness and innovation;
- e) procuring goods and services generally in a fiscally prudent, yet commercially reasonable manner;
- f) prudently managing risks, including geographic concentration, credit and funding risk, through the use of derivatives, hedging and other contract types; and
- g) leveraging opportunities to source low cost capital, and capital alternatives, to promote competitive funding.

2.3. As a government-owned enterprise, ATB will demonstrate:

- a) ethical behaviour;
- b) public accountability;
- c) prudent financial management; and
- d) fairness to consumers.

3. ATB OPERATIONS

The Minister establishes the purpose and provides strategic direction for ATB. ATB will determine and pursue its strategic objectives in alignment with the Minister's stated purpose and strategic direction.

3.1 Corporate Administration

Within the framework of legislation, regulations, guidelines, Ministerial Orders and other policies or agreements applicable to ATB, ATB's strategic plan, business plan, annual budget, and this MRD, ATB will ensure that:

- a) it determines its own financial and administrative arrangements;
- b) day-to-day operation and management decisions, including financial, staffing and compensation, administrative, investment, credit granting and enforcement, are made independent of the Government of Alberta;
- c) it makes business decisions in a sound commercial fashion;
- d) business transactions with the Government of Alberta are on market terms and conditions that are no more favourable or onerous than those offered to private sector customers in comparable circumstances; and
- e) personal information about ATB customers is not provided to the Government of Alberta, including all credit granting and enforcement decisions, except as permitted by law.

3.2 Business Operations

ATB will provide financial products and other services through various channels, including digital and physical, in accordance with its strategic and business plans only as permitted under legislation or regulation.

As part of providing access to financial services, ATB will:

- a) ensure that its customers are predominantly Alberta residents and/or

- corporations headquartered in Alberta; and,
- b) not provide any services outside Alberta, except under the following circumstances: December 7
- i. where specifically permitted in the *ATB Financial Act* or Regulation;
 - ii. where ancillary to providing financial services to persons residing or operating in Alberta;
 - iii. where persons previously resident in Alberta that have left the province and continue to maintain accounts with ATB;
 - iv. where ancillary to the business of ATB and at a level needed to sustain its operations, ATB may offer administrative and back office processing services included in the Approved List of Back Office Services (see Appendix A) to any persons in Canada; or,
 - v. as otherwise authorized.

ATB, through its subsidiaries, may provide services generally appertaining to the business of wealth and investment management, capital markets or investment banking in any jurisdiction where such jurisdiction permits.

ATB funds its operations through profits, deposits and other means identified in ATB's business and other plans. Under the *Alberta Financial Administration Act*, the Minister is the exclusive borrowing agent for ATB and has entered into a loan agreement with ATB to provide wholesale funding to ATB. ATB will work with the Government of Alberta to ensure that its borrowings are aligned with the Government of Alberta's borrowing practices.

The Minister will work with ATB to determine the feasibility of, and manner in which, a portion of the annual earnings of ATB could be paid to the Government of Alberta.

4. GOVERNANCE

4.1 Board of Directors

ATB will have a diverse Board who together satisfy requirements for specific competencies, and governed in a manner that provides the highest level of governance and transparency to achieve its mandate. The Lieutenant Governor in Council appoints a Board and a Chair. Directors are appointed in accordance with the provisions of APAGA.

The recruitment and nomination process for Directors, including the Chair, is guided by provisions of APAGA and is subject to generally applicable policies and processes established from time to time by the Government of Alberta (See Appendix B).

4.2 Respective Roles and Responsibilities

The respective roles and responsibilities in relation to ATB are summarized as follows.

ATB

- ATB is responsible for carrying out and meeting its business purpose and

objectives, and complying with laws and regulation.

ATB Board

- The Board is responsible for the governance of ATB, and shall participate with the Minister in setting ATB's long-term objectives and short-term targets, and overseeing the management of ATB's business and affairs, including monitoring its performance in relation to its business objectives.
 - i. The duty of care of Directors of ATB is set out in the *ATB Financial Act* and includes that Directors must act honestly and in good faith, and shall exercise their powers and discharge their duties with a view to the best interests of ATB, ensuring that ATB meets its business purpose and objectives with due regard to the interests of the Crown and depositors of ATB.
 - ii. The Board approves and oversees policies, procedures, and standards by which ATB operates.
 - iii. The Board ensures compliance with all relevant policies, procedures, and standards by which ATB operates and ensures that ATB operates at all times in compliance with all applicable laws and regulations.
 - iv. The Board acts independent of management and reviews management's performance and effectiveness in achieving ATB's business purpose and objectives.
 - v. The Board may set the remuneration payable to the CEO, in accordance with any applicable legislation, regulations or policies set by the Government of Alberta.
 - vi. The Board oversees implementation of an effective risk management culture, and monitors its risk profile relative to its risk appetite.
 - vii. The Board strives to follow corporate governance best practices and business policies broadly comparable to those of other Canadian financial institutions, and within the context of ATB's status as a government-owned enterprise.

The Chair

- The Chair represents the Board, with direction from the Board and is responsible for providing leadership for the Board and for effectively facilitating the work of the Board.

The CEO

- The CEO is responsible for leading management, developing recommendations for ATB's strategy, implementing the strategic direction set by the Board, reporting to the Board and for the day-to-day operations of ATB.

The Minister

- The Minister reports to the Legislature on the affairs of ATB and, with the support of ATB and the Department, answers questions about ATB in the Legislature. The Minister is responsible for ATB as both the representative of the owner, the Province of Alberta, and as its primary regulator.

- i. The Minister recommends appointments and reappointments of Directors, Chair and the CEO for approval by the Lieutenant Governor in Council.
- ii. The Minister recommends the establishment of subsidiaries of ATB for approval by the Lieutenant Governor in Council.
- iii. The Minister and the Board shall meet to ensure alignment of ATB's long-term objectives and short-term targets with ATB's business purpose.
- iv. The Minister is responsible for monitoring whether ATB is acting within its business purpose, complying with legislation, and achieving its long-term objectives and short-term targets.

The Department

- The Department is responsible for supporting the Minister in the above functions and acting on the Minister's behalf as designated or delegated.

4.3 Accountability

The Minister is accountable to the Legislature for ATB.

ATB and its Chair and Board are accountable to the Minister and the Government of Alberta.

The CEO is accountable to the Board.

5. COMMUNICATIONS

The Minister will meet at least annually with the Board and senior management to review the annual report and to provide direction regarding ATB's long-term objectives and short-term targets.

The Board and the Minister expect mutual ongoing communication, collaboration and consultation, including regular meetings between ATB and the Department to foster an effective working relationship. To that end, multiple avenues of communication are employed, including the following:

- a) between the Chair and the Minister;
- b) between the CEO and the Deputy Minister;
- c) between the Board and ATB management and the Superintendent of Financial Institutions and associated team as necessary to facilitate the regulatory oversight of ATB; and,
- d) between various officials of ATB and the Department.

In particular, it is expected that ATB and the Department will provide timely notice to each other of any of the following.

- a) Planned legislative changes, other activities that would have a significant impact on the responsibilities or activities of the other, or that would have a significant impact upon, or be of significant concern to any applicable stakeholders, or regulatory authorities of Alberta or other jurisdictions.

- b) Any involvement in a judicial or quasi-judicial proceeding concerning or having an impact upon Alberta financial services laws and referencing a federal-provincial jurisdiction constitutional issue or a Charter of Rights and Freedoms issue.
- c) The closure of a branch or branches by ATB, including providing 90 days advance notice which includes the rationale for the decision, the procedures for closing, a communications plan, and how impacted customers will be accommodated. The Government of Alberta may request additional information.
- d) Changes to ATB's senior executive team positions.
- e) Any other significant concerns that may cause a significant reputational impact on either ATB or the Government of Alberta.

In addition, the Minister will consult with the Chair, as appropriate, when significant new strategic directions directly impact the mandate of ATB or when Government of Alberta initiatives, for e.g., legislation, regulation, policies or guidelines, affect the operations of ATB.

6. ADMINISTRATION OF THIS MRD

6.1 Publication of MRD

ATB will make this MRD publicly accessible on ATB's website.

6.2 Administration

Per APAGA, the MRD must be reviewed and renewed, amended or replaced within three years. This MRD may be amended on the written approval of both the Minister and the Chair.

6.3 Appendices

The following appendices form part of this MRD:

- a) Appendix A – Approved List of Back-Office Services
- b) Appendix B – Recruitment and Appointment of Board Members
- c) Appendix C – Statutory Requirements and Other Information
- d) Appendix D – Regulatory Oversight

6.4 Definitions

In this MRD:

- a) **"Board"** means the Board of Directors of ATB Financial;
- b) **"CEO"** means the chief executive officer of ATB Financial, by whatever title;
- c) **"Chair"** means the chair of the Board of Directors of ATB Financial;
- d) **"Department"** means the Department of the Minister, currently established as the Department of Treasury Board and Finance of the Government of Alberta, or other departments so charged;
- e) **"Directors"** mean the Directors on the Board of ATB Financial;
- f) **"Government of Alberta"** means Her Majesty the Queen in right of Alberta or Crown in right of Alberta.
- g) **"MRD"** means the Mandate and Roles Document developed by ATB Financial and the Minister as outlined in APAGA.

ATB FINANCIAL

Date: Nov. 30, 2021 per: 
Joan Hertz, Chair

PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE

Date: December 7, 2021 per: 
Travis Toews

Appendix A – Approved List of Back-Office Services

Subject to the following parameters, conditions and reporting requirements, ATB may provide the following back-office services to businesses outside Alberta:

- a) Access to the clearings system for indirect clearers.
- b) Access to MasterCard Canada for financial institutions.
- c) Point of sale (POS) debit card, credit card and merchant services.
- d) Automated banking machine (ABM) services.
- e) Call Centre services.
- f) Loan and mortgage processing services.
- g) Payroll-processing services.
- h) Wealth management processing services.
- i) Information Technology consulting services.

Parameters and Conditions

- a) The back-office service must be required to support ATB's core operations.
- b) The extent of ATB's back-office service must be limited to that amount which allows ATB to (i) develop its operations on an economically viable scale, or (ii) utilize any excess capacity included to accommodate reasonable future growth.

Reporting Requirements

- a) Provide regularly to the Minister information on the types and levels of back-office services offered and provided, and the extent to which they support the core operations of ATB and its customers in Alberta compared to those in other jurisdictions.

Appendix B - Recruitment and Appointment of Board Members

- a) The Minister and Chair will work collaboratively in the recruitment and appointment of board members.
- b) Per the *ATB Financial Act*, the Lieutenant Governor in Council appoints a board of directors and a chair to the ATB board. Board members are appointed for the competencies and value they bring to ATB. The appointments are made in accordance with APAGA.
- c) The Board will maintain a succession plan, which meets the needs and timing appropriate to ATB.
- d) ATB will maintain an inventory of Director competencies.
- e) When a vacancy occurs or is expected, the Board will identify the competencies needed and, after consultation with the Department, provide that candidate profile and supporting documentation, to those responsible for the recruitment process.
- f) A public posting of all Director vacancies, including the Chair, is required.
- g) The recruitment and nomination process for Directors, including the Chair, is guided by provisions of APAGA and is subject to generally applicable policies and processes established from time to time by the Government of Alberta.

Appendix C - Statutory Requirements and Other Information

STATUTORY REQUIREMENTS

Subsidiaries

ATB has the following subsidiaries:

- a) ATB Securities Inc., which provides investment brokerage services dedicated to ATB Wealth clients;
- b) ATB Capital Markets Inc., including its subsidiaries, which provides advisory and institutional financial services, including corporate mergers and acquisitions, equity financings, debt capital markets, acquisitions and divestitures, equity research, sales and trading, market making, and private wealth management;
- c) ATB Investment Management Inc., which provides managed discretionary investment services for high net worth private and institutional clients and also acts as the manager, portfolio advisor and trustee of funds; and,
- d) ATB Insurance Advisors Inc., which provides tax and estate planning advice and a range of protection and services, including life and disability.
- e) The special purpose vehicle corporations (as defined in the Regulation), which include 2302850 Alberta Inc., 2302857 Alberta Inc., 2302860 Alberta Inc., 2302862 Alberta Inc., 2302865 Alberta Inc., 2302868 Alberta Inc. and 2302871 Alberta Inc.

ATB can acquire or create a subsidiary with the approval of the Lieutenant Governor in Council, based on the recommendation of the Minister, in accordance with legislative and regulatory requirements.

Codes of Conduct:

Team Member Code: In accordance with APAGA and the *Conflicts of Interest Act*, ATB maintains a code of conduct (including processes for administering the codes of conduct) governing the conduct of employees of ATB (Team Member Code). All ATB employees are responsible for adhering to the Team Member Code. The Team Member Code sets out a process for handling actual or apparent breaches of the Team Member Code, which includes an escalation process to resolve issues. The Governance and Conduct Review Committee of the Board has overall responsibility for the effectiveness of the Team Member Code and recommends any amendments to the Board.

Directors' Code of Conduct and Ethics: ATB has also established a code of conduct and ethics (Directors' Code) which sets out the principles and standards that guide the actions of all ATB Directors. The Board has the responsibility for maintaining the effectiveness of and administering the Directors' Code.

The codes of conduct are made available to the public on ATB's website. Under the *Conflicts of Interest Act*, the Ethics Commissioner, as an independent officer of the Alberta Legislature, has final review and approval.

Officers, Committees and Bylaws

The Lieutenant Governor in Council, on the recommendation of the Board, appoints a person to be Chief Executive Officer of ATB.

ATB's Board has established four standing Board Committees: Audit, Risk, Governance and Conduct Review, and Human Resources. The Board can establish other committees necessary to carry out its functions and duties in accordance with the *ATB Financial Act*.

The Board is empowered to make bylaws governing the business and affairs of ATB.

Reporting and Additional Information

ATB is part of the consolidated reporting entity of the Government of Alberta and is a "government-owned enterprise" for purposes of the financial statements.

Per the *Fiscal Planning and Transparency Act*, ATB must provide a business plan and an annual report containing any information as directed by the Department on behalf of the Minister. ATB is also required to annually submit its consolidated financial statements.

The Minister or the Department may require additional reporting and information, which may be either specific or general, and either periodic or one-time, as outlined in APAGA and the *Financial Administration Act*.

Therefore, ATB must, at such times and in such forms required by the Minister or the Department, prepare and provide information in confidence to allow the Minister or the Department to fulfill their duties and responsibilities under applicable legislation, this MRD, any other applicable agreement or Ministerial Order. This includes an assessment of how efficient and effective ATB is in meeting its mandate.

In respect of any such confidential or commercially sensitive information provided by ATB, the Minister, and the Department shall be bound by the same protection and disclosure provisions of the *ATB Financial Act* and *Freedom of Information and Protection of Privacy Act* as ATB.

OTHER INFORMATION

***ATB Financial Act* and Regulation**

ATB is established under and governed by the *ATB Financial Act*. It is further governed by the ATB Financial Regulation (**Regulation**).

Agent of the Crown

ATB is, for all purposes, an agent of the Crown in right of Alberta, and may only exercise its powers as an Agent of the Crown in right of Alberta.

Other Governing Legislation and Guidelines

ATB has duties and obligations under other Alberta statutes (and regulations made under those statutes), including but not limited to the following:

- a) the *Financial Administration Act*, which applies to ATB as a “Provincial corporation” and as a “Provincial agency”;
- b) the *Alberta Public Agencies Governance Act*, which requires ATB to, among other things, establish and implement a code of conduct in accordance with the requirements of APAGA;
- c) the *Conflicts of Interest Act*, which requires ATB to implement a code of conduct in accordance with the requirements of that Act;
- d) the *Fiscal Planning and Transparency Act*, which requires ATB as an “accountable organization” to provide a business plan and an annual report for each fiscal year;
- e) the *Lobbyists Act*, which applies to ATB as a “prescribed Provincial entity”;
- f) the *Public Interest Disclosure (Whistleblower Protection) Act*, which applies to ATB as a “public entity” under that Act; and,
- g) the *Reform of Agencies, Boards and Commissions Compensation Act*, which applies to ATB as a “public agency” under that Act.

The Minister may also set policies that must be followed by ATB in carrying out its powers, duties and functions.

The Auditor General of Alberta is the auditor of ATB.

ATB’s procurement practices are subject to trade agreements entered into by the Government of Alberta where applicable.

Payment in Lieu of Tax and Deposit Guarantee Fee

While ATB is not required to pay income taxes under the *Income Tax Act* (Canada) or the *Alberta Corporate Tax Act*, ATB pays a payment in lieu of tax to the Government of Alberta as outlined in the *ATB Financial Act* and Regulation, and as directed by the Minister.

ATB pays a Deposit Guarantee Fee to the Government of Alberta, as outlined in the *ATB Financial Act* and Regulation, and as directed by the Minister.

Appendix D

ATB REGULATORY OVERSIGHT

ATB is subject to regulatory oversight by the Minister. The Minister has issued guidelines, which are overseen by the Minister, and which may be similar to those issued by the Office of the Superintendent of Financial Institutions (Canada) who supervises federally regulated deposit-taking institutions.

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

In addition, ATB is subject to additional regulatory requirements including those set out by the Financial Transactions and Reports Analysis Centre of Canada, Payments Canada, the Bank of Canada, among others.

The Minister has the authority to require ATB to implement any policy the Minister considers necessary to maintain or improve ATB's safety and soundness. The policies may take the form of guidelines, standards, procedures or other similar documents as determined by the Minister.

The specific elements of the MRD the Superintendent of Financial Institutions are responsible for include the sections listed below, however, as a prudential regulator, Superintendent of Financial Institutions is entitled to review any information or conduct any examination to understand ATB's safety and soundness and compliance with *ATB Financial Act* and ATB Financial Regulation.

- Section 1
- Section 2.1
- Section 2.2
- Section 2.3
- Section 3.2
- Section 4
- Section 5